Consolidated Interim Financial Statements

30 September 2020

The Consolidated Interim Financial Statements have been approved by Piraeus Bank S.A. Board of Directors on 23 November 2020 and are available on the web site of Piraeus Bank at www.piraeusbankgroup.com.

The information contained in this document has been translated from the Consolidated Interim Financial Statements prepared in the Greek language. In case of divergence between the language versions of Consolidated Interim Financial Statements, the Greek language version prevails.

PIRAEUS BANK

INDEX

Consolidated Interim Income Statement

€ Million	Note	9 month period ended 30/9/2020	9 month period ended 30/9/2019	3 month period ended 30/9/2020	3 month period ended 30/9/2019
CONTINUING OPERATIONS					
Interest and similar income		1,367	1,390	463	463
Interest expense and similar charges		(259)	(318)	(83)	(109)
NET INTEREST INCOME		**1,107**	**1,072**	**380**	**353**
Fee and commission income	6	298	300	105	112
Fee and commission expense	6	(66)	(73)	(24)	(31)
NET FEE AND COMMISSION INCOME		**231**	**227**	**81**	**81**
Dividend income		3	1	2	-
Net gain/ (losses) from financial instruments measured at fair value through profit or loss ("FVTPL")	8	22	14	13	1
Net gain/ (losses) from financial instruments measured at fair value through other comprehensive income ("FVTOCI")		2	5	1	3
Net gain/ (loss) from derecognition of financial instruments measured at amortised cost		9	9	-	16
Gain/(loss) from disposal of subsidiaries and associates		(1)	(4)	-	-
Net other income/ (expenses)		43	37	19	13
TOTAL NET INCOME		**1,417**	**1,361**	**496**	**467**
Staff costs		(319)	(394)	(107)	(135)
Administrative expenses		(280)	(266)	(98)	(92)
Depreciation and amortisation		(86)	(91)	(28)	(30)
Net gain/ (losses) from sale of property and equipment and intangible assets		-	2	-	-
TOTAL OPERATING EXPENSES BEFORE PROVISIONS		**(686)**	**(749)**	**(234)**	**(257)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX		**732**	**612**	**262**	**210**
ECL Impairment losses on loans and advances to customers at amortised cost	4.2	(726)	(489)	(146)	(157)
Impairment (losses)/releases on other assets	9	(94)	(15)	(22)	(10)
ECL Impairment (losses)/ releases on financial assets at FVTOCI		(7)	9	(2)	(1)
Impairment of property and equipment and intangible assets		(2)	(7)	-	(2)
Other impairment (losses)/ releases		(14)	(1)	(4)	-
Other provision charges/ releases		(2)	2	(1)	2
Share of profit/ (loss) of associates and joint ventures		(19)	-	(4)	11
PROFIT/ (LOSS) BEFORE INCOME TAX		**(133)**	**110**	**82**	**53**
Income tax benefit/ (expense)	10	(10)	(35)	(79)	(9)
PROFIT/ (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS		**(143)**	**75**	**3**	**44**
DISCONTINUED OPERATIONS					
Profit/ (loss) after income tax from discontinued operations	7	(7)	12	(2)	5
PROFIT/ (LOSS) FOR THE PERIOD		**(150)**	**87**	**1**	**49**
From continuing operations					
Profit/ (loss) attributable to equity holders of the Bank		(142)	78	3	44
Non controlling interest		(1)	(2)	-	-
From discontinued operations					
Profit/ (loss) attributable to equity holders of the Bank		(7)	12	(2)	5
Non controlling interest		-	-	-	-
Earnings/ (losses) per share attributable to equity holders of the Bank (in €):					
From continuing operations					
- Basic	11	(0.32)	0.18	0.01	0.10
- Diluted	11	(0.32)	0.09	0.00	0.05
From discontinued operations					
- Basic	11	(0.02)	0.03	(0.01)	0.01
- Diluted	11	(0.02)	0.01	(0.00)	0.01
Total					
- Basic	11	(0.34)	0.21	0.00	0.11
- Diluted	11	(0.34)	0.10	0.00	0.06

Consolidated Interim Statement of Comprehensive Income

€ Million	Note	9 month period ended 30/9/2020	9 month period ended 30/9/2019	3 month period ended 30/9/2020	3 month period ended 30/9/2019
CONTINUING OPERATIONS					
Profit for the period (A)		**(143)**	**75**	**3**	**44**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from debt securities measured at FVTOCI	12	45	124	11	51
Change in currency translation reserve	12	(4)	9	(2)	5
Items that will not be reclassified subsequently to profit or loss					
Change in reserve from equity instruments measured at FVTOCI	12	(12)	23	(3)	2
Other comprehensive income/ (expense), net of tax (B)	12	**29**	**155**	**6**	**58**
Total comprehensive income/ (expense), net of tax (A)+(B)		**(114)**	**231**	**9**	**102**
- Attributable to equity holders of the Bank		(113)	233	9	102
- Non controlling interest		(1)	(2)	-	-
DISCONTINUED OPERATIONS					
Profit/ (loss) for the period (C)		**(7)**	**12**	**(2)**	**5**
Other comprehensive income, net of tax:					
Items that may be reclassified subsequently to profit or loss					
Change in reserve from debt securities measured at FVTOCI		-	(4)	-	-
Change in currency translation reserve		-	(4)	-	-
Items that will not be reclassified subsequently to profit loss					
Change in reserve from equity instruments measured at FVTOCI		-	(1)	-	-
Other comprehensive income/ (expense), net of tax (D)		**-**	**(9)**	**-**	**-**
Total comprehensive income/ (expense), net of tax (C)+(D)		**(7)**	**3**	**(2)**	**5**
- Attributable to equity holders of the Bank		(7)	3	(2)	5
- Non controlling interest		-	-	-	-

Consolidated Interim Statement of Financial Position

€ Million	Note	30/9/2020	31/12/2019
ASSETS			
Cash and balances with Central Banks		7,951	3,349
Due from banks		1,260	1,307
Financial assets at fair value through profit or loss		249	663
Financial assets mandatorily measured at FVTPL		143	131
Derivative financial instruments		498	479
Reverse repos with customers		14	38
Loans and advances to customers at amortised cost	13	38,280	39,162
Loans and advances to customers mandatorily measured at FVTPL		49	51
Financial assets measured at FVTOCI	14	2,239	1,647
Debt securities at amortised cost	14	3,923	1,121
Assets held for sale		205	264
Investment property		1,132	1,112
Investments in associated undertakings and joint ventures	15	269	264
Property and equipment		1,011	1,044
Intangible assets		272	287
Current tax assets	16	196	206
Deferred tax assets		6,464	6,478
Other assets		3,430	3,521
Assets from discontinued operations	7	105	108
TOTAL ASSETS		**67,693**	**61,231**
LIABILITIES			
Due to banks	17	9,445	3,296
Due to customers	18	47,088	47,351
Liabilities at FVTPL		1	-
Derivative financial instruments		496	482
Debt securities in issue	19	471	481
Other borrowed funds	20	916	414
Current income tax liabilities		3	9
Deferred tax liabilities		32	32
Retirement benefit obligations		125	130
Provisions		163	173
Other liabilities		1,281	1,071
Liabilities from discontinued operations	7	23	19
TOTAL LIABILITIES		**60,045**	**53,458**
EQUITY			
Share capital (ordinary shares)	22	2,620	2,620
Share premium	22	13,075	13,075
Contingent convertible bonds	22	2,040	2,040
Less: Treasury shares	22	-	(1)
Other reserves and retained earnings	23	(10,196)	(10,075)
Capital and reserves attributable to equity holders of the Bank		**7,538**	**7,659**
Non controlling interest		110	115
TOTAL EQUITY		**7,648**	**7,773**
TOTAL LIABILITIES AND EQUITY		**67,693**	**61,231**

Consolidated Interim Statement of Changes in Equity

€ Million	Note	Share Capital	Share Premium	Contingent Convertible Bonds	Treasury shares	Currency Translation Reserve	Reserve from financial assets at FVTOCI	Other reserves	Retained earnings	Total	Non controlling interest	Total
		Attributable to equity shareholders of the parent entity										
Opening balance as at 1/1/2019		**2,620**	**13,075**	**2,040**	**(1)**	**(59)**	**97**	**144**	**(10,526)**	**7,390**	**116**	**7,506**
Other comprehensive income, net of tax	12	-	-	-	-	5	141	-	-	146	-	146
Profit/ (loss) after tax for the period 1/1 - 30/9/2019	23	-	-	-	-	-	-	-	89	89	(2)	87
Total comprehensive income/ (expense) for the period 1/1 - 30/9/2019		**-**	**-**	**-**	**-**	**5**	**141**	**-**	**89**	**236**	**(2)**	**233**
(Purchases)/ sales of treasury shares		-	-	-	-	-	-	-	-	1	-	1
Transfer between other reserves and retained earnings	23	-	-	-	-	-	-	2	(2)	-	-	-
Recycling of the accumulated reserve from financial assets measured at FVTOCI	23	-	-	-	-	-	-	-	2	2	-	2
Disposals and movements in participating interests	23	-	-	-	-	-	-	(19)	32	14	2	16
Balance as at 30/9/2019		**2,620**	**13,075**	**2,040**	**(1)**	**(54)**	**238**	**128**	**(10,405)**	**7,642**	**116**	**7,758**
Opening balance as at 1/10/2019		**2,620**	**13,075**	**2,040**	**(1)**	**(54)**	**238**	**128**	**(10,405)**	**7,642**	**116**	**7,758**
Other comprehensive income, net of tax		-	-	-	-	-	(2)	-	(6)	(8)	-	(8)
Profit/ (loss) after tax for the period 1/10-31/12/2019	23	-	-	-	-	-	-	-	190	190	(2)	189
Total comprehensive income/ (expense) for the period 1/10-31/12/2019		**-**	**-**	**-**	**-**	**-**	**(2)**	**-**	**184**	**182**	**(2)**	**181**
Payment to the holders of contingent convertible bonds	23	-	-	-	-	-	-	-	(165)	(165)	-	(165)
Disposals and movements in participating interests	23	-	-	-	-	-	-	(10)	11	1	-	1
Balance as at 31/12/2019		**2,620**	**13,075**	**2,040**	**(1)**	**(54)**	**236**	**118**	**(10,375)**	**7,659**	**115**	**7,773**
Opening balance as at 1/1/2020		**2,620**	**13,075**	**2,040**	**(1)**	**(54)**	**236**	**118**	**(10,375)**	**7,659**	**115**	**7,773**
Other comprehensive income, net of tax	12	-	-	-	-	(4)	33	-	-	29	-	29
Profit/ (loss) after tax for the period 1/1 - 30/9/2020	23	-	-	-	-	-	-	-	(149)	(149)	(1)	(150)
Total comprehensive income/ (expense) for the period 1/1 - 30/9/2020		**-**	**-**	**-**	**-**	**(4)**	**33**	**-**	**(149)**	**(120)**	**(1)**	**(121)**
Transfer between reserves and retained earnings	23	-	-	-	-	-	(16)	1	15	-	-	-
Disposals and movements in participating interests	23	-	-	-	-	-	-	(5)	4	(1)	(4)	(5)
Balance as at 30/9/2020		**2,620**	**13,075**	**2,040**	**(1)**	**(58)**	**253**	**113**	**(10,504)**	**7,538**	**110**	**7,648**

The notes on pages 10 to 69 form an integral part of the Consolidated Interim Financial Statements

