



EUROBANK ERGASIAS SERVICES and HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED

31 MARCH 2021

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Interim Consolidated Balance Sheet

	Note	31 March 2021 € million	31 December 2020 € million
ASSETS			
Cash and balances with central banks		7,477	6,637
Due from credit institutions		2,633	3,336
Securities held for trading		118	87
Derivative financial instruments	14	2,221	2,552
Loans and advances to customers	15	37,546	37,424
Investment securities	16	9,214	8,365
Investments in associates and joint ventures	18	275	276
Property and equipment	19	784	778
Investment property	19	1,450	1,459
Goodwill and other intangible assets		261	254
Deferred tax assets	12	4,507	4,526
Other assets	20	2,049	1,995
Assets of disposal groups classified as held for sale	13	38	39
Total assets		68,573	67,728
LIABILITIES			
Due to central banks	21	8,790	7,999
Due to credit institutions	22	989	1,502
Derivative financial instruments	14	2,376	2,939
Due to customers	23	48,294	47,290
Debt securities in issue	24	1,530	1,556
Other liabilities	25	1,273	1,197
Total liabilities		63,252	62,483
EQUITY			
Share capital	26	816	815
Share premium	26	8,055	8,055
Reserves and retained earnings		(3,550)	(3,625)
Total equity		5,321	5,245
Total equity and liabilities		68,573	67,728

Notes on pages 6 to 42 form an integral part of these interim consolidated financial statements.

Interim Consolidated Income Statement

		Three months ended 31 March	
		2021	2020
	Note	€ million	€ million
Net interest income	7	335	339
Net banking fee and commission income	8	75	73
Income from non banking services	19	24	19
Net trading income/(loss)		2	(1)
Gains less losses from investment securities		13	7
Other income/(expenses)	12	(2)	(3)
Operating income		447	434
Operating expenses	9	(216)	(220)
Profit from operations before impairments, provisions and restructuring costs		231	214
Impairment losses relating to loans and advances to customers	10	(131)	(126)
Other impairment losses and provisions	11	(3)	(12)
Restructuring costs	11	(3)	(4)
Share of results of associates and joint ventures		1	(2)
Profit before tax		95	70
Income tax	12	(25)	(13)
Net profit attributable to shareholders		70	57
		€	€
Earnings per share			
-Basic and diluted earnings per share	6	0.02	0.02

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Interim Consolidated Statement of Comprehensive Income

	Three months ended 31 March			
	2021		2020	
	€ million		€ million	
Net profit		<u>70</u>		<u>57</u>
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	19		(2)	
- transfer to net profit, net of tax	<u>0</u>	19	<u>(1)</u>	(3)
Debt securities at FVOCI				
- changes in fair value, net of tax	(55)		(24)	
- transfer to net profit, net of tax	<u>43</u>	(12)	<u>(89)</u>	(113)
Foreign currency translation				
- foreign operations' translation differences	<u>(0)</u>	(0)	<u>0</u>	0
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax	<u>0</u>	0	<u>(10)</u>	(10)
		<u>7</u>		<u>(126)</u>
Items that will not be reclassified to profit or loss:				
- Actuarial gains on post employment benefit obligations, net of tax	-	-	5	5
Other comprehensive income		<u>7</u>		<u>(121)</u>
Total comprehensive income attributable to shareholders		<u>77</u>		<u>(64)</u>

Notes on pages 6 to 42 form an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and retained earnings € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2020	852	8,054	(2,241)	2	0	6,667
Net profit	-	-	57	-	0	57
Other comprehensive income	-	-	(121)	-	(0)	(121)
Total comprehensive income for the three months ended 31 March 2020	-	-	(64)	-	0	(64)
Purchase/sale of treasury shares	1	1	(1)	-	-	1
Preferred securities' redemption and dividend paid, net of tax	-	-	(0)	(2)	-	(2)
	1	1	(1)	(2)	-	(1)
Balance at 31 March 2020	853	8,055	(2,306)	-	0	6,602
Balance at 1 January 2021	815	8,055	(3,625)	-	0	5,245
Net profit	-	-	70	-	0	70
Other comprehensive income	-	-	7	-	(0)	7
Total comprehensive income for the three months ended 31 March 2021	-	-	77	-	-	77
Purchase/sale of treasury shares (note 26)	1	0	(1)	-	-	0
Other	-	-	(1)	-	-	(1)
	1	0	(2)	-	-	(1)
Balance at 31 March 2021	816	8,055	(3,550)	-	0	5,321

Note 26

Note 26

Notes on pages 6 to 42 form an integral part of these interim consolidated financial statements.

Interim Consolidated Cash Flow Statement

		Three months ended 31 March	
		2021	2020
	Note	€ million	€ million
Cash flows from operating activities			
Profit before income tax		95	70
Adjustments for :			
Impairment losses relating to loans and advances to customers	10	131	126
Other impairment losses, provisions and restructuring costs	11	6	16
Depreciation and amortisation	9	29	26
Other (income)/losses on investment securities	28	38	58
(Income)/losses on debt securities in issue	28	15	20
Other adjustments		1	3
		315	319
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		(16)	12
Net (increase)/decrease in securities held for trading		(30)	58
Net (increase)/decrease in due from credit institutions		700	(239)
Net (increase)/decrease in loans and advances to customers		(252)	(576)
Net (increase)/decrease in derivative financial instruments		(58)	48
Net (increase)/decrease in other assets		(54)	(16)
Net increase/(decrease) in due to central banks and credit institutions		279	616
Net increase/(decrease) in due to customers		1,004	460
Net increase/(decrease) in other liabilities		25	(81)
		1,598	282
Income tax paid		(4)	(6)
Net cash from/(used in) operating activities		1,909	595
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(29)	(169)
Proceeds from sale of fixed and intangible assets	19	9	5
(Purchases)/sales and redemptions of investment securities		(1,019)	(917)
Acquisition of holdings in associates and joint ventures, participations in capital increases		(6)	(1)
Disposal of holdings in associates and joint ventures	18	7	-
Net cash from/(used in) investing activities		(1,038)	(1,082)
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	24	(41)	(204)
Repayment of lease liabilities		(9)	(9)
Redemption/ buy back of preferred securities		-	(2)
Preferred securities' dividend paid		-	(0)
(Purchase)/sale of treasury shares		0	1
Net cash from/(used in) financing activities		(50)	(214)
Effect of exchange rate changes on cash and cash equivalents		0	0
Net increase/(decrease) in cash and cash equivalents		821	(701)
Cash and cash equivalents at beginning of period	28	6,681	4,551
Cash and cash equivalents at end of period	28	7,502	3,850

Notes on pages 6 to 42 form an integral part of these interim consolidated financial statements.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

1. General information

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank), which resulted from the demerger of Eurobank Ergasias S.A. through its banking sector's hive down that was completed in March 2020. Further information is provided in note 44 "Corporate Transformation-Hive down" of the consolidated financial statements for the year ended 31 December 2020.

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

These interim consolidated financial statements were approved by the Board of Directors on 26 May 2021.

2. Basis of preparation and principal accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 'Interim Financial Reporting' as endorsed by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2020. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current period. Unless indicated otherwise, financial information presented in Euro has been rounded to the nearest million. The figures presented in the notes may not sum precisely to the totals provided due to rounding.

The accounting policies and methods of computation in these interim consolidated financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2020, except as described below (note 2.1).

Going concern considerations

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

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the spread of the virus defined the economic environment in Greece and globally. The deterioration of the epidemiological situation in Greece as of the fourth quarter of 2020 and the consequent pressure on the health system led to a second round of restrictive measures, including countrywide lockdowns, which have posed further uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate. However, the gradual exit from the pandemic crisis, which is well supported by the ongoing rollout of the mass vaccination programs and the re-opening of the suspended economic activities from early May 2021, is expected to restore Greek economic activity to positive growth rates. Based on Hellenic Statistical Authority's (ELSTAT) provisional data, the real GDP contracted in 2020 by 8.2% from 1.9% increase in 2019, mainly as a result of the drop in exports of services (due to the substantial decrease in tourist receipts) and private consumption. Based on Eurostat's data, the real GDP growth rate in Euro area was -6.6% in 2020 from 1.3% in 2019. According to the European Commission's (EC) spring economic forecasts (May 2021) the real GDP growth rate in Greece for 2021 and 2022 is expected at 4.1% and 6% respectively. Despite the deep recession, the average unemployment rate dropped to 16.3% in 2020 from 17.3% in 2019, mainly as a result of the government's supportive measures (labour contracts suspension schemes) and the increase of inactive population, while it is expected at 16.3% and 16.1% in 2021 and 2022 respectively. On the fiscal front, based on ELSTAT's first notification of fiscal data, the primary balance of the general government registered a deficit of 6.7% of GDP in 2020, from a surplus of 4.1% in 2019. Moreover, the recession and the deficit in the primary balance led to an increase of the debt-to-GDP ratio to 205.6% in 2020 from 180.5% in 2019. According to the EC's spring economic forecasts, the primary balance for 2021 and 2022 is expected to register a deficit of 7.3% and 0.6% of GDP respectively, as a result of the fiscal support measures, while gross public debt is expected at 208.8% and 201.5% of GDP in 2021 and 2022 respectively. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP for both 2020 and 2021 will not be considered a violation of Greece's commitments undertaken in the ES framework, as in March 2020 Eurogroup decided that non-permanent deviations from the agreed fiscal paths of the member states are acceptable due to the extraordinary health and economic distress caused by the pandemic. According to the 15 March 2021 Eurogroup statement and the 3 March 2021 EC press release, the deviation from the ES target will continue in 2022, on a preliminary basis. The aforementioned primary balance and public debt forecasts might change significantly as a result of the actual size of the public sector's support measures, the reduction in tax revenues due to the Government's relevant moratoria and the suppressed economic activity in first quarter of 2021.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

In response to the Covid-19 outbreak, there has been an unprecedented monetary, fiscal and regulatory support to the economy and the banking system by both Greek Government and European authorities. According to the 2021 Budget, the Greek government's planned total measures aiming to address the economic effects of the Covid-19 pandemic amount to € 31.5 billion of which € 23.9 billion correspond to 2020 and € 7.6 billion to 2021, including the cost of the ruling of the Council of State on pension cuts. According to the Ministry of Finance as of 26 April 2021, the support measures are expected to further increase to € 15 billion in 2021 (a cumulative € 39.0 billion for 2020 and 2021), posing risks for the 2021 and 2022 primary general government deficits. These measures include, among others: (a) the reduction of the private sector's social security contributions by 3 percentage points and the suspension of the Special Solidarity levy in the private sector in 2021 and 2022; the permanent reduction of advanced income tax payment for firms and freelancers, (b) the payment by the government of the social security contributions for employees under labour suspension, (c) the suspension of VAT payments for firms affected by the Covid-19 pandemic, the social security and the tax related debt instalments for firms and freelancers, (d) the temporary economic support to wage earners under labour suspension, to seasonal employees (tourism sector), and to certain scientific sectors, (e) the Easter and Christmas bonus state contribution to employees under labour suspension; the employment subsidy under "synergasia" programme; the extension of the regular and long-term unemployment benefit, interest rates subsidies for firms that remained closed during the lock down period as well as mortgage loans subsidies to households and small businesses (Gefyra I and II). The public support for 2020 included also leverage provided by the banking system of € 5.7 billion on top of the € 2.6 billion of the Public Investment Budget for cash-collaterals and the co-financing of loans to small and medium size enterprises.