Consolidated Interim Cash Flow Statement

€ Million	9 month period ended 30/9/2020	9 month period ended 30/9/2019 As Restated
Cash flows from operating activities from continuing operations		
Profit/ (Loss) before tax	(133)	110
Adjustments to profit/ (loss) before tax:		
Add: provisions and impairment losses	845	502
Add: depreciation and amortisation charge	86	91
Add: retirement benefits and cost of voluntary exit scheme	6	42
Net gain/(losses) from financial instruments measured at FVTPL	19	(6)
Net gain/(losses) from financial instruments measured at FVTOCI	(2)	(5)
(Gains)/ losses from investing activities	18	5
Accrued interest from investing and financing activities	19	(16)
Cash flows from operating activities before changes in operating assets and liabilities	858	722
Changes in operating assets and liabilities:		
Net (increase)/ decrease in cash and balances with Central Banks	-	(235)
Net (increase)/ decrease in financial instruments measured at FVTPL	395	(208)
Net (increase)/ decrease in financial assets mandatorily measured at FVTPL	(19)	(1)
Net (increase)/ decrease in debt securities at amortised cost	(2,816)	(916)
Net (increase)/ decrease in amounts due from banks	-	(92)
Net (increase)/ decrease in loans and advances to customers	284	1,227
Net (increase)/ decrease in reverse repos with customers	24	21
Net (increase)/ decrease in other assets	(13)	(21)
Net increase/ (decrease) in amounts due to banks	6,149	(2,858)
Net increase/ (decrease) in liabilities measured at FVTPL	1	12
Net increase/ (decrease) in amounts due to customers	(262)	435
Net increase/ (decrease) in other liabilities	115	27
Net cash flow from operating activities before income tax payment	4,715	(1,886)
Income tax paid	(8)	(2)
Net cash inflow/ (outflow) from continuing operating activities	**4,707**	**(1,889)**
Cash flows from investing activities of continuing operations		
Purchases of property and equipment	(37)	(70)
Proceeds from disposal of property and equipment and intangible assets	19	16
Purchases of intangible assets	(14)	(14)
Proceeds from disposal of assets held for sale other than subsidiaries	38	269
Purchases of financial assets at FVTOCI	(1,116)	(1,553)
Proceeds from disposal of financial assets at FVTOCI	596	2,338
Acquisition of subsidiaries, net of cash and cash equivalents acquired and participation in share capital (increases)/ decreases	-	(92)
Proceeds from disposal of subsidiaries, net of cash and cash equivalents disposed	-	111
Establishment and participation in share capital (increases)/ decreases of associates and joint ventures	(28)	(10)
Proceeds from disposal of associates	-	1
Dividends received	4	1
Net cash inflow/ (outflow) from continuing investing activities	**(538)**	**996**
Cash flows from financing activities of continuing operations		
Net proceeds from issue/ (repayment) of debt securities and other borrowed funds	439	381
Purchases/ sales of treasury shares and preemption rights	-	1
Cash payments for the principal and the interest portion of the lease liability	(27)	-
Net cash inflow/ (outflow) from continuing financing activities	**412**	**382**
Effect of exchange rate changes on cash and cash equivalents	(6)	9
Net increase/ (decrease) in cash and cash equivalents from continuing activities (A)	**4,575**	**(501)**
Net cash flows from discontinued operating activities	2	99
Net cash flows from discontinued investing activities	(2)	(348)
Net increase/ (decrease) in cash and cash equivalents from discontinued activities (B)	**-**	**(249)**
Cash and cash equivalents at the beginning of the period (C)	**3,742**	**3,351**
Cash and cash equivalents at the end of the period (A) + (B) + (C)	**8,317**	**2,601**

The notes on pages 10 to 69 form an integral part of the Consolidated Interim Financial Statements

1 General information

Piraeus Bank S.A. (“Piraeus Bank” or the “Bank”) was established in 1916 and its shares are registered and have been listed on the Athens Stock Exchange since 1918. The Bank is a credit institution operating in the form of a Société Anonyme under the direct supervision of the European Central Bank (“ECB”) and the Bank of Greece (“BoG”), in accordance with the provisions of Greek Laws 4261/2014 and 4548/2018, as currently in force, and the applicable regulatory framework on the operation of credit institutions and listed companies. According to its codified Articles of Association, the Bank’s business scope is all banking activities recognised or to be recognised by law.

Piraeus Bank is incorporated and domiciled in Greece. The address of its registered office is 4 Amerikis str., 105 64 Athens, General commercial registry number 225501000. The duration of the Bank lapses on 6 July 2099. Piraeus Bank and its subsidiaries provide services in Southeastern and Western Europe. The Group employs, as at 30 September 2020, in total 12,261 people, of which 957 people refer to discontinued operations (IMITHEA S.A.).

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

The Board of Directors on the approval date of the Consolidated Interim Financial Statements for the period ended 30 September 2020, consists of the following members:

George P. Handjinicolaou	Chairman of the BoD, Non-Executive Member
Karel G. De Boeck	Vice-Chairman of the BoD, Independent Non-Executive Member
Christos I. Megalou	Managing Director & CEO, Executive BoD Member
Vasileios D. Koutentakis	Executive BoD Member
Venetia G. Kontogouris	Independent Non-Executive BoD Member
Arne S. Berggren	Independent Non-Executive BoD Member
Enrico Tommaso C. Cucchiani	Independent Non-Executive BoD Member
David R. Hexter	Independent Non-Executive BoD Member
Solomon A. Berahas	Independent Non-Executive BoD Member
Andrew D. Panzures	Independent Non-Executive BoD Member
Anne J. Weatherston	Independent Non-Executive BoD Member
Alexander Z. Blades	Non-Executive BoD Member
Periklis N. Dontas	Non-Executive BoD Member, HFSF Representative under Law 3864/2010

According to the Bank's Codified Articles of Association and the current institutional framework, the members of the Bank's Board of Directors are elected by the General Meeting of Shareholders and may be re-elected. The Members of the Board of Directors have a term of three years, which may be extended until the first Ordinary General Meeting convened after such term has elapsed. It is noted that pursuant to Greek Law 3864/2010, a representative of the Hellenic Financial Stability Fund ("HFSF") participates in the Board of Directors. Furthermore, if a member of the Board of Directors is replaced, then according to the Law and the Bank's Codified Articles of Association, the respective replacement applies solely to the remaining term of the member being replaced. Pursuant to the Annual General Shareholders' Meeting Resolution as at 26 June 2020, the term of the Board of Directors expires on 26 June 2023.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Consolidated Interim Financial Statements of the Group as at and for the period ended 30 September 2020 ("the Interim Financial Statements") have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting" and include selected explanatory notes, rather than all the information required for a full set of annual financial statements. Therefore, the Interim Financial Statements should be read in conjunction with the annual financial statements included in the 2019 Annual Financial Report, which have been prepared in accordance with International Financial Reporting

Standards ("IFRSs") as endorsed by the European Union (the "EU").

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

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

2.2 Going concern

Conclusion

Management has concluded that the Interim Financial Statements have been appropriately prepared on a going concern basis as at 30 September 2020 taking into account:

a) the significant positive developments (fiscal discipline, GDP recovery, liquidity restoration, market access, real estate prices recovery) that have taken place in the Greek economy during the recent years and up to February 2020;

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

c) the Group's satisfactory liquidity position which has been driven by deposit restoration and central bank funding utilisation, and which is reflected on the restoration of the liquidity coverage ratio and the net stable funding ratio significantly above minimum regulatory requirements, as well as in the diversified sources of funding;

d) the capital adequacy of the Group deriving, among others, from the issue of fixed rate subordinated Tier 2 notes of a total nominal value of € 900 million in 2019 and 2020, in conjunction with the Capital Strengthening Plan executed in the 2018-2019 period generating approximately € 4 billion RWA relief;

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

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

Macroeconomic environment

In the first nine months of 2020, despite the growth dynamics observed in the first two months of the year, the Greek economy was affected by the conditions and high level of uncertainty caused by the rapid spread of the global Covid-19 pandemic.

After the completion of the third economic adjustment program in August 2018, Greece joined the economic and fiscal policy coordination cycle of the European Semester and is now scoped into the enhanced supervision of Regulation (EU) 472/2013. In the context of this framework, seven successful and on-time reviews were completed from November 2018 to September 2020.

In 2019 and up to early 2020, Moody's, S&P Global and Fitch had gradually upgraded the Greek sovereign rating to “B1” (Stable Outlook), “BB-” (Positive Outlook) and “BB” (Positive Outlook), respectively. In April 2020, S&P Global and Fitch confirmed Greece's sovereign rating to "BB-" and "BB”, respectively, but revised the outlook to stable from positive due to the adverse effects of the Covid-19 pandemic. In November 2020, Moody’s upgraded the Greek sovereign rating to “Ba3” (Stable Outlook) on the back of strong structural reforms, the last part of which relates to the introduction of a new insolvency framework that will come into effect on 1 January 2021, and incorporates all existing debt settlement tools into a single framework profoundly reforming the insolvency legislation currently applicable in Greece.

In 2019, Greece recovered its access to international debt markets with three successful new Greek Government Bond (GGB) issuances, while in the first nine months of 2020 four more syndicated transactions were completed. Notably, in January 2020, the first 15-year GGB since 2009 was issued, of € 2.5 billion value at a yield of 1.9%, while amid the Covid-19 pandemic, in April 2020 and again in June 2020, seven and ten-year GGB’s of € 2.0 billion and € 3.0 billion value, respectively, were issued, at yields of 2.0% and 1.6%. Furthermore, in September 2020 the Hellenic Republic completed at a re-offer yield of 1.2% of its outstanding 10yr syndication issued in June 2020.

In 2019, the real GDP increased by 1.9% on a yearly basis, while improvements in business and consumer confidence steered the revised Economic Sentiment Indicator (ESI) to 105.4 points (annual average), the highest level since 2007. In the first semester of 2020, real GDP decreased by 7.9% on a yearly basis against 9.0% in the Euro Area, reflecting some impact of the Covid-19 pandemic as restrictive measures took effect in mid-March 2020 onwards. In the second quarter of 2020 real GDP decreased by 14.0% in comparison with the first quarter of 2020, while in comparison with the second quarter of 2019, it decreased by 15.2%. The magnitude of the recession in the second quarter is estimated to be significantly higher without the support measures of the Greek economy, which were implemented to compensate for the effect of the measures of social distancing. Since the announcement of the first package of measures to date, support measures (fiscal, tax payment deferral and liquidity) are estimated at € 21.5 billion in total for 2020, with their positive impact on the economy estimated at 6.0% of GDP.

The ESI decreased sharply, falling to 89.5 points in September 2020, and recovering partially to 92.3 in October 2020, from 110.7 points in the first quarter of 2020 (on average) due to the adverse effects of the Covid-19 pandemic. The seasonally adjusted unemployment rate in August 2020 decreased to 16.8% from 16.9% in August 2019. In the first nine months of 2020, inflation stood at -1.0% on an annual basis.

In 2019, the tourism sector continued its positive momentum and travel receipts amounted to € 18.2 billion. Nevertheless, in January–August 2020, travel receipts decreased by 79.7% on an annual basis due to the effects of the Covid-19 pandemic. The current health crisis finds the Greek real estate market in a critical period, showing significant recovery signs in the past two years. Commercial property prices (as illustrated by the BoG office price index) increased by 4.2% on an annual basis in 2019. Residential property prices (the apartment price index of the BoG) increased by 7.2% in 2019 and by 4.1% in the second quarter of 2020.

In October 2020, the Greek government submitted to the European Commission the Draft Budgetary Plan for 2021, which includes substantial European resources flowing in, from the Recovery Facility and Recovery Assistance for Cohesion and the Territories of Europe. The contribution of the EU resources is expected to reach two percentage points in 2021, raising the growth from 5.5% (baseline scenario) to 7.5% (final draft forecast). In the stress scenario for the evolution of the pandemic, the growth in the next year will be limited to 4.5% - 5%.

The Summit of 17-21 July approved the € 750 billion 'Next Generation EU' European recovery plan, of which € 390 billion in grants and € 360 billion in loans to Member States. The plan prioritizes key areas for Europe's future, such as green growth and the digital transformation of economies. Of the above, € 32 billion have been allocated to Greece, comprising € 19.3 billion in grants and € 12.7 billion in the form of loans. These are additional resources of the new Multiannual Financial Framework 2021-2027.

Primary risk factors for the developments in the Greek economy, the domestic banking sector in general and for Piraeus Bank in particular, are the global and domestic macroeconomic and financial market conditions, mainly due to the effects of Covid-19. The depth and duration of the recession as well as the velocity of the recovery will be decisive factors in determining the long-term impact of the Covid-19 pandemic to the Greek economy, the banking sector and Piraeus Bank. Therefore, a potential slow and weak economic recovery, along with persistently high unemployment and possible decline of real estate prices could potentially have a negative effect on the Bank's capital adequacy (i.e. impact on the quality of its loan portfolio) and its profitability. Further, the geopolitical developments in the wider region is an additional risk factor. Management closely monitors the developments and assesses periodically the impact that these might have on its operations and financial performance of the Group.

Liquidity

As at 30 September 2020, Group deposits decreased to € 47.1 billion, -1% compared to 31 December 2019, due to the reduction of public sector deposits, as a result of the Bank's strategic decision to optimise its funding cost base.

On 12 March 2020 and 30 April 2020, as a response to Covid-19 pandemic's effects to the European economy, the ECB announced easing of conditions for longer-term refinancing operations (TLTRO) III, in order to leverage its use by credit institutions. Piraeus Bank raised € 7.0 billion in the June 2020 and additional € 2.0 billion in the September 2020 TLTRO auctions and retains sufficient cash buffers, facilitated through ECB's decision in April 2020 to waive the eligibility criteria and accept Greek sovereign debt instruments as collateral in Eurosystem credit operations, to further utilize the TLTRO facilities for refinancing if it decides to do so. As a result, the Group's exposure to the Eurosystem increased to € 9.0 billion as at 30 September 2020 from € 350 million as at 31 December 2019.

The Group's balance sheet deleveraging, coupled with the medium-term customer deposits restoration trend, the restored markets access and the Tier 2 debt issuances in 2019 and early 2020, improved the Group's funding mix and increased its high quality liquid asset (HQLA) buffer. As at 30 September 2020, the Group's Liquidity Coverage Ratio (LCR) stood at 157% (thus, well above the regulatory requirement of 100%) and the net loans to deposits ratio (LDR) at 81%. On 12 March 2020, the ECB Banking Supervision allowed European banks to operate temporarily below the regulatory required LCR level, a measure aiming to ensure that Banks can continue to fulfil their role in funding the real economy as the economic effects of the Covid-19 become apparent. On 28 July 2020, the ECB clarified that Banks are allowed to operate below the LCR until at least end-2021, without automatically triggering supervisory actions.

On 18 March 2020, in order to counter the serious risks to the monetary policy transmission mechanism and the outlook for the euro area posed by the Covid-19 pandemic, the ECB announced a new asset purchase program, the Pandemic Asset Purchase Program (PEPP) of private and public sector securities, which has an overall envelope of € 1.35 trillion until June of 2021, after the decision to expand its size and timeframe taken in 4 June 2020. All asset categories eligible under the existing asset purchase programme (APP) are also eligible under the new programme. Under the PEPP, a waiver of the eligibility requirements was granted for securities issued by the Hellenic Republic. This development, combined with: a) the lifting of the 2015 imposed cap on the holdings of Greek Government securities for Greek banks, effective from 6 March 2020; and b) the waiver to accept Greek sovereign debt instruments as collateral in Eurosystem credit operations on 7 April 2020, create more favorable conditions for Greek Banks to utilize ECB funding and enhance their liquidity positions at competitive cost.

Capital adequacy

The Group's Basel III Common Equity Tier 1 (CET1) ratio as at 30 September 2020 stood at 14.1%. The total regulatory capital ratio, strengthened due to the issuance of € 400 million Tier 2 notes in June 2019 and € 500 million of Tier 2 notes in February 2020, stood at 16.1% as at 30 September 2020. The Overall Capital Requirement ("OCR") ratio stands at 14.25% in 2020, as set by the SSM through the Supervisory Review and Evaluation Process ("SREP"). However, the measures that the ECB Banking Supervision announced on 12 March 2020, allow Banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and the capital conservation buffer (CCB). In addition, banks are also allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example, additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

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

Please refer to Note 26 for further details on the Group's capital adequacy.

2.3 Adoption of International Financial Reporting Standards ("IFRSs")

The following amendments to existing IFRSs, have been issued by the International Accounting Standards Board ("IASB"), have been endorsed by the EU as of the date the Interim Financial Statements were issued and are effective from 1 January 2020.

Conceptual Framework (Amendment) "Amendments to References to the Conceptual Framework in IFRS Standards". The new Conceptual Framework does not constitute a substantial revision of the document. The IASB focused on topics that were not yet covered or that showed obvious shortcomings that needed to be dealt with.

IAS 1 and IAS 8 (Amendments) "Definition of material". The amendments clarify the definition of "material" and align the definition used in the Conceptual Framework and the standards themselves.

IFRS 9, IAS 39 and IFRS 7 (Amendment) "Interest Rate Benchmark Reform". The amendment is designed to support the provision of useful financial information during the period of uncertainty arising from the phasing out of interest-rate benchmarks, such as interbank offered rates ("IBORs").

IFRS 3 (Amendment) "Business Combinations". The amendment aims at resolving issues that arise when an entity determines whether it has acquired a business or a group of assets.

The Group has adopted the aforementioned amendments which did not have a material impact on the Interim Financial Statements.

3 Critical accounting judgements and key sources of estimation uncertainty

During the period ended 30 September 2020, the Covid-19 pandemic has impacted the Group's results with the most significant effect stemming from the estimation of expected credit losses (ECL) on loans and advances to customers at amortised cost.

More specifically, ECL impairment losses on loans and advances to customers at amortised cost of the Group for the period ended 30 September 2020 amounted to € 726 million (30 September 2019: € 480 million). The increase in ECL impairment losses is mainly attributable to the impact of Covid-19 pandemic, which amounted to € 295 million for the Group and was driven mainly by the changes in the macroeconomic variables and the probability weight of multiple economic scenarios used to calculate ECL. Refer to Note 4.2.1 for more details on the movement of the ECL allowance of loans and advances to customers during the period ended 30 September 2020.

Except for the aforementioned effect on the ECL impairment losses on loans and advances to customers at amortised cost of € 295 million for the Group, this turmoil resulted to the recognition of the followings charges in the Group's income statement for the nine-month period ended 30 September 2020: i) ECL impairment losses of € 7 million on debt securities and ii) ECL impairment losses of € 60 million on certain other financial assets. Refer to Notes 8 and 9 for further details. Consequently, the total impact of Covid-19 pandemic in the Group's loss before income tax for the nine-month period ended 30 September 2020 amounted to € 362 million.

The outbreak of Covid-19 pandemic has had, and continues to have, a material impact on business and the economic environment in which the Group operates. The business sectors mostly affected are trade, handicraft, manufacturing, transport and supply chain, hotels and food & beverage sectors. Our customers operating in these sectors may be severely affected and thus may need to be offered with either targeted liquidity solutions, or suspension of capital repayments. The Hellenic Bank Association in March 2020 announced measures to support businesses and individuals (employees, self-employed and sole proprietors) affected by the crisis. For individuals, the Banks offered a suspension of the installments of their performing loans until 31 December 2020. The scope of the suspension included individuals who were eligible for the € 800 state allowance due to Covid-19, or employed in affected business sectors or owners of small and medium-sized enterprises or individuals with a family member affected by Covid-19. The Banks offered to eligible companies affected by Covid-19 based on Government's guidelines, a suspension of principal repayments of performing loans until 31 December 2020. According to Bank of Greece data, as at 30 September 2020 the total amount of loans that had received installment suspensions by the four systemic Greek banks stood at € 20.1 billion. Implemented debt moratoria by Piraeus Bank amounted to € 5.5 billion, of which 46% granted to households, 28% to SMEs and 26% to large corporates.

Apart from these support measures, in order to support its customers, Piraeus Bank actively participates in the execution of financing programmes of the Greek State through the provision of guarantees and interest rate subsidies. Within the framework of the sub-program of the Hellenic Development Bank "Guarantee Fund for Covid-19" aiming to facilitate SMEs and corporates with working capital, Piraeus Bank has been allocated with € 1.0 billion out of a total of € 3.6 billion for the market. In parallel, in the program sponsored by the Ministry of Development with 2-year interest rate subsidy for new financing to medium-sized and small enterprises affected by the pandemic, the Bank participated with 3.2 thousand approved loan requests for an amount of € 0.4 billion over a total of € 1.4 billion for the Greek market. In addition, the programme ("Gefyra") sponsored by the Greek Ministry of Finance for the support of mortgage loan borrowers has received a total of approximately 160 thousand applications and has entered the implementation phase. Piraeus Bank specific applications stand at approximately 32 thousand corresponding to an amount of € 1.7 billion. Apart from the above, the Hellenic Development Bank Guarantee Fund has announced the enhancement of the programme, which for Piraeus Bank corresponds to an extra allocated amount of approximately € 0.6 billion. Additionally, the new financing programme with 2-year interest subsidy sponsored by the Ministry of Development has started receiving applications in the context of an extension of approximately € 0.8 billion, of which Piraeus Bank has been allocated with € 0.2 billion.

Management made various judgments to best reflect the range of ECL outcomes at the reporting date. Similar to 31 December 2019, the Group formed three internally generated macroeconomic scenarios, however applied different probability-weighted shocks to annual GDP and other economic variables, in order to address the significant uncertainty over the path of the Covid-19 pandemic, the range and duration of its economic impact. For more information on the macroeconomic scenarios and probability weights assumed, refer to Note 3.1.

The Group did not apply any material adjustment on the model-based staging outcome. The Group's stage allocation model is based on a complete set of quantitative and qualitative criteria and incorporates lifetime expectations on macro-environment and probabilities of default. The aforementioned model structure, which effectively captures expected changes in credit quality without being extremely sensitive to short-term shocks, enabled the use of the Group's staging models with the minimum level of overlays. Considering that, the stage allocation process reflects the effect of government and Bank programmes to support borrowers with business models that are expected to be sustainable in the longer term and recover after the Covid-19 pandemic.

As a result, in preparing the Interim Financial Statements, the significant accounting estimates and judgements made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty, were similar to those applied to the annual financial statements as of the year ended 31 December 2019, except for those presented below.

3.1 Key sources of estimation uncertainty

Determination of scenarios, scenario weights and macroeconomic factors: The Group produces forecasts for the possible evolution of macroeconomic variables that affect the level of ECL on loans and advances to customers at amortised cost under multiple economic scenarios. When estimating the ECL, Management considers three scenarios and each of these are associated with different PDs and LGDs (Optimistic-Base-Pessimistic).

As at 30 September 2020, the three aforementioned scenarios and related macroeconomic factors for loan assessment process were reviewed in light of the economic conditions prevailing at the end of the reporting period. As a consequence of the exceptional circumstances and prevailing significant uncertainties at the reporting date, the weight allocation between the three scenarios was shifted significantly. The Optimistic and Pessimistic scenarios were weighted with a 5% probability each (31 December 2019: 20% each) while a 90% probability weight was assigned to the Base scenario (31 December 2019: 60%) to best reflect Management's current sentiment regarding the boundaries of economic outcomes.

Estimation of credit risk parameters on collective ECL assessment: The expected Real GDP growth rate over the next years, was revised downwards, given that the expected outcome in 2020 will be significantly affected by the recession caused by the Covid-19 pandemic. Although the labor market progressively improved in the recent years, as employment has followed a steady growth path and unemployment continuously dropped, Management's estimates in regards with unemployment rates for the following years were revised upwards. Despite the fact that actual data for 2018-2019 show a faster than expected recovery in the real estate market, both residential and non-residential price indices follow a lower upward path, affected also by the Covid-19 pandemic recession.

The table below presents the annual average 2020-2023 forecasts for each key economic variable and scenario utilized in the ECL calculation of the collectively assessed loans and advances to customers at amortised cost, as at 30 September 2020.