On top of the above, the European Council on 21 July 2020 agreed a recovery package amounting to € 750 billion (in 2018 prices) under the EC's Next Generation EU framework in order to support the recovery and resilience of the member states' economies, out of which ca. € 32.7 billion (in current prices) will be available to Greece, provisionally divided into € 20 billion in grants and € 12.7 billion in loans. The respective amount for the Multiannual Financial Framework 2021-2027 (MFF) is at € 1.1 trillion, of which ca € 40 billion will be available for Greece. Furthermore, on 24 March 2020, ECB established a temporary Pandemic Emergency Purchase Programme (PEPP), with a financial envelope of € 1,850 billion as of mid-February 2021, out of which ca € 37 billion will be available for the purchase of Greek Government Bonds (GGBs). PEPP came on top of the ECB liquidity measures of 12 March 2020 (additional Long Term Financing operations, more favorable terms for the Targeted Long Term Operations, new Asset Purchase Programme of € 120 billion).

In the first five months of 2021 the Greek State proceeded with the issuance of three bonds of various maturities. In particular, on 27 January 2021, the Public Debt Management Agency (PDMA) issued a 10-year bond of € 3.5 billion at a yield of 0.807%, on 17 March 2021 a 30-year bond of € 2.5 billion at a yield of 1.956% and more recently, on 5 May 2021, a 5-year bond of € 3 billion at a yield of 0.172%. On 12 March 2020, ECB announced a number of temporary capital and operational relief measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Banks will be allowed to use capital and liquidity buffers and cover Pillar 2 requirements with other than CET 1 instruments until at least the end of 2022. On the same date, the EBA and the ECB decided to postpone the stress test exercises to 2021 to allow banks to focus on and ensure continuity of their core operations, including support for their customers. In addition, the EBA stated that there is flexibility in the implementation of the EBA Guidelines on management of non-performing and forborne exposures and called for a close dialogue between supervisors and banks, also on their non-performing exposure strategies, on a case by case basis. Furthermore, on 24 June 2020 the Regulation 2020/873 (CRR quick fix) introduced targeted amendments to the Capital Requirements Regulation (CRR) to encourage banks to continue lending during the Covid-19 pandemic (note 4).

Regarding the outlook for the next 12 months, the major macroeconomic risks and uncertainties in Greece mainly relate with the outbreak of Covid-19 pandemic and are as follows: (a) the evolution of the health crisis including the probability of the continuation of the pandemic, well after the end of the first half of 2021, and its negative effect on the domestic, regional and / or global economy, (b) the progress on the vaccination programs to contain effectively the virus expansion, (c) the actual size and duration of the fiscal measures aiming to address the effect of the pandemic on the real economy and their effect on the long-term sustainability of the country's public debt, (d) the pace of the tourism's recovery in 2021 and 2022, (e) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (f) the implementation of the reforms and privatizations' agenda in order to meet the ES targets and milestones, (g) the geopolitical conditions in the near or in broader region and (h) cliff effects when temporary support measures are lifted (increase in unemployment, firm bankruptcies, and Non Performing Exposures (NPE)).

Materialization of the above Covid-19 related and other risks would have potentially adverse effects on the fiscal planning of the Greek sovereign and on the liquidity, solvency and profitability of the Greek banking sector, as well as on the realization of their NPE reduction plans. The Group is continuously monitoring the developments on the Covid-19 front and has increased its level of

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readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the mitigation of “cliff effects” post the moratoria expiration (note 3), the protection of its asset base and the resilience of its pre-provision profitability. In addition, the Group, under the extraordinary circumstances of the Covid-19 pandemic, has proceeded with the successful implementation of its Business Continuity Plan to ensure that business is continued and critical operations are unimpededly performed. In line with authorities’ instructions and recommendations, the Group has taken all the required measures to ensure the health and safety of its employees and customers (e.g. implementation of teleworking, restrictions to business trips, and medical supplies for protective equipment).

As at 31 March 2021, the Group’s NPE stock amounted to € 5.8 billion (31 December 2020: € 5.7 billion) driving the NPE ratio to 14.2% (31 December 2020: 14.0%), while the NPE coverage ratio stood at 61.9% (31 December 2020: 61.8%). In accordance with the business update for the period 2021-2022, the Group has proceeded with a new NPE securitization of circa € 3.3 billion. Taking also into account the impact of the Covid 19 pandemic, the NPE ratio is expected to decline to circa 9% at the end of 2021 (note 15).

The Group’s Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios, which include full year’s transition effects, stood at 15.5% (31 December 2020: 16.3%) and 13% (31 December 2020: 13.9%) respectively as at 31 March 2021. In January 2021, the EBA launched the 2021 EU-wide stress test exercise which will provide valuable input for assessing the resilience of the European banking sector, notably its ability to absorb shocks under adverse macroeconomic conditions, covering the period of 2021-2023. In parallel, the ECB also conducts its own stress test for the banks it directly supervises but that are not included in the EBA-led stress test sample. Eurobank participates in the ECB-led stress test. The results of both exercises will be used to assess each bank’s Pillar 2 capital needs in the context of the Supervisory Review and Evaluation Process (SREP). The stress test process is currently in progress and the results are expected by the end of July 2021 (note 4).

The net profit attributable to shareholders for the first quarter of 2021 amounted to € 70 million, (the adjusted net profit excluding the € 2 million restructuring costs after tax, amounted to € 72 million). Furthermore, as at 31 March 2021, the Group deposits have increased by € 1 billion to € 48.3 billion (31 December 2020: € 47.3 billion), leading the Group’s (net) loans to deposits (L/D) ratio to 77.7% (31 December 2020: 79.1%) and the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme reached € 8.8 billion (31 December 2020: € 8.0 billion). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 141% (31 December 2020: 124%). In the context of the 2021 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover all the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon). At the end of April 2021, the Group returned to international capital markets with the Bank’s issuance of a 6-year preferred senior note of € 500 million at a yield of 2.125 % (note 24).

Going concern assessment

The Board of Directors, acknowledging the risks of the Covid-19 outbreak to the economy and the banking system and taking into account the above factors relating to (a) the measures adopted by the Greek and European authorities to mitigate the negative economic impact, (b) the Group’s pre-provision income generating capacity and the adequacy of its capital and liquidity position and (c) the completion of the Group’s NPE reduction acceleration plan in 2020 and the new plan for the period 2021-2022, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

2.1 New and amended standards and interpretations adopted by the Group

The following amendments to standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2021:

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In the context of the market-wide reform of several interest rate benchmarks (referred to as “IBOR reform”), the IASB has undertaken a two-phase project to address the issues affecting financial reporting by the IBORs’ replacement and considered any reliefs to be provided in order to eliminate the effects of the IBOR reform. The Phase 1 amendments, adopted by the Group as of 1 January 2020, provided temporary reliefs from applying specific hedge accounting requirements to the relationships affected by the IBOR reform, during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate (“RFR”).

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In August 2020, the IASB issued “Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16”, which addresses the issues that affect financial reporting once an existing rate is replaced with an RFR and provides specific disclosure requirements. The Phase 2 amendments provide key reliefs related to the contractual modifications due to the reform and the hedging designations affected once the Phase 1 reliefs cease to apply.

More specifically, the amendments introduce a practical expedient if a contractual change, or changes to cash flows, result “directly” from the IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate of the financial instruments subject to reform, similar to the changes to a floating interest rate. A similar practical expedient will apply under IFRS 16 Leases for lessees when accounting for lease modifications required by the IBOR reform.

In addition, the Phase 2 amendments permit changes required by the IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk and the description of the hedging instruments and/or the hedged items to reflect RFR as well as amending the description of how an entity will assess the hedge effectiveness. Upon changing the hedge designation, the amount accumulated in the cash flow hedge reserve is also assumed to be based on the RFR for the purpose of assessing whether the hedged future cash flows are still expected to occur.

Based on the Phase 2 amendments, when performing a retrospective hedge effectiveness assessment under IAS 39, a company may elect to reset the cumulative fair value changes of the hedged item and hedging instrument to zero immediately after ceasing to apply the Phase 1 relief on a hedge-by-hedge basis. However, actual hedge ineffectiveness will continue to be measured and recognized in full in profit or loss. The Phase 2 amendments clarify that changes to the method for assessing hedge ineffectiveness due to the modifications required by the IBOR reform, will not result to the discontinuation of the hedge accounting.

As described in note 2.2.3 of the consolidated financial statements for the year ended 31 December 2020, the Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Therefore, for hedge accounting purposes, the Group applies the Phase 2 amendments to IAS 39.

The amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9.

Consequential amendments were made by the Phase 2 amendments to IFRS 7, to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity’s financial instruments and risk management strategy.

Upon transition, the adoption of the amendments had no material impact on the interim consolidated financial statements. The Group continues to assess the impact of the IBOR reform considering the developments on the respective transition program.

As described in note 5.2.4 of the consolidated financial statements for the year ended 31 December 2020, the Group has established an internal Benchmark Reform Working Group (the “BR Working Group”), led by senior representatives from the business units across the Bank including Economic Analysis and Research, Global Markets, Group Market and Counterparty Risk, and with the support of Legal, Group Organization & Business Analysis (Regulatory Unit) and Group Finance, in order to manage the transition to the new RFRs, mitigate any related risks and comply with the regulatory requirements of the EU Benchmarks Regulation (BMR).