ECL Key drivers Scenario - 4 year average	30/9/2020 %	31/12/2019 %
GDP growth		
Optimistic	3.9	4.5
Base	1.9	2.5
Pessimistic	(0.1)	0.6
Unemployment rates		
Optimistic	11.7	11.3
Base	15.4	13.2
Pessimistic	18.5	15.1
Price index (Residential)		
Optimistic	7.1	8.9
Base	4.9	7.0
Pessimistic	2.6	5.1
Price index (Non residential)		
Optimistic	5.7	6.2
Base	3.2	4.2
Pessimistic	0.6	2.3

The Group's forecasts of the aforementioned economic variables across each scenario for 2020 and 2021, as at 30 September 2020 are the following:

	2020			2021		
ECL Key drivers Scenario	Optimistic	Base	Pessimistic	Optimistic	Base	Pessimistic
GDP growth	(6.0)	(8.0)	(10.0)	9.0	7.0	5.0
Unemployment rates	20.8	22.1	23.5	14.0	16.7	19.4
Price index (Residential)	2.1	0.8	(0.5)	7.2	5.1	2.9
Price index (Non residential)	(2.2)	(3.9)	(5.6)	6.6	4.1	1.6

Fair valuation of real estate properties: The real estate market is less liquid in nature compared to other markets, hence changes in external factors affect the said market gradually and with a time lag compared to the change itself. Taking into account: a) the unknown future impact that Covid-19 might have on the real estate market, as the pandemic is still evolving; b) the difficulty in differentiating between short term impacts and long-term structural changes; and c) the shortage of market evidence for comparison purposes, the carrying amount of the real estate properties has not been adjusted for the impact of Covid-19, if any, as of 30 September 2020.

As described in "Macroeconomic environment" section of Note 2.2, the depth and duration of the recession, as well as the velocity of the recovery, will be decisive factors in determining the long-term impact of the Covid-19 pandemic to the Greek economy, the banking sector and Piraeus Bank Group. There is a significant uncertainty regarding how the Covid-19 pandemic will continue to unfold, the duration of the pandemic and the extent of the global and Greek economy recovery, thus Management closely monitors the developments and assesses periodically the impact that these might have on the operations and financial performance of the Group.

4 Financial Risk Management

4.1 Fair values of financial instruments

4.1.1 Financial instruments not measured at fair value

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

	Carrying Amount		Fair Value	
Assets	**30/9/2020**	**31/12/2019**	**30/9/2020**	**31/12/2019**
Loans and advances to customers at amortised cost	38,280	39,162	38,197	38,893
Debt securities at amortised cost	3,923	1,121	4,171	1,191

	Carrying Amount		Fair Value	
Liabilities	**30/9/2020**	**31/12/2019**	**30/9/2020**	**31/12/2019**
Debt securities in issue	471	481	478	494
Other borrowed funds	916	414	667	425

The following methods and assumptions were used to estimate the fair values of the aforementioned financial instruments as at 30 September 2020 and 31 December 2019.

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

Debt securities at amortised cost, debt securities in issue and other borrowed funds: Fair value is estimated using market prices, or, if such is not available, using discounted cash flow models based on current market interest rates offered for instruments with similar credit quality and duration.

4.1.2 Financial instruments measured at fair value

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

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

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

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

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

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

The following table presents the fair value of the financial assets and liabilities measured at fair value on a recurring basis, by fair value hierarchy level, as at 30 September 2020 and 31 December 2019:

	30/9/2020				31/12/2019			
Fair value hierarchy	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets								
Derivative financial instruments	-	498	-	**498**	-	479	-	**479**
Financial assets at FVTPL	225	25	-	**249**	647	16	-	**663**
Financial assets mandatorily at FVTPL	71	-	72	**143**	78	-	53	**131**
Loans and advances to customers mandatorily at FVTPL	-	-	49	**49**	-	-	51	**51**
Financial assets at FVTOCI	1,949	248	42	**2,239**	1,426	129	92	**1,647**
Liabilities								
Derivative financial instruments	-	496	-	**496**	-	482	-	**482**
Financial liabilities at FVTPL	1	-	-	**1**	-	-	-	**-**

Transfers between Level 1 and Level 2

Within the nine month period ended 30 September 2020 € 32 million of Greek Sovereign and Corporate bonds were transferred from Level 1 to Level 2 due to change in their trading activity. Accordingly, € 54 million of Greek Sovereign bonds and Corporate bonds were transferred from Level 2 to Level 1. There were no transfers of financial assets between Level 1 and Level 2 in the year ended 31 December 2019. There were no transfers of financial liabilities between Level 1 and Level 2 in the nine month period ended 30 September 2020 and the year ended 31 December 2019. Transfers between levels of fair value hierarchy are deemed to have occurred at the end of the reporting period, in which the financial instruments were transferred.

Level 3 financial instruments

Level 3 financial instruments include:

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

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

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

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

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

During the nine month period ended 30 September 2020 and the year ended 31 December 2019, there were no transfers into or out of Level 3. The following table presents a reconciliation of all Level 3 fair value measurements for the nine month period ended 30 September 2020 and the year ended 31 December 2019:

Reconciliation of Level 3 instruments

	Financial assets mandatorily at FVTPL	Loans and advances to customers mandatorily at FVTPL	Financial assets at FVTOCI	Derivative financial instruments - assets	Derivative financial instruments - liabilities
Opening balance as at 1/1/2019	**52**	**84**	**81**	**6**	**-**
Gain/ (loss) recognized in the income statement	(11)	(3)	2	(6)	-
Gain/(loss) recognized in OCI	-	-	8	-	-
Purchases	13	-	5	-	-
Transferred to Held for sale	-	(11)	-	-	-
Disposals/ Settlements	(1)	(19)	(5)	-	-
Closing Balance as at 31/12/2019	**53**	**51**	**92**	**-**	**-**
Gain/ (loss) recognized in the income statement	(1)	(2)	-	-	-
Gain/(loss) recognized in OCI	-	-	(31)	-	-
Purchases	21	-	-	-	-
Disposals/ Settlements	-	-	(18)	-	-
Closing Balance as at 30/9/2020	**72**	**49**	**42**	**-**	**-**

Valuation Process and Control Framework

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

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

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

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

Quantitative Information about Level 3 Fair Value Measurements as at 30 September 2020 and 31 December 2019

Financial instruments	Fair Value	Fair Value	Valuation Technique	Significant Unobservable Input	Range of Inputs		Range of Inputs	
	2020	2019			2020		2019	
					Low	High	Low	High
Financial assets mandatorily at FVTPL - Bonds	1	2	Discounted cash flows	CET1 % Volatility Discount rate	n/a[2] n/a[2]	n/a[2] n/a[2]	12% 12%	30% 16%
Financial assets mandatorily at FVTPL - Contingent consideration asset	12	13	Monte Carlo simulation	Revenue volatility Discount rate Expected EBITDA	15% 14% n/a[2]	15% 14% n/a[2]	15% 14% n/a[2]	15% 14% n/a[2]
Financial assets mandatorily at FVTPL and FVTOCI – equity securities, funds	101	130	Income, market approach	n/a[1]	n/a[1]	n/a[1]	n/a[1]	n/a[1]
Loans and advances to customers mandatorily at FVTPL	49	51	Discounted Cash Flows	Credit risk adjusted expected cash flows	0%[3]	100%[3]	0%[3]	100%[3]

[1] Mainly refers to equity participations of the Group in the share capital of private companies, thus the respective shares are not traded in active markets. In the absence of an active market, the fair value of these securities is estimated using an income or market valuation approach. Given the bespoke nature of the valuation method in respect of each equity shareholding, it is not practicable to quote a range of unobservable inputs. The changes in the value do not materially affect the Group΄s results and assets.
[2] The performance targets and forecasted EBITDA of the underlying associates of the Group throughout the earnout calculation period, are commercially sensitive and have not been disclosed given that: a) it would be detrimental to the Group's interests to disclose them; and b) the fair value of the asset is immaterial.
[3] Represented as percentage of the loan's gross carrying amount

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

4.2 Credit Risk Management

4.2.1 Loans and advances to customers at amortised cost

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

For the purposes of this disclosure, gross carrying amount is defined as the amortised cost, before adjusting for any loss allowance, grossed up with the PPA adjustment. Similarly, the ECL allowance for impairment losses presented in the following tables includes the PPA adjustment. As such, the gross carrying amount and ECL allowance for impairment losses presented below does not reconcile to Note 13.

Loans and advances to customers at amortised cost are summarised as follows:

	30/9/2020				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,471	2,092	3,472	2,516	13,551
Less: ECL Allowance for impairment losses	(2)	(31)	(965)	(744)	(1,742)
Total Mortgages	**5,469**	**2,061**	**2,507**	**1,772**	**11,808**
Consumer, Personal and Other loans					
Gross carrying amount	941	432	1,078	880	3,332
Less: ECL Allowance for impairment losses	(27)	(50)	(698)	(555)	(1,330)
Total Consumer, Personal and Other loans	**915**	**382**	**380**	**325**	**2,002**
Credit Cards					
Gross carrying amount	410	151	171	91	822
Less: ECL Allowance for impairment losses	(2)	(13)	(150)	(81)	(247)
Total Credit Cards	**407**	**138**	**21**	**10**	**576**
Retail Lending					
Gross carrying amount	6,822	2,676	4,721	3,487	17,705
Less: ECL Allowance for impairment losses	(31)	(95)	(1,812)	(1,381)	(3,319)
Total Retail Lending	**6,791**	**2,581**	**2,908**	**2,106**	**14,386**
Loans to Large Corporate					
Gross carrying amount	7,983	1,062	3,555	379	12,979
Less: ECL Allowance for impairment losses	(48)	(62)	(1,265)	(183)	(1,558)
Total Loans to Large Corporate	**7,935**	**1,000**	**2,290**	**196**	**11,421**
Loans to SMEs					
Gross carrying amount	5,149	1,278	8,208	2,969	17,603
Less: ECL Allowance for impairment losses	(32)	(103)	(3,607)	(1,584)	(5,325)
Total Loans to SMEs	**5,117**	**1,175**	**4,601**	**1,385**	**12,278**
Loans to Public Sector					
Gross carrying amount	171	16	11	3	201
Less: ECL Allowance for impairment losses	(1)	(1)	(4)	-	(6)
Total Loans to Public Sector	**171**	**15**	**7**	**2**	**195**
Corporate and Public Sector Lending					
Gross carrying amount	13,303	2,356	11,774	3,350	30,783
Less: ECL Allowance for impairment losses	(80)	(166)	(4,876)	(1,767)	(6,889)
Total Corporate and Public Sector Lending	**13,223**	**2,190**	**6,898**	**1,583**	**23,894**
Loans and advances to customers at amortised cost					
Gross carrying amount	20,125	5,032	16,494	6,837	48,488
Less: ECL Allowance for impairment losses	(112)	(261)	(6,688)	(3,148)	(10,208)
Total Loans and advances to customers at amortised cost	**20,014**	**4,771**	**9,806**	**3,689**	**38,280**

	31/12/2019				
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit impaired Lifetime ECL	POCI Credit impaired Lifetime ECL	Total
Mortgages					
Gross carrying amount	5,399	2,236	3,679	2,601	**13,914**
Less: ECL Allowance for impairment losses	(2)	(35)	(942)	(707)	**(1,686)**
Total Mortgages	**5,396**	**2,201**	**2,737**	**1,895**	**12,228**
Consumer, Personal and Other loans					
Gross carrying amount	888	441	1,119	924	**3,372**
Less: ECL Allowance for impairment losses	(28)	(53)	(698)	(571)	**(1,350)**
Total Consumer, Personal and Other loans	**860**	**388**	**422**	**353**	**2,022**
Credit Cards					
Gross carrying amount	392	143	187	94	**816**
Less: ECL Allowance for impairment losses	(2)	(7)	(159)	(84)	**(251)**
Total Credit Cards	**391**	**136**	**28**	**10**	**565**
Retail Lending					
Gross carrying amount	6,679	2,819	4,985	3,619	**18,103**
Less: ECL Allowance for impairment losses	(33)	(95)	(1,799)	(1,361)	**(3,288)**
Total Retail Lending	**6,647**	**2,724**	**3,186**	**2,258**	**14,815**
Loans to Large Corporate					
Gross carrying amount	7,011	865	4,222	523	**12,621**
Less: ECL Allowance for impairment losses	(52)	(38)	(1,752)	(236)	**(2,078)**
Total Loans to Large Corporate	**6,959**	**827**	**2,470**	**286**	**10,543**
Loans to SMEs					
Gross carrying amount	4,549	1,314	8,603	3,204	**17,670**
Less: ECL Allowance for impairment losses	(32)	(105)	(3,749)	(1,730)	**(5,615)**
Total Loans to SMEs	**4,518**	**1,209**	**4,854**	**1,474**	**12,054**
Loans to Public Sector					
Gross carrying amount	1,740	1	11	3	**1,754**
Less: ECL Allowance for impairment losses	(1)	-	(4)	-	**(5)**
Total Loans to Public Sector	**1,739**	**1**	**7**	**3**	**1,749**
Corporate and Public Sector Lending					
Gross carrying amount	13,300	2,180	12,836	3,730	**32,046**
Less: ECL Allowance for impairment losses	(85)	(143)	(5,504)	(1,967)	**(7,699)**
Total Corporate and Public Sector Lending	**13,215**	**2,037**	**7,332**	**1,763**	**24,347**
Loans and advances to customers at amortised cost					
Gross carrying amount	19,979	4,999	17,821	7,349	**50,148**
Less: ECL Allowance for impairment losses	(117)	(238)	(7,303)	(3,328)	**(10,986)**
Total Loans and advances to customers at amortised cost	**19,862**	**4,761**	**10,518**	**4,021**	**39,162**

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

Movement in ECL allowance

	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2020	**117**	**238**	**7,303**	**3,328**	**10,986**
Transfer (to)/ from Held for Sale	-	-	(6)	(1)	**(7)**
Transfers between stages (net)	59	26	(85)	-	**-**
ECL impairment charge/ (release) for the period (P&L)	(42)	28	593	148	**726**
Change in the present value of the allowance	-	2	263	157	**422**
Write-off of interest recognised from change in the present value of the allowance	-	(2)	(385)	(181)	**(569)**
Write-offs	(2)	(1)	(790)	(264)	**(1,058)**
FX differences and other movements	(21)	(29)	(205)	(39)	**(293)**
ECL allowance as at 30/9/2020	**112**	**261**	**6,688**	**3,148**	**10,208**

Movement in ECL allowance

	Stage 1	Stage 2	Stage 3	POCI	Total
ECL allowance as at 1/1/2019	**154**	**367**	**8,743**	**4,069**	**13,333**
Transfer (to)/ from Held for Sale	-	(2)	(214)	(237)	**(453)**
Transfers between stages (net)	95	60	(155)	-	**-**
ECL impairment charge/ (release) for the period (P&L)	(95)	(85)	680	(11)	**489**
Change in the present value of the allowance	-	2	294	182	**478**
Write-off of interest recognised from change in the present value of the allowance	-	(3)	(402)	(208)	**(613)**
Write-offs	(2)	(14)	(848)	(258)	**(1,122)**
FX differences and other movements	(40)	(46)	(156)	(64)	**(307)**
ECL allowance as at 30/9/2019	**113**	**279**	**7,941**	**3,473**	**11,805**

As described in Note 3, the impact of the Covid-19 pandemic on the ECL allowance of the Group as at 30 September 2020, was € 295 million.

The gross modification loss recognized by the Group during the period ended 30 September 2020 was € 106 million. The said loss represents the changes in the gross carrying amount (before impairment allowance) of the loans from immediately before, to immediately after modification. The impact of modification on the ECL allowances associated with these loans was a release of ECL allowances of € 79 million for the Group. The net impact on the income statement for the period ended 30 September 2020 was, therefore, € 27 million. The gross carrying amount (before modification) of the loans whose cash flows were modified during the period ended 30 September 2020 amounted to € 8,651 million for the Group (31 December 2019: € 2,531 million), affected mainly by Covid-19 pandemic and its relevant measures. The gross carrying amount as at 30 September 2020 of loans and advances to customers at amortised cost that have been modified since initial recognition at a time when their ECL allowance was measured at an amount equal to lifetime ECL (Stage 3 & Stage 2) and for which their respective ECL allowance as at 30 September 2020 is measured at an amount equal to 12-month ECL (Stage 1), is € 578 million (31 December 2019: € 704 million).

4.2.2 Other receivables from the Greek Public Sector

As at 30 September 2020 and 31 December 2019, the carrying amount of the Group's receivables from the Greek Public Sector is as follows:

	30/9/2020	31/12/2019
Derivative financial instruments	417	398
Bonds and treasury bills at FVTPL	237	650
Loans and advances to Public sector at amortised cost	195	1,749
Debt securities at amortised cost	2,742	-
Bonds, treasury bills and other variable income securities at FVTOCI	1,654	1,263
Other assets	573	547
Total	**5,818**	**4,607**

The movement in “Loans and advances to Public Sector at amortised cost” of € 1.6 billion for the Group is mainly due to the repayment of funding provided to OPEKEPE, a public sector organisation, aiming to the prompt distribution of European Union subsidies to Greek farmers.

In addition, as further explained in Note 14, during 2020, the Bank purchased Greek government bonds measured at amortised cost of nominal value € 2,350 million, as well as Greek government bonds measured at FVTOCI of nominal value € 315 million.

5 Business segments

The CEO, supported by the members of the Group Executive Committee, is considered the Chief Operating Decision Maker for the purposes of identifying the Group’s reportable segments. In the fourth quarter of 2019, Management established an NPE Management Unit (“NPEMU”), with the overall responsibility of managing the Group’s domestic NPE portfolio and consequently revised the Group’s segmental architecture, as follows:

a. The non-Core of REO and Group’s equity participations as well as international banking, were spinned-off from the Piraeus Legacy Unit ("PLU") reportable segment and recognized, along with the core part, as distinct segments. The quantitative thresholds of IFRS 8 are not exceeded, hence the entirety of these segments is presented within the “Other - Core” reportable segment.

b. The PLU, which following the aforementioned change consisted solely of the NPE management function, was transposed to NPEMU.

The comparative segment information as at and for the period ended 30 September 2019 has been restated to reflect the revised segmentation.

The Group manages its business through the following reportable segments:

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

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

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

Other – Includes all management related activities not allocated to specific customer segments and all funding transactions approved by the Group Asset Liability Committee ("ALCO"). Following the most recent segmental architecture changes, this reportable segment now includes the management of REO, non client related Group's equity participations and international banking.

NPEMU – Includes the management of any NPE lending exposures assessed as non-core business, irrespectively of whether the said exposures are serviced by the Group or third parties. The accrued fees payable to Intrum Hellas Credit Servicing S.A. for servicing the Group's NPE portfolio are recognized within this reportable segment.

An analysis of the results and other financial figures per business segment of the Group is presented below. All inter-company transactions are undertaken on arm's length terms and inter-segment transactions and balances are eliminated within each relevant segment.

1/1 - 30/9/2020	"Core" Segments						
	Retail Banking	Corporate Banking	PFM	Other	Total	NPE MU	Group
Net interest income	349	348	103	16	817	290	1,107
Net fee and commission income	135	84	4	1	223	9	231
Net gain/ (loss) from derecognition of financial instruments measured at amortised cost	-	(2)	-	-	(2)	11	9
Net other income/ (expenses)	6	3	20	36	66	4	70
Total Net Income	**490**	**433**	**127**	**53**	**1,104**	**314**	**1,417**
Total operating expenses before provisions	(339)	(102)	(20)	(134)	(595)	(90)	(686)
Profit/ (loss) before provisions, impairment and income tax	**151**	**331**	**107**	**(81)**	**508**	**224**	**732**
ECL impairment losses on loans and advances to customers at amortised cost	(55)	(54)	-	-	(109)	(617)	(726)
Impairment (losses) / releases on other assets	-	-	-	(94)	(94)	-	(94)
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	(7)	-	(7)	-	(7)
Impairment of property and equipment and intangible assets	-	-	-	(2)	(2)	-	(2)
Other impairment (losses) / releases	-	-	(14)	-	(14)	-	(14)
Other provision charges/ releases	-	(3)	-	1	(2)	-	(2)
Share of profit/ (loss) of associates and joint ventures	-	-	-	(19)	(19)	-	(19)
Profit/ (loss) before income tax	**96**	**274**	**86**	**(195)**	**260**	**(393)**	**(133)**
Income tax benefit/ (expense)							(10)
Profit/ (loss) for the period from continuing operations							**(143)**
Profit/ (loss) after income tax from discontinued operations	-	-	-	(7)	(7)	-	(7)
Profit/ (loss) for the period							**(150)**
As at 30/9/2020							
Total assets from continuing operations (excluding assets held for sale)	10,255	14,644	15,054	13,922	53,875	13,508	67,383
Total assets from discontinued operations	-	-	-	105	105	-	105
Assets held for sale	2	-	-	-	2	202	205
Total assets	10,258	14,644	15,054	14,028	53,983	13,710	67,693
Total liabilities	35,899	8,911	10,761	4,136	59,707	338	60,045

1/1 - 30/9/2019 as restated	"Core" Segments					NPE MU	Group
	Retail Banking	Corporate Banking	PFM	Other	Total		
Net interest income	401	314	79	(1)	794	279	**1,072**
Net fee and commission income	131	83	4	-	217	10	**227**
Net gain/ (loss) from derecognition of financial instruments measured at amortised cost	(1)	(12)	17	-	5	4	**9**
Net other income/ (expenses)	6	2	34	26	68	(15)	**53**
Total Net Income	**537**	**388**	**135**	**24**	**1,084**	**277**	**1,361**
Total operating expenses before provisions	(341)	(105)	(19)	(166)	(630)	(119)	**(749)**
Profit/ (loss) before provisions, impairment and income tax	**196**	**283**	**116**	**(141)**	**453**	**159**	**612**
ECL Impairment losses on loans and advances to customers at amortised cost	8	(79)	-	(1)	(72)	(417)	**(489)**
Impairment (losses) / releases on other assets	-	-	-	(14)	(14)	(1)	**(15)**
ECL impairment (losses) / releases on financial assets at FVTOCI	-	-	9	-	9	-	**9**
Impairment of property and equipment and intangible assets	-	-	-	(7)	(7)	-	**(7)**
Other impairment (losses) / releases	-	-	(1)	-	(1)	-	**(1)**
Other provision charges/ releases	-	6	-	(3)	3	(1)	**2**
Share of profit/ (loss) of associates and joint ventures	-	-	-	-	-	-	**-**
Profit/ (loss) before income tax	**205**	**210**	**124**	**(167)**	**371**	**(261)**	**110**
Income tax benefit/ (expense)							(35)
Profit/ (loss) for the period from continuing operations							**75**
Profit/ (loss) after income tax from discontinued operations	-	-	-	12	12	-	**12**
Profit/ (loss) for the period							**87**
As at 31/12/2019							
Total assets from continuing operations (excluding assets held for sale)	10,099	14,607	7,380	14,213	46,298	14,561	**60,860**
Total assets from discontinued operations	-	-	-	108	108	-	**108**
Assets held for sale	-	-	-	-	-	264	**264**
Total assets	10,099	14,607	7,380	14,321	46,406	14,825	**61,231**
Total liabilities	34,553	7,892	8,235	2,416	53,095	363	**53,458**

In the tables above, interest income is presented for each reportable segment net of interest expense, as the performance of each segment is evaluated on a net interest income basis.