As at 31 March 2021, the Group has exposure to a significant number of IBOR-linked (USD LIBOR, CHF LIBOR and EONIA) financial instruments such as derivatives, debt instruments, loans and credit facilities and deposit contracts. In addition, it is exposed to a number of interest rate benchmarks within its hedge accounting relationships that mature after 31 December 2021 or 30 June 2023 for specific USD LIBOR hedges, when the transition to the new RFRs is expected to be completed.

Since these benchmark rates are subject to reform there is uncertainty regarding the precise methods of transition to the new benchmarks, as well as the necessary contractual modifications of the financial instruments linked to such benchmarks. Accordingly, the respective transition process to RFRs poses a variety of risks for the Group that include operational, legal and conduct risks considering the compressed timeline for the transition and the large scale of the legacy contracts that need to be modified as well as increases some financial risk in case that markets are disrupted due to the IBOR reform. Additionally, the existing uncertainty on the amount and timing of the cash flows indexed to IBOR could have consequences on the financial instruments’ accounting treatment, mainly relating to hedge accounting and hedge designations when existing uncertainties are no longer present.

The Group closely monitors the market and regulatory developments relating to the IBOR reform, reviewing the work of international industry associations such as ISDA aimed to guide the benchmark transition process and ensure compliance to the EU benchmark regulation (BMR) through the use of “standardized” market solutions and facilitate the bilateral negotiation process across market participants, while reducing the risk of non-orderly transition. In this context, the Bank has adhered to the ISDA 2018 Benchmarks

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Supplement Protocol as well as the ISDA 2020 IBOR Fallbacks Protocol in Q4 2020. Furthermore, the Group has taken into consideration in its overall benchmark rate transition strategy, the European Commission's public consultation on the statutory replacement on CHF Libor (23 March 2021), as well as the ECB's Euro Working Group public recommendations on EURIBOR cessation trigger events and fallback rates recommendations (11 May 2021). Additionally, the Group systematically evaluates the different risks associated with the reform and takes mitigation actions, which include the development of detailed plans, processes and procedures in place to support the transition to the new RFRs by their planned cessation date, new product development, a client outreach program to ensure readiness to mitigate and explain the changes and outcomes arising from the transition, preparation for the systems and processes adaption to deal with the alternative RFRs.

IFRS 4, Amendment, Deferral of IFRS 9

In June 2020, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023, in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.

The amendment is not relevant to the Group's activities, other than through its associate Eurolife FFH Insurance Group Holdings S.A.

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim consolidated financial statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements for the year ended 31 December 2020, including those that relate to the impact of the Covid-19 pandemic to the estimation of the expected credit losses (ECL) on loans and advances to customers.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 12, 13, 19, 21, 25, 27 and 29.

Impairment losses on loans and advances to customers

As at 31 March 2021, the ECL calculation methodology regarding the application of the three macroeconomic scenarios (baseline, optimistic, adverse) and their weights, the forward-looking information incorporated in these scenarios, as those were revised by the Group in order to reflect appropriately, to the extent possible, the negative impact of the Covid-19 pandemic, as well as the methodology applied for the determination of a significant increase of credit risk (SICR), remained unchanged compared to 31 December 2020. The uncertainty regarding the impact of the Covid-19 pandemic on both the macroeconomic environment and the borrowers' ability to repay their financial obligations still remains, while at the same time there are ongoing government support measures and moratoria, that are either recently expired or currently active and maturing within 2021. The Group is actively monitoring the borrowers that were granted payment moratoria and is taking actions to minimize any cliff effects after their expiration, capitalizing on all available schemes and offering customized solutions that will gradually lead to pre Covid-19 payment patterns.

Accordingly, in the context of the SICR assessment and ECL measurement, the Group continued to segregate its lending exposures into two sub-populations, depending on whether they were affected by the Covid-19 pandemic or not. The perimeter of the Covid-19 impacted borrowers includes those that have applied for the moratoria measures, were eligible for state support measures or operate in vulnerable industries (i.e. hospitality and leisure, transportation, automotive and construction companies etc.), while borrowers participating in Gefyra I program (that involves a 9-month installment subsidy) are excluded as they are not considered as affected by the Covid-19 pandemic. In addition, the backstop Stage 2 classification criteria for lending exposures over 30 days past due and forborne classification were applied, irrespective of whether the population is considered affected or not, following the application of the segregation described above. Furthermore, considering the uncertainty with regards to the Covid-19 pandemic as mentioned above, Management maintained the post model adjustment included in the impairment allowance as of 31 December 2020.

The Group continues to monitor closely and constantly re-assesses all the available information for the Covid-19 pandemic, the prospects of the economies in which the Group operates (note 2), the nature, size and effectiveness of the government support measures, in order to revise its estimates and assumptions applied to the assessment of impairment losses as appropriate.

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Covid-19 relief measures ('moratoria')

The Group has taken all appropriate actions to address liquidity difficulties of businesses and individuals caused by the limited or suspended operations of businesses resulting from the impact of Covid-19. Further information regarding the Covid-19 relief measures activated by the Group as well as the respective borrowers' eligibility criteria is provided in note 5.2.1.2 (e) of the consolidated financial statements for the year ended 31 December 2020.

As at 31 March 2021, the approved amount of performing loans (including performing forbore) under moratoria (both active and expired) stands at € 5 billion for Greece consisting of € 1.5 billion in Wholesale lending and € 3.5 billion in Retail lending. For International (i.e. foreign subsidiaries in Bulgaria, Serbia, Cyprus and Luxembourg) the respective total approved amount stands at € 2 billion consisting of € 1.5 billion in Wholesale lending and € 0.5 billion in Retail lending. As at 31 March 2021, the Group's active moratoria amount to € 0.7 billion (2020: € 2.8 billion) mainly relating to Wholesale lending.

Government support measures

In addition to the relief measures activated by the Group (as described above), the government in the countries where the Group operates has initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the Covid-19 outbreak.

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

(i) State participation (of 40% or 5%) on newly disbursed loans granted by the Bank that is zero-interest bearing, accompanied with a government-subsidy for the interest bearing part of the principal (of 60% or 95% respectively) for the first 2 years (TEPIX II), (ii) State aid in the form of a guarantee for the 80% of the principal and the accrued interest during a period of 90 consecutive days, (iii) "Gefyra I" subsidy program, applicable to the Retail lending portfolio secured with prime residence collateral, involving 9-months installments' state subsidy on existing lending exposures, and (iv) "Gefyra II" subsidy program, applicable to Covid-19 affected eligible borrowers in small and medium enterprises, involving 8-months state subsidy of up to 90% of monthly installment on existing lending exposures.

As of 31 March 2021, the Bank has been allotted € 0.6 billion, of which € 0.4 billion has been utilized under program i) above and € 1.4 billion, of which € 1.3 billion utilized, under program ii) above. It is noted that the credit enhancement provided by the State under program ii) above is not accounted for separately as it is integral to the loans' terms and as such any potential benefit that may arise to the Bank in the event of the borrower's default is reflected in the guaranteed loans' ECL calculation. Additionally, the gross carrying amount of lending exposures under "Gefyra I" program amounts to € 1.5 billion as at 31 March 2021, mainly relating to Mortgage lending, while the application process for "Gefyra II" had not yet commenced as at 31 March 2021.

In addition, starting from December 2020, the Bank signed an agreement with the European Investment Bank (EIB) for the disbursement of new loans financed by EIB as a response to the Covid-19 crisis. Moreover, on existing lending facilities in the Corporate lending portfolio, a three-month, starting from January 1st, 2021 government interest subsidy program was initiated in February 2021, which could be opted in combination with the other Covid-19 relief measures.

As at 31 March 2021, the gross carrying amount of loans under government support measures enacted as a response to Covid-19 pandemic in the countries that the Group operates amounts to € 118 million in Serbia, € 27 million in Bulgaria and € 31 million in Cyprus.

New Definition of Default

The new definition of default (DoD) for regulatory purposes introduced a new set of standards that has a significant impact on governance, data, processes, systems and credit models. The new DoD is applicable from 1 January 2021 and is set in the Article 178 of Regulation (EU) No. 575/2013, the Commission Delegated Regulation (EU) 2018/171 and European Banking Authority (EBA) Guidelines (EBA/GL/2016/07). It aims at the harmonization of the definition of default across institutions and jurisdictions in the European Union.

In particular, the new DoD guidelines specify that days past due are counted from the date that both materiality thresholds are breached (an absolute amount of the total exposure and a relative as a percentage of the exposure), include conditions for a return to non-defaulted status (introduction of a probation period) and explicit criteria for classification of restructured loans as defaulted when the diminished financial obligation criterion is satisfied (difference between the net present value of cash flows before and after the restructuring exceeds the threshold of 1%).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The Group applied the new provisions of DoD, in order to identify defaulted exposures, starting from 1 January 2021, consistently across all its lending portfolios and subsidiaries, subject to local regulations and specific credit risk characteristics of each jurisdiction. Accordingly, the definition of default for accounting purposes is aligned with the new DoD, that is also the one used for internal credit risk management purposes. The implementation of the new definition of default did not have a material impact on the Group's ECL. Further information regarding the impact of new DoD to the Group's regulatory capital is provided in note 4.

4. Capital Management

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

	31 March 2021 € million	31 December 2020 € million
Total equity	5,321	5,245
Add: Adjustment due to IFRS 9 transitional arrangements	563	849
Less: Goodwill	(1)	(1)
Less: Other regulatory adjustments	(564)	(489)
Common Equity Tier 1 Capital	5,319	5,604
Total Tier 1 Capital	5,319	5,604
Tier 2 capital-subordinated debt	950	950
Add: Other regulatory adjustments	45	-
Total Regulatory Capital	6,314	6,554
 Risk Weighted Assets	 40,800	 40,237
 Ratios:	 %	 %
Common Equity Tier 1	13.0	13.9
Tier 1	13.0	13.9
Total Capital Adequacy Ratio	15.5	16.3

Notes:

a) The Group has elected to apply the phase-in approach for mitigating the impact of IFRS 9 transition on the regulatory capital, according to the Regulation (EU) 2017/2395 (providing a 5-year transition period to recognize the impact of IFRS 9 adoption) and the Regulation 2020/873 (CRR quick fix). The transition effect is included in the regulatory capital as of the first quarter of each year.

b) The implementation of the new Definition of Default from 1 January 2021 (note 3) had a negative impact on the regulatory capital by increasing the Internal Ratings Based (IRB) approach shortfall, which is presented above within other regulatory adjustments.

c) The Group's CET1 as at 31 March 2021, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the aforementioned IFRS 9 transitional arrangements, would be 11.9% (31 December 2020: 12%).