6 Net fee and commission income

Continuing operations	1/1 - 30/9/2020	1/1 - 30/9/2019
Fee and commission income		
Commercial banking	267	277
Investment banking	18	14
Asset management	13	10
Total fee and commission income	**298**	**300**
Fee and commission expense		
Commercial banking	(62)	(70)
Investment banking	(4)	(3)
Total fee and commission expense	**(66)**	**(73)**
Net fee and commission income	**231**	**227**

a. Fee and commission income

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

The tables below present commission income from contracts with customers of the Group, for the periods ended 30 September 2020 and 2019, respectively, per product type and per business segments before deducting any associated expenses.

Intersegmental reclassifications have been applied to the comparative period figures due to allocation methodology/process updates. For further information, refer to Note 5.

Fee and Commission income	1/1 - 30/9/2020 Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Acquiring	31	14	1	-	1	**47**
Asset management/Brokerage	17	1	4	3	-	**25**
Bancassurance	24	4	-	3	1	**32**
Cards Issuance	26	4	-	-	2	**32**
Deposits Commissions	5	1	-	-	-	**6**
Funds Transfer	27	9	-	1	1	**38**
Letters of Guarantee	2	19	-	-	2	**23**
Loans and advances to customers	7	30	-	1	1	**39**
Payments	14	3	1	-	-	**18**
FX fees	12	1	-	-	-	**13**
Other	12	9	-	3	1	**25**
Total	**177**	**95**	**6**	**11**	**9**	**298**

Fee and Commission income	1/1 - 30/9/2019 As restated Retail Banking	Corporate Banking	Piraeus Financial Markets	Other	NPE MU	Total
Acquiring	29	16	1	-	1	47
Asset management/Brokerage	15	-	4	1	-	20
Bancassurance	18	3	-	5	1	27
Cards Issuance	27	4	-	-	2	33
Deposits Commissions	4	1	-	-	-	5
Funds Transfer	27	9	-	1	2	39
Letters of Guarantee	2	20	-	1	2	25
Loans and advances to customers	6	33	-	1	2	42
Payments	15	3	-	-	1	19
FX fees	18	2	-	-	-	20
Other	13	5	-	5	-	23
Total	**174**	**96**	**5**	**14**	**11**	**300**

b. Other income

The tables below present other income from contracts with customers of the Group per product type and per business segments, for the nine month periods ended 30 September 2020 and 2019, respectively, which fall within the scope of IFRS 15.

Other Income	1/1 - 30/9/2020 Retail Banking	Corporate Banking	Other	NPE MU	Total
Other operating income	-	-	28	5	33
Gain from sale of investment property	-	-	2	-	2
Gain from sale of other assets	-	-	3	-	3
Total	**-**	**-**	**33**	**5**	**38**

Other Income	1/1 - 30/9/2019 As restated Retail Banking	Corporate Banking	Other	NPE MU	Total
Other operating income	-	-	22	-	22
Gain from sale of investment property	-	-	1	-	1
Gain from sale of other assets	-	-	6	-	6
Total	**-**	**-**	**29**	**-**	**29**

7 Discontinued operations

The Group's discontinued operations as at 30 September 2020 and 31 December 2019 comprise solely of IMITHEA S.A. The profit or loss from discontinued operations for the nine month period ended 30 September 2020 comprises of IMITHEA S.A., while the profit or loss from discontinued operations for the nine month period ended 30 September 2019 comprised of IMITHEA S.A., Piraeus Bank Bulgaria A.D. and Tirana Bank I.B.C. S.A. (for the latter two until the day of their disposal).

IMITHEA S.A.

IMITHEA S.A., the Bank's subsidiary that owns and operates Henry Dunant Hospital Center, has been classified as a discontinued operation in the Interim Financial Statements. The Bank remains committed to its strategic plan to dispose IMITHEA S.A. and considers that the sale is highly probable in the foreseeable future.

Piraeus Bank Bulgaria A.D.

In the second quarter of 2018, the Bank's subsidiary Piraeus Bank Bulgaria A.D. ("PBB") was classified as a discontinued operation. The disposal of PBB to Eurobank Bulgaria A.D. was completed on 13 June 2019, after having obtained the required approvals from the competent regulatory authorities, and the consideration amounted to € 77 million.

Tirana Bank I.B.C. S.A.

In the second quarter of 2018, the Bank's subsidiary Tirana Bank Sh.A ("PB Albania"), was classified as a discontinued operation. The disposal was completed on 28 February 2019, on which date control over PB Albania was passed to Balfin Sh.p.k. and Komercijalna Banka AD. The consideration amounted to € 57 million.

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

	1/1 - 30/9/2020	1/1 - 30/9/2019
Interest and similar income	-	19
Interest expense and similar charges	-	(1)
NET INTEREST INCOME	**-**	**17**
Fee and commission income	-	8
Fee and commission expense	-	(1)
NET FEE AND COMMISSION INCOME	**-**	**7**
Net gain/ (losses) from financial instruments measured at fair value through profit or loss ("FVTPL")	-	2
Gain/ (loss) from disposal of subsidiaries	-	9
Net other income/ (expenses)	24	24
TOTAL NET INCOME	**24**	**60**
Staff costs	(21)	(28)
Administrative expenses	(8)	(16)
Depreciation and amortisation	(3)	(6)
TOTAL OPERATING EXPENSES BEFORE PROVISIONS	**(31)**	**(51)**
PROFIT BEFORE PROVISIONS, IMPAIRMENT AND INCOME TAX	**(7)**	**9**
Provisions and Impairment Losses	-	(4)
PROFIT/ (LOSS) BEFORE INCOME TAX	**(7)**	**5**
Income tax benefit/ (expense)	-	7
PROFIT/ (LOSS) AFTER INCOME TAX FROM DISCONTINUED OPERATIONS	**(7)**	**12**

Assets and liabilities from discontinued operations

	30/9/2020	31/12/2019
ASSETS		
Property and equipment	81	81
Deferred tax assets	11	11
Other assets	13	15
Total Assets	**105**	**107**

	30/9/2020	31/12/2019
LIABILITIES		
Retirement benefit obligations	5	5
Provisions	3	3
Other liabilities	15	11
Total Liabilities	**23**	**19**

8 Net gain/ (losses) from financial instruments measured at fair value through profit or loss ("FVTPL")

The Group's net gain amounting to € 22 million in the period ended 30 September 2020, compared to a net gain of € 14 million for the comparative period, as the outbreak of Covid-19 pandemic resulted to adverse market conditions on equity prices and interest rates. However, the bond prices recovered after the announcement of the Pandemic Emergency Purchase Program (PEPP) by the ECB. Specifically, the reported result mainly consists of the following net realized and unrealized gains/ (losses), per financial instrument class:

- Gain of € 24 million on debt securities and Treasury bills (30 September 2019: gain of € 15 million)
- Gain of € 15 million from currency transactions and the revaluation of the foreign currency position (30 September 2019: gain € 6 million)
- Loss of € 4 million on mutual funds and shares (30 September 2019: gain of € 5 million)
- Loss of € 9 million on derivatives (30 September 2019: loss of € 9 million)

9 Other impairment (losses)/releases on other assets

In the nine month period ended 30 September 2020, the Group recognised an impairment charge of € 94 million, mainly related to certain financial assets classified within other assets. The outbreak of the Covid-19 pandemic adversely affected the value of the collaterals held by the Group against those financial assets and as a result, Management reassessed their recoverability during the reporting period.

10 Income tax benefit / (expense)

In accordance with the provisions of the enacted Greek Law 4172/2013, as amended by Greek Law 4646/2019 (Gazette A'201/12.12.2019) and currently in effect, the nominal corporate income tax rate of the Bank for 2020 and 2019 is 29%. Effective from 2019, the corporate income tax rate for legal entities, which are incorporated in Greece, is 24% for income earned in 2019 and onwards. The corporate income tax rate, applicable to financial institutions, remains at 29%, provided that for those tax years they are subject to the specific provisions of art. 27A of Greek Tax Law regarding deferred taxation.

Withholding tax on dividends decreased from 10% to 5% for any distribution approved by the competent body of the legal entity from 1 January 2020 and onwards, while for any distribution approved before 1 January 2020 the withholding tax on dividends is 10%.

The income tax benefit/ (expense) of the Group's foreign subsidiaries, is estimated based on the respective nominal corporate income tax rates applicable in 2020 and 2019 (Bulgaria: 10%, Romania: 16%, Egypt: 22.5%, Serbia: 15%, Ukraine: 18%, Cyprus: 12.5%, Albania: 15% and United Kingdom: 19%).

The income tax benefit/(expense) recognised in the Income Statement is analysed in the table below:

	1/1 - 30/9/2020	1/1 - 30/9/2019
Current tax expense	(8)	(10)
Deferred tax benefit / (expense)	(2)	(25)
Total	**(10)**	**(35)**

Deferred tax in the Income Statement is attributable to temporary differences, between tax and accounting base, the effect of which is analysed as follows:

	1/1 - 30/9/2020	1/1 - 30/9/2019
Pensions and other post retirement benefits	(1)	(19)
Loans and advances to customers	(8)	287
Other provisions	-	(3)
Securities valuation adjustment	6	-
Derivative financial instruments valuation adjustment	(1)	6
Investment property fair value adjustment	-	1
Depreciation and amortisation	(3)	(50)
Recognition of tax losses carried forward	-	(214)
Impairment of Greek government bonds (PSI related)	(41)	(41)
Equity participations	16	(33)
Other temporary differences	30	41
Total	**(2)**	**(25)**

As at 30 September 2020, the deferred tax assets of the Group that meets the provisions of Law 4172/2013, i.e. is eligible for Deferred Tax Credit (DTC), amounted to € 3.8 billion (31 December 2019: € 3.9 billion), of which € 1.2 billion relates to unamortised PSI losses (31 December 2019: € 1.2 billion) and € 2.6 billion relates to temporary differences between the IFRS carrying amount and tax base of loans and advances to customers (31 December 2019: € 2.7 billion).

According to article 82 of Greek Law 4472/2017 credit institutions and other legal entities scoped into the provisions of article 27A of Greek Law 4172/2013 are required to pay an annual fee of 1.5% on the excess amount guaranteed by the Greek State of deferred tax assets arising from the difference between the tax rate applicable under Greek Law 4334/2015 (Gazette A' 80/16/7/2015) retrospectively from 1 January 2015 onwards (29%), and the tax rate applicable on 30 June 2015 (26%). The corresponding amount for the Group and the Bank for the period ended 30 September 2020 is € 5 million and has been recognized within line item “Net other income/ (expenses)" of the Interim Income Statement.

According to article 63 of Greek Law 4607/2019, as of 1 May 2019 until 31 December 2019 a requirement to pay the levy of article 1 of Law 128/1975 was in force on the balance of all types of credits, including financial arrangements equivalent to credits, granted from financial institutions, as defined in Regulation (EU) No. 575/2013, operating in Greece or abroad. Nevertheless, based on article 67 of Greek Law 4646/2019, effective from 1 January 2020 and onwards, the said levy was abolished, and is imposed only to Credit Institutions as it was in force before the implementation of Law 4607/2019.

Effective from 1 January 2020, individuals and legal entities who are non-Greek tax residents are tax exempt on interest income earned by corporate bonds issued by companies which are listed in the E.U. or in an organized financial market outside the E.U, that is regulated by an authority accredited by the International Organization of Securities Commissions (IOSCO), as well as any bonds issued by credit cooperative banks that operate as credit institutions.

As at 30 September 2020 the Group has not recognized a deferred tax asset on tax losses carried forward amounting to € 297 million (31 December 2019: € 210 million).

11 Earnings/(losses) per share

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

On 2 December 2015, in the context of capital support provided in accordance with the provisions of Greek Law 3864/2010 and Cabinet Act no 36/2015, the Board of Directors proceeded with the issuance of Contingent Convertible Securities (“CoCos”) amounting to € 2,040 million, which was exclusively subscribed by the HFSF. Please refer to Note 28 for recent developments related to the Cocos.

	1/1 - 30/9/2020	1/1 - 30/9/2019	1/7 - 30/9/2020	1/7 - 30/9/2019
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from continuing operations	(142)	78	3	44
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from discontinued operations	(7)	12	(2)	5
Profit/(loss) for the period attributable to ordinary shareholders of the parent entity from continuing and discontinued operations	**(149)**	**89**	**1**	**48**
Weighted average number of ordinary shares in issue (Basic earnings/losses)	436,580,035	436,435,920	436,534,987	436,509,738
Potential dilutive ordinary shares from CoCos	-	394,400,000	394,400,000	394,400,000
Weighted average number of ordinary shares in issue (Diluted earnings/losses)	**436,580,035**	**830,835,920**	**830,934,987**	**830,909,738**
Basic earnings/(losses) per share in € from continuing operations	(0.32)	0.18	0.01	0.10
Diluted earnings/(losses) per share in € from continuing operations	(0.32)	0.09	0.00	0.05
Basic earnings/(losses) per share in € from discontinued operations	(0.02)	0.03	(0.01)	0.01
Diluted earnings/(losses) per share in € from discontinued operations	(0.02)	0.01	(0.00)	0.01
Basic earnings/(losses) per share in € from continuing and discontinued operations	**(0.34)**	**0.21**	**0.00**	**0.11**
Diluted earnings/(losses) per share in € from continuing and discontinued operations	**(0.34)**	**0.10**	**0.00**	**0.06**

The effect of the Cocos in the EPS calculation for the current period is antidilutive, hence the weighted average number of ordinary shares outstanding for diluted EPS for the current period has not been adjusted.

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

Group - Continuing operations	1/1 - 30/9/2020			1/1 - 30/9/2019		
	Gross	Tax	Net	Gross	Tax	Net
Items that may be reclassified subsequently to profit or loss						
Change in reserve from debt securities measured at FVTOCI	61	(16)	45	179	(55)	124
Change in currency translation reserve	(4)	-	(4)	9	-	9
Items that will not be reclassified subsequently to profit or loss						
Change in reserve from equity instruments measured at FVTOCI	(17)	4	(12)	31	(8)	23
Other comprehensive income/ (expense) from continuing operations	**40**	**(11)**	**29**	**218**	**(63)**	**155**

During the period ended 30 September 2020, there was no movement in other comprehensive income in regards with the discontinued operations, compared to the period ended 30 September 2019 of a loss, net of tax, of € 9 million.

13 Loans and advances to customers at amortised cost

	30/9/2020	31/12/2019
Mortgages	13,379	13,733
Consumer/ personal and other loans	2,983	2,997
Credit cards	755	746
Retail Lending	**17,116**	**17,476**
Corporate and Public Sector Lending	**29,883**	**30,999**
Total gross loans and advances to customers at amortised cost	**46,999**	**48,475**
Less: ECL allowance	(8,720)	(9,314)
Total	**38,280**	**39,162**

For the purposes of this disclosure, both the gross carrying amount and the ECL allowance for impairment losses have not been grossed up with the PPA adjustment. As such, the respective amounts reported above do not reconcile to Note 4.2.1.

In July 2020, the Bank completed the “Phoenix” and “Vega” non-performing securitisation transactions, of total gross book value € 2 billion and € 5 billion, respectively. As at 30 September 2020, the securitized loans are recognised by the Group within line item “loans and advances to customers at amortised cost”, given that the Bank retains the risks and rewards of their ownership. Phoenix and Vega portfolios were securitized through four SPVs, namely “Phoenix NPL Finance DAC”, “Vega I NPL Finance DAC”, “Vega II NPL Finance DAC” and “Vega III NPL Finance DAC”. All securitizations follow a three tranche structure, hence each of the aforementioned SPV has issued Senior, Mezzanine and Junior notes. As of 30 September 2020, the Bank retains all notes issued by the securitization SPVs in their entirety. The Bank filed in August 2020 an application seeking inclusion of the Phoenix securitisation under the "Hercules" Asset Protection Scheme pursuant to Law 4649/2019. The application relates to a guarantee written by the Greek State on the Phoenix Senior notes up to € 1 billion.

Loans and advances to customers held for sale

Loan Portfolio Chios

During 2018, the Bank entered into an agreement for the disposal of non-performing and denounced corporate loans, secured with real estate collateral, equivalent to € 110 million total claims. In August 2019, the Bank completed the disposal of the first part of the portfolio (Portfolio A), amounting to € 93 million total claims. The sale of the second part of the portfolio (Portfolio B), still outstanding as at 30 September 2020, is expected to be completed in the fourth quarter of 2020.

Loan Portfolio Iris

During 2019, the Bank in cooperation with Piraeus Leasing S.A. and Piraeus Financial Leases S.A. initiated an active process for the disposal of a portfolio mainly consisting of non-performing and denounced loans, partially secured with real estate collaterals, equivalent to € 1.8 billion total legal claims. The transaction is expected to be completed in the fourth quarter of 2020.

Loan Portfolio Kalypso

During 2019, the Bank initiated a process for the disposal of a Group's denounced corporate loans, secured with real estate collaterals, equivalent to € 69 million total legal claims. The disposal is expected to be completed in the first quarter of 2021.

Loan Portfolio Trinity

During 2019, the Bank initiated an active process for the disposal of a non-performing corporate loan portfolio, partially secured with real estate collaterals, equivalent to € 773 million total legal claims. The Bank, within the second quarter of 2020, disposed two (2) out of seven (7) sub –perimeters of project Trinity, i.e. Trinity II and Trinity III, of € 152 million and € 29 million total legal claims, respectively. The Bank is expected to complete the disposal of Trinity I and Trinity IV loans, of € 126 million and € 164 total legal claims, respectively, in the fourth quarter of 2020. The sale of the rest of Trinity V – VII perimeters is expected to be concluded in 2021.

During the third quarter of 2020 the Bank initiated an active process to dispose corporate loans, namely Project Trinity VIII, of € 48 million total legal claims. The transaction is expected to be completed in the first quarter of 2021.

Portfolio Violet

During 2019, the Bank initiated an active programme for the disposal of a non-performing "single ticket", secured with ordinary shares and real estate collaterals, with a total exposure equivalent to € 137 million. At the end of May 2020, the Bank signed the contractual documents with the investor. At the beginning of September 2020, the first phase of the transaction was completed, which included: a) the sale of the entire amount of the loan exposures and b) a portion of the convertible bond loan. The second and final phase of the programme, is expected to be completed in the fourth quarter of 2020.

14 Debt securities at amortised cost and Financial Assets at FVTOCI

As at 30 September 2020, the Group's portfolios of debt securities measured at amortized cost, and Financial Assets measured at FVTOCI amounting to € 3,923 million (31 December 2019: 1,121 million) and € 2,239 million (31 December 2019: € 1,647 million), respectively, consist of foreign and domestic government bonds, the vast majority of which have a residual maturity higher than 12 months as of the reporting date.

During 2020, the Bank purchased Greek government bonds of nominal value of € 2,350 million and foreign government bonds of nominal value of € 60 million which were classified in debt securities at amortized cost. Further, Greek and foreign government bonds of nominal value € 315 million and € 115 million, respectively, were purchased during the period and classified in the FVTOCI portfolio.

The entire population of debt securities at amortized cost is classified in Stage 1 and the resulting ECL impairment loss recognised during the period ended 30 September 2020 amounted to € 14 million. The carrying amount of the bonds at FVTOCI which are classified in Stage 1 is € 2,046 million, while the classification of shares and other variable income securities as at 30 September 2020 is as follows: Stage 1: € 28 million, Stage 2: € 105 million and Stage 3: € 42 million.

15 Investments in consolidated companies

The investments of the Group in consolidated companies are analysed below:

A) Subsidiaries (full consolidation method)

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % holding
1.	Piraeus Leasing S.A.	Financial Leasing	Greece	2014-2019	100.00%
2.	Piraeus Financial Leases S.A.	Financial Leasing	Greece	2014-2019	100.00%
3.	Piraeus Financial Leasing Single Member S.A. (former CPB Leasing S.A.)	Financial Leasing	Greece	2014-2019	100.00%
4.	Geniki Financial & Consulting Services S.A.	Financial & consulting services	Greece	2014-2019	100.00%
5.	Piraeus Securities S.A.	Stock exchange operations	Greece	2014-2019	100.00%
6.	Piraeus Factoring S.A.	Corporate factoring	Greece	2014-2019	100.00%
7.	Piraeus Capital Management S.A.	Venture capital fund	Greece	2014-2019	100.00%
8.	Piraeus Jeremie Technology Catalyst Management S.A.	Management of venture capital fund	Greece	2014-2019	100.00%
9.	ETVA Fund Management S.A.	Management of venture capital mutual funds	Greece	2014-2019	65.00%
10.	Piraeus Asset Management Single Member S.A.	Mutual funds management	Greece	2014-2019	100.00%
11.	Geniki Information S.A.	Assessment and collection of commercial debts	Greece	2014-2019	100.00%
12.	DI.VI.PA.KA S.A.	Administrative and managerial body of the Kastoria industrial park	Greece	2014-2019	57.53%
13.	ETVA Development S.A.	Investment and development activities, in accordance with the principles of sustainable development	Greece	2014-2019	65.00%
14.	ETVA Industrial Parks S.A.	Development/ management of industrial areas	Greece	2014-2019	65.00%
15.	Abies S.A.	Property management	Greece	2014-2019	61.65%
16.	Achaia Clauss Estate S.A.	Property management	Greece	2014-2019	75.62%
17.	Euroterra S.A.	Property management	Greece	2014-2019	62.90%
18.	Kosmopolis A' Shopping Centers S.A.	Shopping center's management	Greece	2014-2019	100.00%
19.	Linklife Food & Entertainment Hall S.A.	Operation of food and entertainment Halls	Greece	2014-2019	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % holding
20.	ND Development Single Member S.A.	Property management	Greece	2014-2019	100.00%
21.	New Up Dating Development Real Estate and Tourism Single Member S.A.	Property, tourism & development company	Greece	2014-2019	100.00%
22.	Picar Single Member S.A.	City Link areas management	Greece	2014-2019	100.00%
23.	P.H. Development	Property management	Greece	2014-2019	100.00%
24.	Rebikat S.A.	Property management	Greece	2014-2019	61.92%
25.	General Construction and Development Co. S.A.	Property development/ holding company	Greece	2014-2019	66.66%
26.	Entropia Ktimatiki S.A.	Property management	Greece	2014-2019	66.70%
27.	Euroak S.A. Real Estate	Real estate investment	Greece	2014-2019	53.60%
28.	Komotini Real Estate Development Single Member S.A.	Property management	Greece	2014-2019	100.00%
29.	Piraeus Buildings S.A.	Property development	Greece	2010-2019	100.00%
30.	Piraeus Development Single Member S.A.	Property management	Greece	2014-2019	100.00%
31.	Piraeus Real Estate Single Member S.A.	Construction company	Greece	2014-2019	100.00%
32.	Pleiades Estate Single Member S.A.	Property management	Greece	2014-2019	100.00%
33.	Piraeus Agency Solutions Single Member S.A. (former A.C.T. B.A.S. S.A.)	Insurance agency	Greece	2014-2019	100.00%
34.	KPM Energy Single Member S.A.	Energy generation and exploitation through renewable energy resources	Greece	2014-2019	100.00%
35.	Mille Fin S.A.	Vehicle Trading	Greece	2014-2019	100.00%
36.	Multicollection S.A.	Assessment and collection of commercial debts	Greece	2009-2019	51.00%
37.	Piraeus Direct Solutions Single Member S.A.	Financial - telecommunication & IT services	Greece	2014-2019	100.00%
38.	Zibeno I Energy Single Member S.A.	Energy generation through renewable energy resources	Greece	2014-2019	100.00%
39.	Centre of Sustainable Entrepreneurship Excelixi S.A.	Consulting Services - Hotel - Training & Seminars	Greece	2014-2019	100.00%
40.	PROSPECT M.C.P.Y.	Yachting management	Greece	2014-2019	100.00%
41.	Anemos Ipirou Anonymi Energeiaki Etaireia	Exploitation of wind energy park in Greece.	Greece	2014-2019	100.00%
42.	Aioliki Beleheri Single Member S.A.	The exploitation of wind energy park in Greece and the holding of investments with similar activities.	Greece	2014-2019	100.00%
43.	Aiolikon Parko Artas Aetoi E.E.	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % holding
44.	Aiolikon Parko Evritanias Morforahi E.E.	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%
45.	Aiolikon Parko Evritanias Ouranos E.E.	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%
46.	DMX Aioliki Marmariou - Agathi LLP	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%
47.	DMX Aioliki Marmariou - Rigani LP	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%
48.	Aioliko Parko Josharton - Rodopi 2 E.E.	Exploitation of wind energy park in Greece	Greece	2014-2019	100.00%
49.	Thriacio Logistics Center S.A.	Logistic Center	Greece	2018-2019	52.00%
50.	Ianos Properties S.A.	Property management	Greece	2014-2019	100.00%
51.	Lykourgos Properties S.A.	Property management	Greece	2014-2019	100.00%
52.	IMITHEA S.A. (1)	Organization, operation and management of hospital units	Greece	2014-2019	100.00%
53.	Tirana Leasing Sh.A.	Finance leases	Albania	2018-2019	100.00%
54.	Cielo Consultancy Sh.P.K.	Real estate SPV	Albania	2014-2019	99.09%
55.	Beta Asset Management EOOD	Rent and management of real estate	Bulgaria	2013-2019	100.00%
56.	Bulfina E.A.D.	Property management	Bulgaria	2008-2019	100.00%
57.	Bulfinace E.A.D.	Property Management	Bulgaria	2008-2019	100.00%
58.	Delta Asset Management EOOD	Real Estate Development	Bulgaria	2015-2019	100.00%
59.	Piraeus Real Estate Bulgaria EOOD	Construction company	Bulgaria	2007-2019	100.00%
60.	Varna Asset Management EOOD	Real estate development	Bulgaria	2014-2019	100.00%
61.	Asset Management Bulgaria EOOD	Travel - rental services and property management	Bulgaria	2012-2019	100.00%
62.	Besticar Bulgaria EOOD	Receivables collection	Bulgaria	2012-2019	100.00%
63.	Besticar EOOD	Receivables collection from problematic clients	Bulgaria	2012-2019	100.00%
64.	Emerald Investments EOOD	Property management	Bulgaria	2018-2019	100.00%
65.	Piraeus Nedvizhimi Imoti EOOD	Real Estate Development	Bulgaria	-	100.00%
66.	Piraeus Equity Investment Management Ltd	Investment management	Cyprus	-	100.00%
67.	Arigeo Energy Holdings Ltd	Holding company in renewable energy	Cyprus	2013-2019	100.00%
68.	Euroinvestment & Finance Public Ltd	Asset management, real estate operations	Cyprus	2009-2019	90.85%