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

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

In response to the Covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised institutions can continue to fulfil their role in funding the real economy (note 2). Specifically, banks are allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and, without prejudice to the restrictions set out in CRD IV, the Combined Buffer Requirement (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, Other Systemically Important

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Institutions Buffer) until at least the end of 2022, as per the latest ECB's communication issued on 28 July 2020. Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital (i.e. Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirement (P2R).

Taking into account the aforementioned developments and the 2020 SREP decision, for 2021, the Group is required to meet a Common Equity Tier 1 ratio of at least 9.25% and a Total Capital Adequacy Ratio of at least 14.06% (Overall Capital Requirement or OCR), including the Combined Buffer Requirement. The capital relief measures mentioned above do not change the level of the Combined Buffer Requirement (stands at 3.06% and covered with CET1 capital), which sits on top of the Total SREP Capital Ratio (11%) resulting in an OCR of 14.06% in terms of total capital. According to the FAQs published by the ECB (last updated 1 February 2021), the allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach the combined buffer requirement.

	31 March 2021	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	4.50%	8.00%
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	6.19%	11.00%
<u>Combined Buffer Requirement (CBR)</u>		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.06%	0.06%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	9.25%	14.06%

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

- Extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new provisions for expected losses that they recognize in 2020 and 2021 for their financial assets, which have not been defaulted. Accordingly, the relief applied for 2022 is 75%, for 2023 50% and for 2024 25%.

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

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

Further disclosures regarding capital adequacy in accordance with the Regulation 575/2013, including the regulatory developments and relief measures introduced with CRR quick fix, are available in the Consolidated Pillar 3 Report for the period ended 31 March 2021 on the Company's website.

EU – wide stress test

In January 2021, the EBA launched the 2021 EU-wide stress test exercise which will provide valuable input for assessing the resilience of the European banking sector, notably its ability to absorb shocks under adverse macroeconomic conditions.

This exercise is coordinated by the EBA in cooperation with the ECB and national authorities, and is conducted according to the EBA's methodology, which was published in November 2020. It is carried out on the basis of year-end 2020 figures and assesses the resilience of EU banks under a common macroeconomic baseline scenario and a common adverse scenario, covering the period of 2021-2023. The baseline scenario for EU countries is based on the projections from the national central banks of December 2020, while the adverse scenario assumes the materialisation of the main financial stability risks that have been identified by the European Systemic Risk Board (ESRB) and which the EU banking sector is exposed to. The adverse scenario also reflects ongoing concerns about the possible evolution of the Covid-19 pandemic coupled with a potential strong drop in confidence and is designed to ensure an adequate level of severity across all EU countries.

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In parallel, the ECB also conducts its own stress test for the banks it directly supervises but that are not included in the EBA-led stress test sample. This exercise is consistent with the EBA's methodology and apply the same scenarios, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. Eurobank Holdings Group participates in the ECB-led stress test.

The results of both stress tests will be used to assess each bank's Pillar 2 capital recommendation ("Guidance") in the context of the Supervisory Review and Evaluation Process (SREP). The stress test process is currently in progress and the results for the EBA stress test are expected by the end of July 2021.

5. Operating segment information

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

Greece is further segregated into retail, corporate, global, capital markets & asset management and investment property. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

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

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

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

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

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

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Operating segments

	For the three months ended 31 March 2021						
	Retail	Corporate	Global, Capital Markets & Asset Mngt	Investment Property	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	112	82	51	(4)	91	2	335
Net commission income	12	17	19	0	26	(0)	75
Other net revenue	1	1	7	23	0	6	37
Total external revenue	125	100	78	19	117	7	447
Inter-segment revenue	5	9	(7)	1	0	(8)	-
Total revenue	130	109	71	20	117	(1)	447
Operating expenses	(102)	(31)	(13)	(10)	(59)	(1)	(216)
Impairment losses relating to loans and advances to customers	(88)	(23)	-	-	(20)	1	(131)
Other impairment losses and provisions (note 11)	(0)	(0)	1	(0)	(0)	(3)	(3)
Share of results of associates and joint ventures	0	0	0	(0)	(0)	1	1
Profit/(loss) before tax before restructuring costs	(61)	56	58	10	38	(3)	98
Restructuring costs (note 11)	(2)	(0)	(0)	-	(0)	(0)	(3)
Profit/(loss) before tax	(63)	55	58	10	37	(3)	95
Non controlling interests	-	-	-	(0)	(0)	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(63)	55	58	10	37	(3)	95

	31 March 2021						
	Retail	Corporate	Global, Capital Markets & Asset Mngt	Investment Property	International	Other and Elimination center ⁽¹⁾	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	16,545	13,542	11,901	1,436	17,025	8,123	68,573
Segment liabilities	27,683	8,397	6,276	279	15,297	5,319	63,252

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The International segment is further analyzed as follows:

For the three months ended 31 March 2021						
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	Total € million
Net interest income	45	13	25	6	3	91
Net commission income	14	3	8	2	(1)	26
Other net revenue	(0)	0	0	0	(0)	0
Total external revenue	58	16	32	8	2	117
Inter-segment revenue	0	(0)	0	(0)	-	0
Total revenue	59	16	32	8	2	117
Operating expenses	(29)	(12)	(11)	(5)	(1)	(59)
Impairment losses relating to loans and advances to customers	(10)	(4)	(2)	(0)	(4)	(20)
Other impairment losses and provisions	(0)	(0)	1	(0)	(0)	(0)
Share of results of associates and joint ventures	-	(0)	-	-	-	(0)
Profit/(loss) before tax before restructuring costs	19	(0)	19	3	(3)	38
Restructuring costs	-	-	-	(0)	-	(0)
Profit/(loss) before tax	19	(0)	19	3	(3)	37
Non controlling interests	(0)	(0)	-	-	-	(0)
Profit/(loss) before tax attributable to shareholders	19	(0)	19	3	(3)	37

31 March 2021						
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million
Segment assets ⁽²⁾	6,232	1,715	6,964	1,936	291	17,025
Segment liabilities ⁽²⁾	5,565	1,299	6,331	1,741	474	15,297

For the three months ended 31 March 2020							
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	122	82	50	(4)	96	(7)	339
Net commission income	12	12	23	(0)	26	(0)	73
Other net revenue	3	(2)	10	17	1	(7)	22
Total external revenue	137	92	83	13	123	(14)	434
Inter-segment revenue	6	13	(10)	1	(1)	(9)	-
Total revenue	143	105	73	14	122	(23)	434
Operating expenses	(106)	(35)	(13)	(8)	(59)	1	(220)
Impairment losses relating to loans and advances to customers	(91)	(21)	-	-	(14)	(0)	(126)
Other impairment losses and provisions (note 11)	(2)	(1)	(6)	(0)	(1)	(2)	(12)
Share of results of associates and joint ventures	0	0	(0)	0	(0)	(2)	(2)
Profit/(loss) before tax before restructuring costs	(56)	48	54	6	48	(26)	74
Restructuring costs (note 11)	(3)	(0)	0	-	-	(1)	(4)
Profit/(loss) before tax	(59)	48	54	6	48	(27)	70
Non controlling interests	-	-	-	-	(0)	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(59)	48	54	6	48	(27)	70

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	31 December 2020						
	Retail	Corporate	Global, Capital Markets & Asset Mngt	Investment Property	International	Other and Elimination center ⁽¹⁾	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	16,745	13,377	12,309	1,444	16,694	7,160	67,728
Segment liabilities	27,305	8,129	6,805	310	14,993	4,941	62,483

	For the three months ended 31 March 2020					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	48	14	26	6	2	96
Net commission income	14	3	7	2	(0)	26
Other net revenue	(1)	(0)	3	(0)	(1)	1
Total external revenue	61	17	36	8	1	123
Inter-segment revenue	0	(0)	0	(1)	-	(1)
Total revenue	61	17	36	7	1	122
Operating expenses	(30)	(12)	(11)	(5)	(1)	(59)
Impairment losses relating to loans and advances to customers	(9)	(1)	(1)	(0)	(3)	(14)
Other impairment losses and provisions	(0)	(0)	(1)	(0)	-	(1)
Share of results of associates and joint ventures	-	(0)	-	-	0	(0)
Profit/(loss) before tax	22	4	23	2	(3)	48
Non controlling interests	(0)	(0)	-	-	-	(0)
Profit/(loss) before tax attributable to shareholders	22	4	23	2	(3)	48

	31 December 2020					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets ⁽²⁾	6,010	1,691	6,852	1,892	301	16,694
Segment liabilities ⁽²⁾	5,359	1,275	6,232	1,699	481	14,993

⁽¹⁾ Interbank eliminations between International and the other Group's segments are included.

⁽²⁾ Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

6. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. Information for the five year shares award plan, starting from 2021, in the form of stock options rights approved by the Annual General Meeting of the shareholders of the Company on 28 July 2020, and for which the Board of Directors is authorized to determine the remaining terms and conditions, is provided in note 37 "Share capital, share premium and treasury shares" of the consolidated financial statements for the year ended 31 December 2020. As at 31 March 2021, the Group has no potentially dilutive ordinary shares.

		Three months ended 31 March	
		2021	2020
Net profit for the period attributable to ordinary shareholders ⁽¹⁾	€ million	70	57
Weighted average number of ordinary shares in issue for basic earnings per share	Number of shares	3,707,660,947	3,706,881,364
Earnings per share			
- Basic and diluted earnings per share	€	0.02	0.02

⁽¹⁾ After deducting dividend attributable to preferred securities holders, for the comparative period.

7. Net interest income

	31 March 2021 € million	31 March 2020 € million
Interest income		
Customers	306	351
Banks and other assets ⁽¹⁾	1	3
Securities	34	47
Derivatives	113	114
	454	515
Interest expense		
Customers	(15)	(36)
Banks ⁽¹⁾⁽²⁾	22	(12)
Debt securities in issue	(18)	(25)
Derivatives	(107)	(102)
Lease liabilities - IFRS 16	(1)	(1)
	(119)	(176)
Total	335	339

⁽¹⁾ In the period ended 31 March 2021, interest from financial assets with negative rates is recorded in interest expense. Comparative information has been adjusted accordingly resulting in a reclassification of € 3 million from interest income to interest expense.

⁽²⁾ For the period ended 31 March 2021, it includes a benefit of € 33 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (note 21).

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8. Net banking fee and commission income

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

	31 March 2021					Total € million
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	
Lending related activities	2	14	2	3	0	21
Mutual funds and assets under management	2	0	8	2	2	14
Network activities and other ⁽¹⁾	8	1	6	20	(2)	33
Capital markets	-	1	4	1	0	6
Total	12	17	19	26	(0)	75

	31 March 2020					Total € million
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	
Lending related activities	2	9	2	3	0	16
Mutual funds and assets under management	3	0	7	3	2	15
Network activities and other ⁽¹⁾	7	1	6	19	(2)	31
Capital markets	-	2	8	1	0	11
Total	12	12	23	26	(0)	73

⁽¹⁾ Including income from credit cards related services.

9. Operating expenses

	31 March 2021 € million	31 March 2020 € million
Staff costs	(107)	(117)
Administrative expenses	(60)	(58)
Contributions to resolution and deposit guarantee funds	(20)	(19)
Depreciation of real estate properties and equipment	(10)	(9)
Depreciation of right of use assets	(10)	(10)
Amortisation of intangible assets	(9)	(7)
Total	(216)	(220)

The average number of employees of the Group during the period was 11,486 (31 March 2020: 13,385). As at 31 March 2021, the number of branches and business/private banking centers of the Group amounted to 623.

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10. Impairment allowance for loans and advances to customers

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL). Information with regards to the estimates applied for the expected credit loss measurement as at 31 March 2021 is provided in note 3.

	31 March 2021			
	12-month ECL	Lifetime ECL	Lifetime ECL	Total
	-Stage 1	-Stage 2	credit-impaired ⁽¹⁾	
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January 2021	183	439	2,855	3,477
Transfers between stages	17	(0)	(17)	-
Impairment loss for the period	(19)	(40)	205	146
Recoveries from written - off loans	-	-	6	6
Loans and advances derecognised during the period ⁽²⁾	-	-	(3)	(3)
Amounts written off	-	-	(28)	(28)
Unwinding of Discount	-	-	(13)	(13)
Foreign exchange and other movements	(5)	(2)	(27)	(33)
Impairment allowance as at 31 March 2021	176	398	2,978	3,551

	31 March 2020			
	12-month ECL	Lifetime ECL	Lifetime ECL credit	Total
	-Stage 1	-Stage 2	-impaired ⁽¹⁾	
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January 2020	136	407	6,556	7,099
Transfers between stages	17	45	(62)	-
Impairment loss for the period	(22)	(20)	143	101
Recoveries from written - off loans	-	-	4	4
Loans and advances derecognised/ reclassified as held for sale during the period ⁽²⁾	(0)	(0)	(11)	(11)
Amounts written off	-	-	(11)	(11)
Unwinding of Discount	-	-	(43)	(43)
Foreign exchange and other movements	3	0	15	18
Impairment allowance as at 31 March 2020	134	432	6,591	7,157

⁽¹⁾ The impairment allowance for POCI loans of € 4 million is included in 'Lifetime ECL credit-impaired' stage (31 March 2020: € 4 million).

⁽²⁾ It represents the impairment allowance of loans derecognized during the period due to a) sale transactions and b) substantial modifications of the loans' contractual terms and for the comparative period, those that have been classified as held for sale.

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 31 March 2021 amounted to € 131 million (31 March 2020: € 126 million) and are analyzed as follows:

	31 March 2021	31 March 2020
	€ million	€ million
Impairment loss on loans and advances to customers	(146)	(101)
Modification gain / (loss) on loans and advances to customers	16	(26)
Impairment (loss)/ reversal for credit related commitments	(1)	1
Total	(131)	(126)

Note: The Group's cost of risk for the period ended 31 March 2021 stood at 1.4% (31 December 2020: 1.52%).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

11. Other impairments, restructuring costs and provisions

	31 March 2021 € million	31 March 2020 € million
Impairment and valuation losses on real estate properties	(1)	(2)
Impairment (losses)/ reversal on bonds	1	(7)
Other impairment losses and provisions ⁽¹⁾	(3)	(3)
Other impairment losses and provisions	(3)	(12)
Voluntary exit schemes and other related costs	(2)	(3)
Other restructuring costs	(1)	(1)
Restructuring costs	(3)	(4)
Total	(6)	(16)

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

12. Income tax

	31 March 2021 € million	31 March 2020 € million
Current tax	(9)	(12)
Deferred tax	(16)	(1)
Total income tax	(25)	(13)

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits (DTCs) against the Greek State is 29%. As at 31 March 2021, the Greek corporate tax rate for legal entities other than the above credit institutions was 24%. In addition, the withholding tax rate for dividends distributed, other than intragroup dividends, is 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

Post balance sheet event

According to Law 4799/2021, which was enacted in May 2021 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than the aforementioned credit institutions decreased from 24% to 22% from the tax year 2021 onwards. The above change in tax rate is not expected to have material impact on the Group's financial position.

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

Tax certificate and open tax years

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

The tax certificates, which have been obtained by the Company and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2015-2019. For the year ended 31 December 2020, the tax audits from external auditors are in progress.

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

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Greek State to impose taxes up to tax year 2014 (included) has been time-barred for the Company and the Group's Greek entities as at 31 December 2020. On 18 January 2021, the Company received two orders for a tax audit by the tax authorities for the tax years 2015 and 2016. The tax audit is in progress.

The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2018-2020, (b) Eurobank Bulgaria A.D., 2015-2020, (c) Eurobank A.D. Beograd (Serbia), 2015-2020, and (d) Eurobank Private Bank Luxembourg S.A., 2016-2020. The remaining foreign entities of the Group (notes 17 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 2 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

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

Deferred tax

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

The movement on deferred tax is as follows:

	31 March 2021 € million
Balance at 1 January	4,505
Income statement credit/(charge)	(16)
Investment securities at FVOCI	3
Cash flow hedges	(8)
Other	1
Balance at 31 March	4,485

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

	31 March 2021 € million	31 December 2020 € million
Impairment/ valuation relating to loans and accounting write-offs	1,643	1,608
PSI+ tax related losses	1,039	1,051
Losses from disposals and crystallized write-offs of loans	1,757	1,778
Other impairments/ valuations through the income statement	141	156
Unused tax losses	1	1
Costs directly attributable to equity transactions	8	8
Cash flow hedges	12	20
Defined benefit obligations	12	12
Real estate properties, equipment and intangible assets	(73)	(74)
Investment securities at FVOCI	(139)	(142)
Other	84	87
Net deferred tax	4,485	4,505

The net deferred tax is analyzed as follows:

	31 March 2021 € million	31 December 2020 € million
Deferred tax assets	4,507	4,526
Deferred tax liabilities	(22)	(21)
Net deferred tax	4,485	4,505

Selected Explanatory Notes to the Interim Consolidated Financial Statements

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

	31 March 2021 € million	31 March 2020 € million
Impairment/ valuation relating to loans, disposals and write-offs	14	10
Unused tax losses	(1)	(1)
Tax deductible PSI+ losses	(13)	(13)
Change in fair value and other temporary differences	(16)	3
Deferred income tax (charge)/credit	(16)	(1)

As at 31 March 2021, the Group recognized net deferred tax assets amounting to € 4.5 billion as follows:

- (a) € 1,643 million refer to deductible temporary differences arising from impairment/valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- (b) € 1,039 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 onwards) for tax purposes;
- (c) € 1,757 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, according to the Greek tax law 4172/2013, as in force;
- (d) € 8 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Eurobank Ergasias S.A. share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred;
- (e) € 1 million refer to the unused tax losses of the Company's subsidiaries; and
- (f) € 37 million refer to other taxable and deductible temporary differences (i.e. valuation gains/losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

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

In particular, for the period ended 31 March 2021, the deferred tax asset (DTA) recoverability assessment has been based on the three-year Business Plan that was approved by the Board of Directors in December 2020, for the period up to the end of 2023, (also submitted to the Single Supervisory Mechanism -SSM-) and the business update for the period 2021-2022 announced in mid-March 2021. For the years beyond 2023, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself. Specifically, the management projections for the Group's future profitability adopted in the Business Plan, as updated in the first quarter of 2021, have considered, among others, (a) the impact of the continuing Covid-19 pandemic and the relevant mitigating measures taken by the national and European authorities on the economy and the banking system (note 2) and (b) the planned strategic initiatives, including securitizations of loan portfolios, for the further reduction of the NPEs in line with the Group's 2021-2023 NPE Management Strategy that was submitted to SSM in March 2021.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The Group closely monitors and constantly assesses the developments on the Covid-19 front and their effect on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

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

As at 31 March 2021, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,658 million (31 December 2020: € 3,691 million). The decrease is due to the annual amortization of PSI+ losses and DTC eligible crystallized loan losses from write-offs and disposals. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015.

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

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 31 March 2021, an amount of € 1.6 million has been recognized in "Other income/(expenses)".

13. Assets of disposal groups classified as held for sale

Real estate properties

At the end of 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (repossessed, investment properties and own used properties) classified as held for sale (HFS) three pools of real estate assets, amounting to a total value of ca. € 63 million, after remeasurement in accordance with IFRS 5 requirements. After the completion of certain sales during 2020 and the first quarter of 2021, the carrying amount of these real estate assets as at 31 March 2021 was reduced to € 38 million (31 December 2020: € 39 million).

The Group remains committed to its plan to sell the aforementioned assets, which continue to be actively marketed for sale, while a number of sales of individual items within the portfolios have already taken place. As such, the portfolios remain classified as HFS as at 31 March 2021.

The sale of the real estate properties classified as HFS, which was initially expected to be concluded within 2020, has been extended beyond this period due to the extraordinary conditions related to Covid-19 pandemic and is currently expected to be completed within 2021.

The above non-recurring fair value measurement was categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used with no change occurring up to 31 March 2021.

14. Derivative financial instruments

	31 March 2021		31 December 2020	
	Fair values		Fair values	
	Assets	Liabilities	Assets	Liabilities
	€ million	€ million	€ million	€ million
Derivatives for which hedge accounting is not applied/ held for trading	2,110	1,767	2,545	2,196
Derivatives designated as fair value hedges	89	536	3	636
Derivatives designated as cash flow hedges	22	73	4	107
Total derivatives assets/liabilities	2,221	2,376	2,552	2,939

Selected Explanatory Notes to the Interim Consolidated Financial Statements

As at 31 March 2021, the derivative assets and liabilities decreased by € 331 million and € 563 million, respectively, compared to 31 December 2020, mainly as a result of the upward movement of the euro interest rate curve. On the same date, the net carrying value of the derivatives with the Hellenic Republic amounted to € 1,275 million (31 December 2020: € 1,632 million).

15. Loans and advances to customers

	31 March 2021 € million	31 December 2020 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	41,073	40,874
- Impairment allowance	(3,551)	(3,477)
Carrying Amount	37,522	37,397
Loans and advances to customers at FVTPL	25	27
Total	37,546	37,424

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 31 March 2021:

	31 March 2021				31 December 2020
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL credit-impaired ⁽¹⁾ € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	7,099	2,645	1,787	11,531	11,650
- Impairment allowance	(25)	(138)	(712)	(875)	(842)
Carrying Amount	7,074	2,507	1,075	10,657	10,809
Consumer lending:					
- Gross carrying amount	2,205	406	774	3,384	3,408
- Impairment allowance	(40)	(54)	(643)	(737)	(719)
Carrying Amount	2,165	352	131	2,648	2,688
Small Business lending:					
- Gross carrying amount	2,179	1,149	1,149	4,478	4,476
- Impairment allowance	(33)	(110)	(548)	(691)	(674)
Carrying Amount	2,147	1,039	601	3,786	3,802
Wholesale lending: ⁽²⁾					
- Gross carrying amount	17,589	1,960	2,131	21,680	21,340
- Impairment allowance	(78)	(96)	(1,075)	(1,249)	(1,242)
Carrying Amount	17,511	1,864	1,056	20,431	20,098
Total loans and advances to customers at AC					
- Gross carrying amount	29,072	6,160	5,841	41,073	40,874
- Impairment allowance	(176)	(398)	(2,978)	(3,551)	(3,477)
Carrying Amount	28,897	5,762	2,864	37,522	37,397
Loans and advances to customers at FVTPL					
Carrying Amount ⁽³⁾				25	27
Total				37,546	37,424

⁽¹⁾ As at 31 March 2021, POCI loans of € 42 million gross carrying amount and € 4 million impairment allowance are presented in 'Lifetime ECL credit-impaired' stage (31 December 2020: € 43 million gross carrying amount and € 3.5 million impairment allowance).

⁽²⁾ Includes € 1,057 million related to the senior notes of the Pillar securitization and € 2,439 million of the Cairo securitization which are under the Hellenic Asset Protection Scheme. The notes have been categorized in Stage 1.

⁽³⁾ Includes € 7.4 million related to the mezzanine notes of the Pillar and Cairo securitizations.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Operational targets for Non-Performing Exposures (NPEs)

As at 31 March 2021, the Group's NPE stock amounted to € 5.8 billion (31 December 2020: € 5.7 billion), driving the NPE ratio to 14.2% (31 December 2020: 14.0%), while the NPE coverage ratio stood at 61.9% (31 December 2020: 61.8%).

In line with the regulatory framework and SSM requirements for NPE management, in March 2021 the Group submitted its NPE Management Strategy for 2021-2023, along with NPE stock annual targets at both Bank and Group level. The submitted plan has taken into account a new NPE securitization of ca. € 3.3 billion and envisages the decrease of NPE ratio at 8.8% at the end of 2021, 6.4% in 2022 and below 6% in 2023.

Eurobank has been taking all appropriate actions to address liquidity difficulties of businesses and individuals caused by the limited or suspended operations of businesses resulting from the impact of Covid-19. In this context, Eurobank has defined a set of emergency relief measures that have been applied to specific segments that are affected by Covid-19. Since January 2021 when the vast majority of moratoria measures expired, the priority of the Bank is to take timely action to minimize any cliff effects, capitalizing on all available schemes and offering customized solutions that will gradually lead to pre Covid-19 payment patterns.

Legal Framework

In October 2020, a new law (Law 4738/2020) was enacted introducing a comprehensive insolvency framework for individuals and companies in order to assist them to settle all their debts to the State, insurance funds, banks and servicers. The new insolvency framework is being gradually implemented until June 2021.

In July 2020, a subsidy ('Gefyra I') program (Law 4714/2020) was introduced by the Government in order to assist borrowers impacted by Covid-19. Applications were admitted until 31 October 2020 while the subsidy might have started no later than 1 April 2021. The subsidy program will last for 9 months, followed by a probation period of 6 to 18 months (depending on the status of the borrower) with a clawback clause in case of overdue instalments. In the same context, on 31 March 2021 a new subsidy ('Gefyra II') program (Law 4790/2021) was introduced for eligible Small Business professionals and legal entities, as well as SMEs. Applications may be submitted until 31 May 2021, while the subsidy will cover part of the instalments for 8 months, followed by a probation period up to 18 months, depending on the loan status (note 3).

Post balance sheet event

The Group, through its special purpose financing vehicle (SPV) 'Mexico Finance Designated Activity Company', proceeded with the securitization of a mixed assets portfolio consisting primarily of non performing loans of ca. € 3,257 million gross book value that is effective as of 24 May 2021.

16. Investment securities

Investment securities at amortised cost

- Gross carrying amount

- Impairment allowance

Carrying Amount

Investment securities at FVOCI

Carrying Amount

Total

Investment securities at FVTPL

Carrying Amount

Total Investment securities

31 March 2021		
12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
3,464	-	3,464
(5)	-	(5)
3,458	-	3,458
5,605	7	5,612
9,063	7	9,070
		144
		9,214

Selected Explanatory Notes to the Interim Consolidated Financial Statements

	31 December 2020		
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
Investment securities at amortised cost			
- Gross carrying amount	2,789	-	2,789
- Impairment allowance	(5)	-	(5)
Carrying Amount	2,784	-	2,784
Investment securities at FVOCI			
Carrying Amount	5,444	10	5,454
Total	8,229	10	8,239
Investment securities at FVTPL			
Carrying Amount			127
Total Investment securities			8,365

The investment securities per category are analyzed as follows:

	31 March 2021			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	1,918	2,553	-	4,471
- Greek government treasury bills	75	-	-	75
- Other government bonds ⁽¹⁾	2,330	525	-	2,855
- Other issues	1,289	380	2	1,672
	5,612	3,458	2	9,072
Equity securities	-	-	142	142
Total	5,612	3,458	144	9,214

	31 December 2020			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	1,992	1,949	-	3,941
- Greek government treasury bills	75	-	-	75
- Other government bonds ⁽¹⁾	2,151	527	-	2,678
- Other issues	1,236	309	2	1,547
	5,454	2,784	2	8,240
Equity securities	-	-	125	125
Total	5,454	2,784	127	8,365

⁽¹⁾ As at 31 March 2021, other government bonds include EFSF bonds of carrying amount of € 76 million (2020: € 171 million).

Selected Explanatory Notes to the Interim Consolidated Financial Statements
17. Group composition

The following is a listing of the Company's subsidiaries as at 31 March 2021, included in the interim consolidated financial statements for the period ended 31 March 2021:

<u>Name</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Eurobank S.A.	100.00	Greece	Banking
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services	98.01	Greece	Business-to-business e-commerce, accounting, tax and sundry services
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A.	100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A.	100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing Single Member S.A.	100.00	Greece	Leasing
Eurobank Factors Single Member S.A.	100.00	Greece	Factoring
Hellenic Post Credit S.A.	50.00	Greece	Credit card management and other services
Herald Greece Single Member Real Estate development and services S.A. 1	100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2	100.00	Greece	Real estate
Standard Single Member Real Estate S.A.	94.10	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A.	100.00	Greece	Real estate
Piraeus Port Plaza 1 Single Member Development S.A.	100.00	Greece	Real estate
(Under liquidation) Real Estate Management Single Member S.A.	100.00	Greece	Real estate services
(Under liquidation) Anchor Hellenic Investment Holding Single Member S.A.	100.00	Greece	Real estate
Vouliagmeni Residence Single Member S.A.	100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.	100.00	Greece	Real estate
Piraeus Port Plaza 2 Development S.A.	100.00	Greece	Real estate
Piraeus Port Plaza 3 Development S.A.	100.00	Greece	Real estate
Tenberco Properties Development and Exploitation Single Member S.A.	100.00	Greece	Real estate
Eurobank Bulgaria A.D.	99.99	Bulgaria	Banking
IMO 03 E.A.D.	100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.	100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd	100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd	100.00	Channel Islands	Holding company
Eurobank Cyprus Ltd	100.00	Cyprus	Banking
ERB New Europe Funding III Ltd	100.00	Cyprus	Finance company
Foramónio Ltd	100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd	100.00	Cyprus	Holding company
NEU Property Holdings Ltd	100.00	Cyprus	Holding company
Lenevino Holdings Ltd	100.00	Cyprus	Real estate
Rano Investments Ltd	100.00	Cyprus	Real estate
Neviko Ventures Ltd	100.00	Cyprus	Real estate
Staynia Holdings Ltd	100.00	Cyprus	Holding company
Zivar Investments Ltd	100.00	Cyprus	Real estate
Amvanero Ltd	100.00	Cyprus	Real estate
Ragisena Ltd	100.00	Cyprus	Real estate
Revasono Holdings Ltd	100.00	Cyprus	Real estate
Volki Investments Ltd	100.00	Cyprus	Real estate
Adariano Investments Ltd	100.00	Cyprus	Real estate
Elerovio Holdings Ltd	100.00	Cyprus	Real estate
Sagiol Ltd	100.00	Cyprus	Holding company
Macoliq Holdings Ltd	100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.	100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.	100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.	100.00	Luxembourg	Holding company
ERB Lux Immo S.A.	100.00	Luxembourg	Real estate
ERB New Europe Funding B.V.	100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.	100.00	Netherlands	Finance company
ERB New Europe Holding B.V.	100.00	Netherlands	Holding company

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Name	Percentage holding	Country of incorporation	Line of business
ERB IT Shared Services S.A.	100.00	Romania	Informatics data processing
IMO Property Investments Bucuresti S.A.	100.00	Romania	Real estate services
IMO-II Property Investments S.A.	100.00	Romania	Real estate services
Eliade Tower S.A.	99.99	Romania	Real estate
Retail Development S.A.	99.99	Romania	Real estate
Seferco Development S.A.	99.99	Romania	Real estate
Eurobank A.D. Beograd	99.99	Serbia	Banking
ERB Leasing A.D. Beograd-in Liquidation	99.99	Serbia	Leasing
IMO Property Investments A.D. Beograd	100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd	100.00	Serbia	Real estate
ERB Istanbul Holding A.S.	100.00	Turkey	Holding company
ERB Hellas Plc	100.00	United Kingdom	Special purpose financing vehicle
Karta II Plc	-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company	-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company	-	Ireland	Special purpose financing vehicle

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

(i) the Group's special purpose financing vehicles and the related holding entities, which are dormant and/or are under liquidation: Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd, Themeleion Mortgage Finance Plc, Themeleion II Mortgage Finance Plc, Themeleion III Mortgage Finance Plc, Themeleion IV Mortgage Finance Plc, Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc, Anaptyxi APC Ltd, Byzantium II Finance Plc and Maximus Hellas Designated Activity Company.

(ii) the holding entity of Karta II Plc: Karta II Holdings Ltd.

(iii) dormant entity: Enalios Real Estate Development S.A.

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

Grivalia New Europe S.A., Luxembourg

In January 2021, the liquidation of the company was completed.

Post balance sheet events
Senseco Trading Ltd, Cyprus and Value Touristiki S.A., Greece

In April 2021, the Bank acquired 100% of the shares and voting rights of Senseco Trading Ltd, which held 51% of the shares and voting rights of the Group's joint venture, Value Touristiki S.A. Consequently, as of April 2021, Value Touristiki S.A. became a wholly owned subsidiary of the Bank.

Special purpose financing vehicle for the securitization of Bank's loans and related real estate company

In May 2021, in the context of the management of the Group's non performing exposures (NPEs) the Bank, through its special purpose financing vehicle Mexico Finance Designated Activity Company, proceeded with the securitization of a mixed assets portfolio of primarily NPE (note 15) and established the related real estate company Mexico Estate Single Member S.A.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

18. Investments in associates and joint ventures

As at 31 March 2021, the carrying amount of the Group's investments in associates and joint ventures amounted to € 275 million (31 December 2020: € 276 million). The following is the listing of the Group's associates and joint ventures as at 31 March 2021:

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

⁽¹⁾ Entity under liquidation at 31 March 2021.

⁽²⁾ Eurolife Insurance group (Eurolife FFH Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as the Group's associates.

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

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

In March 2021, the Group's entity IMO Property Investments A.D. Beograd signed a share transfer agreement with the other shareholder of Singidunum - Buildings d.o.o Beograd for the disposal of its participation (20.01%) in the company. The transaction resulted to a loss of € 42 thousand recognized in "Other income/(expenses)".

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

On 31 March 2021, the Board of Directors of "doValue Greece Loans and Credits Management S.A." ("doValue Greece") approved the draft terms of the merger by way of absorption of "doValue Hellas Credit and Loan Servicing S.A." by doValue Greece, in accordance with the provisions of Law 4601/2019, Law 4548/2018, article 54 of Law 4172/2013 and article 16 par. 18 of Law 2515/1997, as in force. The final resolution on the approval of the merger will be taken by the General Meetings of the shareholders of each of the merging companies and the completion of the merger will be subject to approvals by the competent authorities.

Post balance sheet event

Value Touristiki S.A., Greece

As of April 2021, Value Touristiki S.A. ceased to be a Group's joint venture and became a wholly owned subsidiary of the Bank (note 17).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

19. Property and equipment and Investment property

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

	31 March 2021 € million	31 December 2020 € million
Land, buildings, leasehold improvements	467	469
Furniture, equipment, motor vehicles	41	41
Computer hardware, software	70	66
Right of use of assets ⁽¹⁾	206	202
Total property and equipment	784	778
Investment Property ⁽²⁾	1,450	1,459
Total	2,234	2,237

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

⁽²⁾ In the period ended 31 March 2021, the investment property has decreased by € 9 million due to disposals.

In the period ended 31 March 2021, the Group recognized rental income of € 23 million from real estate properties in the income statement line 'income from non banking services' (31 March 2020: € 19 million).

In the context of the relief measures taken in response to the Covid-19 outbreak, the Group as a lessor has granted certain rent concessions to its tenants directly affected by the Covid-19 pandemic. As at 31 March 2021, the unamortized balance of the above mentioned rent concessions, net of the reimbursement provided by the Greek government to lessors in 2021, amounted to approximately € 9 million before tax (2020: € 6 million), which will be gradually recognized in profit or loss over the remaining lease term of the respective contracts. For the period ended 31 March 2021, the amount of the rent reduction recognized in "Income from non-banking services" amounted to approximately € 1 million.

The rent concessions granted to the Group in the first quarter of 2021, as a direct consequence of the Covid-19 pandemic, were not significant.

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

The Group will continue to monitor closely the effect of the economic environment and Covid-19 pandemic on the valuation of its investment properties.

20. Other assets

	31 March 2021 € million	31 December 2020 € million
Receivable from Deposit Guarantee and Investment Fund	708	708
Reposessed properties and relative prepayments	614	616
Pledged amount for a Greek sovereign risk financial guarantee	237	237
Balances under settlement ⁽²⁾	35	11
Prepaid expenses and accrued income	124	104
Other guarantees	114	111
Income tax receivable ⁽¹⁾	28	24
Other assets	189	184
Total	2,049	1,995

⁽¹⁾ Includes withholding taxes, net of provisions.

⁽²⁾ Includes settlement balances with customers and brokerage activity.

As at 31 March 2021, other assets net of provisions, amounting to € 189 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

21. Due to central banks

	31 March 2021 € million	31 December 2020 € million
Secured borrowing from ECB	8,790	7,999

The European Central Bank (ECB) has introduced a series of measures since March 2020 in order to further support the liquidity conditions of the banking system, the money market activity and the lending to the real economy in the face of the effects of the Covid-19 pandemic. In particular, the terms and conditions of targeted longer-term refinancing operations (TLTRO III) have been modified within 2020 in terms of lending performance thresholds, applicable interest rates and borrowing allowance in order to support the continuous access of households and firms to bank credit in the face of Covid-19 pandemic's outbreak.

Based on the modified terms of TLTRO III facilities up to December 2020, the interest rate on TLTRO III facilities has been reduced to -0.50% for the period from June 2020 to June 2021, while for the banks subject to meeting the required lending thresholds for the reference period ended 31 March 2021, the interest rate for the abovementioned period may be capped at -1% (i.e. the minimum of the average deposit facility rate minus 0.5% and the rate of -1%). Additionally, based on the ECB's decision in January 2021, the reduction of interest rate to -0.5% is extended to the period from June 2021 to June 2022 (also capped at -1%), provided that the lending thresholds for the additional observation period as set in the above mentioned ECB's decision are met.

In the context of the aforementioned measures, the Group increased the borrowing from ECB's longer-term refinancing operations by € 0.8 billion from 31 December 2020, reaching € 8.8 billion at the end of March 2021, using as collaterals, among others, Greek government bonds which became eligible for such financing following ECB's relevant decision in 2020.

The Group has assessed the terms of the program and concluded that TLTRO III contains a significant benefit in comparison to the market's pricing for other similarly collateralized borrowings available to the Group and this benefit should be accounted for as a government grant under IAS 20. Consequently, the Group considers that the grant is intended to compensate for its funding costs incurred over the term of each TLTRO-III facility and therefore, the benefit should be allocated systematically under interest expense.

As at 31 March 2021, the Group has recognized on an accrual basis, the benefit of '-0.50%' applicable to the period June 2020 to June 2021. In addition, following the re-assessment of the lending performance thresholds for the reference period ended 31 March 2021, the Group has reasonable assurance that it will receive the benefit attached to the more favorable interest rates of the TLTRO III facilities. Accordingly, for the period ended 31 March 2021, the cumulative benefit from TLTRO III program recognized by the Group amounts to € 33 million.

22. Due to credit institutions

	31 March 2021 € million	31 December 2020 € million
Secured borrowing from credit institutions	185	683
Borrowings from international financial and similar institutions	666	695
Current accounts and settlement balances with banks	123	87
Interbank takings	15	37
Total	989	1,502

As at 31 March 2021, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals government – mainly Greek - corporate and bank securities (note 16). In addition, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

23. Due to customers

	31 March 2021 € million	31 December 2020 € million
Savings and current accounts	32,470	31,663
Term deposits	15,613	15,417
Repurchase agreements	201	200
Other term products (note 24)	10	10
Total	48,294	47,290

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

For the period ended 31 March 2021, due to customers for the Greek and International operations amounted to € 34,867 million and € 13,427 million, respectively (31 December 2020: € 34,190 million and € 13,100 million, respectively).

24. Debt securities in issue

	31 March 2021 € million	31 December 2020 € million
Securitisations	553	594
Subordinated notes (Tier 2)	962	947
Medium-term notes (EMTN) (note 23)	15	15
Total	1,530	1,556

Securitisations

On 22 February 2021 the Bank proceeded with the early termination of the Maximus Hellas DAC securitization.

In addition, on 22 March 2021 the Bank proceeded with the restructuring of ASTARTI securitization upsizing the Class A notes held by an international institutional investor to € 250 million while the Class B notes, retained by the Bank, were decreased from € 219 million to € 98 million.

The carrying value of the class A asset backed securities issued by the Bank's special purpose vehicle Karta II plc as at 31 March 2021, amounted to € 303 million.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 31 March 2021, amounted to € 962 million, including € 15 million accrued interest and € 3 million unamortized issuance costs.

Covered bonds

On 4 February 2021, the Bank proceeded with a new covered bonds' issue of face value of € 600 million, fully retained by the Bank.

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

Post balance sheet event

Senior preferred debt

At the end of April 2021, the Bank proceeded with the issue of a preferred senior debt with a nominal value of € 500 million. The issue was over-subscribed by more than two times, which enabled the Bank to lower the interest rate by 25 basis points, from the 2.375% initially offered to the 2.125% re-offer yield. The notes, which are listed in the Luxembourg Stock Exchange's Euro MTF market, have a maturity of six years and are callable at par in five years, offering a coupon of 2% per annum that is resettable on 5 May 2026.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

The transaction marks Eurobank's return to international capital markets, enhancing the diversification of the Group's investor base, and is the first step on the medium term strategy of the Bank to meet its Minimum Required Eligible Liabilities (MREL) requirements scheduled for 2025. The proceeds from the issue will be used for Eurobank's business purposes, including the financing of environmental projects that promote the use of energy from renewable sources. Further information about the issue is provided in the relevant announcement published in the Bank's website on 29 April 2021.

25. Other liabilities

	31 March 2021 € million	31 December 2020 € million
Balances under settlement ⁽¹⁾	268	267
Lease liabilities	226	221
Deferred income and accrued expenses	170	134
Other provisions	93	93
ECL allowance for credit related commitments	67	66
Standard legal staff retirement indemnity obligations	47	46
Employee termination benefits	84	97
Sovereign risk financial guarantee	38	38
Acquisition obligation	15	15
Income taxes payable	16	10
Deferred tax liabilities (note 12)	22	21
Other liabilities	227	189
Total	1,273	1,197

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

As at 31 March 2021, other liabilities amounting to € 227 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 31 March 2021, other provisions amounting to € 93 million (31 December 2020: € 93 million) mainly include: (a) € 60 million for outstanding litigations against the Group (note 29), (b) € 29 million for other operational risk events, of which € 22 million is related to the Romanian disposal group (further information is provided in note 30 of the consolidated financial statements for the year ended 31 December 2020) and (c) € 1 million for restructuring costs mainly relating to the acquisition of Piraeus Bank Bulgaria A.D.

26. Share capital, share premium and treasury shares

As at 31 March 2021, the par value of the Company's shares is € 0.22 per share (31 December 2020: € 0.22). All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2021	816	(1)	815	8,056	(1)	8,055
Purchase of treasury shares	-	(0)	(0)	-	(0)	(0)
Sale of treasury shares	-	1	1	-	0	0
Balance at 31 March 2021	816	(0)	816	8,056	(1)	8,055

Selected Explanatory Notes to the Interim Consolidated Financial Statements

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

	Number of shares		
	Issued Shares	Treasury Shares	Net
Balance at 1 January 2021	3,709,161,852	(2,433,987)	3,706,727,865
Purchase of treasury shares	-	(646,313)	(646,313)
Sale of treasury shares	-	1,433,600	1,433,600
Balance at 31 March 2021	3,709,161,852	(1,646,700)	3,707,515,152

Treasury shares

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

In addition, as at 31 March 2021 the number of the Company's shares held by the Group's associates in the ordinary course of their insurance and investing activities was 64,763,790 in total (31 December 2020: 64,763,790).

27. Fair value of financial assets and liabilities

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

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

- Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held by the Group, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.
- Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over the counter (OTC) derivatives, less liquid debt instruments held or issued by the Group and equity instruments.
- Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers including securitized notes issued by special purpose entities established by the Group and recognized in financial assets and debt securities issued by the Group.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Financial instruments carried at fair value

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

	31 March 2021			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	118	-	-	118
Investment securities at FVTPL	75	16	54	144
Derivative financial instruments	1	2,220	0	2,221
Investment securities at FVOCI	5,509	103	-	5,612
Loans and advances to customers mandatorily at FVTPL	-	-	25	25
Financial assets measured at fair value	5,702	2,339	79	8,120
Derivative financial instruments	0	2,376	-	2,376
Trading liabilities	56	-	-	56
Financial liabilities measured at fair value	56	2,376	-	2,432

	31 December 2020			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	87	-	-	87
Investment securities at FVTPL	54	15	58	127
Derivative financial instruments	0	2,551	1	2,552
Investment securities at FVOCI	5,375	79	-	5,454
Loans and advances to customers mandatorily at FVTPL	-	-	27	27
Financial assets measured at fair value	5,516	2,645	86	8,247
Derivative financial instruments	0	2,939	-	2,939
Trading liabilities	19	-	-	19
Financial liabilities measured at fair value	19	2,939	-	2,958

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the period ended 31 March 2021.

Reconciliation of Level 3 fair value measurements

	31 March 2021 € million
Balance at 1 January	86
Transfers into Level 3	0
Transfers out of Level 3	(0)
Additions, net of disposals and redemptions ⁽¹⁾	(7)
Total gain/(loss) for the period included in profit or loss	(0)
Foreign exchange differences and other	1
Balance at 31 March	79

⁽¹⁾ Including capital returns on equity investments.

Group's valuation processes and techniques

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

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

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

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

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

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

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

Loans and advances to customers including securitized notes issued by the special purpose entities established by the Group of which contractual cash flows do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate or by reference to other comparable assets of the same type that have been transacted during a recent time period. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy.

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Financial instruments not measured at fair value

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

31 March 2021		
	Carrying amount	Fair value
	€ million	€ million
Loans and advances to customers	37,522	37,211
Investment securities at amortised cost	3,458	3,195
Financial assets not measured at fair value	40,980	40,258
Debt securities in issue	1,530	1,540
Financial liabilities not measured at fair value	1,530	1,540
31 December 2020		
	Carrying amount	Fair value
	€ million	€ million
Loans and advances to customers	37,397	37,071
Investment securities at amortised cost	2,784	2,654
Financial assets not measured at fair value	40,181	39,725
Debt securities in issue	1,556	1,539
Financial liabilities not measured at fair value	1,556	1,539

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

- Loans and advances to customers including securitized notes issued by special purpose entities established by the Group: for loans and advances to customers, quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates for loans to customers incorporate inputs for expected credit losses and interest rates, as appropriate;
- Investment securities measured at amortized cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method; and
- Debt securities in issue: the fair values of the debt securities in issue are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on third party valuations, quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

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

Selected Explanatory Notes to the Interim Consolidated Financial Statements

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

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

	31 March 2021 € million	31 December 2020 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	6,837	6,013
Due from credit institutions	664	667
Securities held for trading	1	1
Total	7,502	6,681

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

	31 March 2021 € million	31 March 2020 € million
Amortisation of premiums/discounts and accrued interest	51	65
(Gains)/losses from investment securities	(13)	(7)
Total	38	58

In the period ended 31 March 2021, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 15 million (31 March 2020: € 20 million).

29. Contingent liabilities and commitments

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

Credit related commitments are analyzed as follows:

	31 March 2021 € million	31 December 2020 € million
Financial guarantee contracts	696	641
Commitments to extend credit	1,285	1,200
Other credit related commitments	489	484
Total	2,470	2,325

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 5.8 billion (31 December 2020: € 5.7 billion), including revocable loan commitments of € 3.4 billion (31 December 2020: € 3.4 billion), while the corresponding allowance for impairment losses amounts to € 67 million (31 December 2020: € 66 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.24 billion (31 December 2020: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 20).

Selected Explanatory Notes to the Interim Consolidated Financial Statements

Legal proceedings

As at 31 March 2021, a provision of € 60 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2020: € 60 million). The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2020: € 34 million).

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

Following the completion of the banking sector's hive down of Eurobank Ergasias S.A. (Demerged entity) in 2020, the Beneficiary (i.e. Eurobank S.A., "Bank") substituted the Demerged Entity (currently Eurobank Holdings), by way of universal succession, to all the transferred assets and liabilities, while pending lawsuits where the Demerged entity was an involved party and are related to the hived down banking sector, will continue ipso jure by the Bank or against it.

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

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

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

30. Post balance sheet events

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

Note 2 - Basis of preparation and principal accounting policies

Note 12 - Income tax

Note 15 - Loans and advances to customers

Note 17 - Group composition

Note 18 - Investments in associates and joint ventures

Note 24 - Debt securities in issue

31. Related parties

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank), which resulted from the demerger of Eurobank Ergasias S.A. ("Demerged Entity") through its banking sector's hive down that was completed in March 2020.

The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the KMP of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 31 March 2021, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force, the Relationship Framework Agreement (RFA) the Demerged Entity has entered into with the HFSF on 4 December 2015 and the Tripartite Relationship Framework Agreement (TRFA) between the Bank, the Company and the HFSF signed on 23 March 2020. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2020.

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In addition, Fairfax group, which as at 31 March 2021 holds 31.27% in the Company's share capital, is considered to have significant influence over the Company.

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

	31 March 2021			31 December 2020		
	Fairfax Group € million	KMP and Entities controlled or jointly controlled by KMP ⁽¹⁾ € million	Associates and joint ventures € million	Fairfax Group € million	KMP and Entities controlled or jointly controlled by KMP ⁽¹⁾ € million	Associates and joint ventures € million
Loans and advances to customers	17.83	4.59	30.72	9.02	4.69	28.94
Derivative financial instruments - assets	0.03	-	-	0.10	-	-
Other assets ⁽²⁾	0.64	0.20	62.80	1.92	0.27	65.33
Due to customers	0.23	21.45	132.11	0.15	22.29	114.06
Derivative financial instruments - liabilities	0.01	-	-	-	-	-
Other liabilities	0.01	0.43	44.20	0.01	0.96	19.82
Guarantees issued	-	0.01	2.00	-	0.01	2.00
Guarantees received	-	0.02	-	-	0.02	-

	Three months ended 31 March 2021			Three months ended 31 March 2020		
Net interest income	0.09	(0.01)	(0.37)	0.03	(0.01)	(1.02)
Net banking fee and commission income	-	-	1.51	0.00	0.01	3.70
Net trading income	-	-	-	-	-	(0.01)
Impairment losses relating to loans and advances including relative fees	(0.04)	-	(22.62)	(0.02)	-	(0.16)
Other operating income/(expenses)	-	(3.90)	(3.09)	-	(3.12)	(5.11)

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

⁽²⁾ For the period ended 31 March 2021, it includes € 0.2 million right of use assets (RoU) related to an entity controlled by KMP

For the period ended 31 March 2021, there were no material transactions with the HFSF. In addition, as at 31 March 2021 the loans, net of provisions, granted to non consolidated entities controlled by the Company pursuant to the terms of the relevant share pledge agreements amounted to € 0.8 million (31 December 2020: € 0.3 million).

For the period ended 31 March 2021, an impairment of € 0.1 million (31 March 2020: a reversal of impairment of € 0.1 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 0.2 million (31 December 2020: € 0.1 million). In addition, as at 31 March 2021, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 17.7 million.

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.62 million (31 March 2020: € 1.5 million) and long-term employee benefits of € 0.23 million (31 March 2020: € 0.23 million). In addition, as at 31 March 2021, the defined benefit obligation for the KMP amounts to € 1.60 million (31 December 2020: € 1.58 million), while the respective cost for the period through the income statement amounts to € 0.02 million (31 March 2020: € 0.02 million cost through the income statement and € 0.22 million actuarial gain through the other comprehensive income).

32. Board of Directors

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

The BoD by its decision dated 28 January 2021, appointed Ms. Efthymia Deli as the new representative of the HFSF and non-executive member of Eurobank Holdings BoD in replacement of the departing Mr. Dimitrios Miskou, according to the provisions of Law

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3864/2010 and the existing Relationship Framework Agreement with the HFSF (TRFA - Tripartite Relationship Framework Agreement), for an equal term to the remaining term of the resigned member.

Following the above the BoD is as follows:

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

Athens, 26 May 2021

Georgios P. Zantias
I.D. No AI - 414343
CHAIRMAN
OF THE BOARD OF DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962
CHIEF EXECUTIVE OFFICER

Harris V. Kokologiannis
I.D. No AN - 582334
GENERAL MANAGER OF GROUP FINANCE
GROUP CHIEF FINANCIAL OFFICER