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % holding
69.	Piraeus Clean Energy Holdings Ltd	Holding Company	Cyprus	2013-2019	100.00%
70.	Piraeus Equity Partners Ltd	Holding company	Cyprus	2013-2019	100.00%
71.	Piraeus Renewable Investments Limited	Holding company	Cyprus	2016-2019	100.00%
72.	PRI WIND I Limited	Holding company	Cyprus	2016-2019	100.00%
73.	PRI WIND II Limited	Holding company	Cyprus	2016-2019	100.00%
74.	PRI WIND III Limited	Holding company	Cyprus	2016-2019	100.00%
75.	R.E. Anodus Two Ltd	Holding and investment company	Cyprus	2013-2019	99.09%
76.	Tellurion Ltd	Holding company	Cyprus	2013-2019	100.00%
77.	Tellurion Two Ltd	Holding company	Cyprus	2013-2019	99.09%
78.	Trieris Two Real Estate Ltd	Holding, Investment and Real Estate Portfolio Management	Cyprus	2011-2019	100.00%
79.	Zibeno Investments Ltd	Holding Company	Cyprus	2013-2019	100.00%
80.	O.F. Investments Ltd	Investment company	Cyprus	2013-2019	100.00%
81.	R.E. Anodus Ltd	Consultancy services for real estate development and investments	Cyprus	2009-2019	100.00%
82.	Lakkos Mikelli Real Estate Ltd	Property management	Cyprus	2018-2019	50.66%
83.	Philoktimatiki Public Ltd	Land and property development	Cyprus	2018-2019	53.29%
84.	Piraeus Equity Advisors Ltd	Investment advice	Cyprus	2012-2019	100.00%
85.	Sunholdings Properties Company Ltd	Land and property development	Cyprus	2018-2019	26.65%
86.	Philoktimatiki Ergoliptiki Ltd	Construction company	Cyprus	2018-2019	53.29%
87.	WH South Wind Hellas Ltd	Holding of investments in Renewable Energy Sector in Greece	Cyprus	2016-2019	100.00%
88.	Emadierio Solar Energy & Investments Ltd	The exploitation of wind energy park in Greece	Cyprus	2016-2019	100.00%
89.	Josharton Ltd	Holding of investments	Cyprus	2016-2019	100.00%
90.	JSC Piraeus Bank ICB	Banking activities	Ukraine	-	99.99%
91.	Akinita Ukraine LLC	Real estate development	Ukraine	2014-2019	100.00%
92.	Sinitem LLC	Sale and purchase of real estate	Ukraine	2013-2019	99.94%

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % holding
93.	Solum Enterprise LLC	Property management	Ukraine	2012-2019	99.94%
94.	Solum Limited Liability Company	Property management	Ukraine	2018-2019	99.94%
95.	Piraeus Leasing Romania S.A.	Monitoring and collection services for loans disbursed by the company	Romania	2003-2019	100.00%
96.	Daphne Real Estate Consultancy SRL	Real estate development	Romania	2014-2019	99.09%
97.	Priam Business Consultancy SRL	Real estate development	Romania	2014-2019	99.18%
98.	Proiect Season Residence SRL	Real estate development	Romania	2018-2019	100.00%
99.	R.E. Anodus SRL	Real Estate development	Romania	2013-2019	99.09%
100.	Rhesus Development Projects SRL	Real estate development	Romania	2014-2019	99.09%
101.	Piraeus Rent Doo Beograd	Operating Leases	Serbia	2007-2019	100.00%
102.	Piraeus Real Estate Egypt LLC	Property management	Egypt	2011-2019	100.00%
103.	Trieris Real Estate Management Ltd	Management of Trieris Real Estate Ltd	British Virgin Islands	-	100.00%
104.	Piraeus Group Capital Ltd	Debt securities issue	United Kingdom	-	100.00%
105.	Piraeus Group Finance PLC	Debt securities issue	United Kingdom	-	100.00%
106.	Axia Finance III PLC	SPE for securitization of corporate loans	United Kingdom	-	-
107.	Axia Finance PLC	SPE for securitization of corporate loans	United Kingdom	-	-
108.	Axia III APC LIMITED	SPE for securitization of corporate loans	United Kingdom	-	-
109.	Estia Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
110.	Estia Mortgage Finance II PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
111.	Kion Mortgage Finance PLC	SPE for securitization of mortgage loans	United Kingdom	-	-
112.	Praxis I Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-
113.	Praxis II APC LIMITED	SPE for securitization of consumer loans	United Kingdom	-	-
114.	Praxis II Finance PLC	SPE for securitization of consumer loans	United Kingdom	-	-

Note (1): Classified as a discontinued operation (see Note 7).

The subsidiaries duly numbered 106 - 114 are special purpose vehicles for securitization of loans and advances to customers and issuance of debt securities. The subsidiary duly numbered 85 although presenting less than 50.00% shareholding, is included in the Group's subsidiaries' portfolio due to majority presence in the Board of Directors of the company.

Furthermore, as at 30 September 2020 the subsidiaries duly numbered 13, 19, 29, 35-36, 53, 59, 66, 84, 97, 100, 106 and 108 were under liquidation.

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

B) Associates and joint ventures (equity method investments)

Associates

The associates accounted for using the equity method are the following:

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % Holding
1	Piraeus - TANEO Capital Fund	Close end Venture capital fund	Greece	-	50.01%
2	PJ Tech Catalyst Fund	Close end Venture capital fund	Greece	-	30.00%
3	APE Commercial Property Real Estate Tourist and Development S.A.	Holding company	Greece	2014-2019	27.80%
4	Marfin Investment Group Holdings S.A.	Holding company	Greece	2014-2019	31.24%
5	Omicron Cyclos Ena Symmetohiki S.A.	Holding company	Greece	2014-2019	28.10%
6	APE Fixed Assets Real Estate Tourist and Development S.A.	Real estate, development/ tourist services	Greece	2014-2019	27.80%
7	APE Investment Property S.A.	Real estate, development/ tourist services	Greece	2014-2019	28.92%
8	Olganos Real Estate S.A.	Property management/Electricity production from renewable energy resources	Greece	2014-2019	32.27%
9	Pyrrichos S.A.	Property management	Greece	2014-2019	50.77%

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % Holding
10	Exodus S.A.	Information technology & software	Greece	2014-2019	49.90%
11	Evros' Development Company S.A.	European community programs management	Greece	2014-2019	30.00%
12	Gaia S.A.	Software services	Greece	2017-2019	26.00%
13	Crete Scient. & Tech. Park Manag. & Dev. Co. S.A.	Scientific and technology park management	Greece	2014-2019	30.45%
14	Intrum Hellas REO Solutions S.A.	Real Estate	Greece	-	19.96%
15	Intrum Hellas Credit Servicing S.A.	Credit and Loan Servising	Greece	-	20.00%
16	Teiresias S.A.	Interbanking company of development, operation and management of information systems	Greece	2014-2019	23.53%
17	Trastor Real Estate Investment Company	Real estate investment property	Greece	2014-2019	44.81%
18	Pireaus Direct Services S.A.	Support and e-commerce services, trade of time renewal cards	Greece	2014-2019	49.90%
19	ANEK LINES S.A.	Maritime transport - Coastal shipping	Greece	2014-2015,2018-2019	27.68%
20	Inofita Asopos Business Park Development Company S.A.	Business Park Development	Greece	-	31.36%
21	Perigenis Business Properties S.A.	Property management	Greece	-	20.61%
22	Trieris Real Estate Ltd	Property management	British Virgin Islands	2018-2019	32.35%
23	Exus Software Ltd	IT products retailer	United Kingdom	-	49.90%

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

The associate company NGP Plastic S.A., that is immaterial to the Group's financial position and results of operations, is not consolidated but recognised at cost. This immaterial associate accounted for less than 0.27% of Group total net income, less than 0.03% of Group total equity and less than 0.04% of Group total assets, based on the most recent financial statements obtained.

The changes in the portfolio of consolidated companies are presented in Note 25.

Joint ventures

The Group´s joint ventures, accounted for using the equity method, are the following:

s/n	Name of Company	Activity	Country	Unaudited tax years	Group % Holding
1	AEP Elaiona S.A.	Property management	Greece	2014-2019	50.00%
2	Peirga Kythnou P.C.	Real estate	Greece	-	50.00%

16 Current tax assets

	30/9/2020	31/12/2019
Current tax assets	248	257
Accumulated impairment of current tax assets	(52)	(52)
Net amount of current tax assets	**196**	206

Current tax assets include the following withholding tax receivables, which the Group claims for the Greek state:

a) Withholding taxes on interest of bonds and treasury bills of € 84 million relating to financial years 2009, 2011, 2012 and 2013 (tax years 2008, 2010, 2011 and 2012). Under the provisions of Greek Law 4605 (article 93, par.1 & 2), as published at Gazette A' 52 on 1 April 2019, an amendment was introduced into the Greek Corporate Income Tax legislation, clarifying the status of the aforementioned withholding tax receivables of the Bank, as follows:

- Taxes of € 26 million, withheld in accordance with the provisions of para. 8 of article 12 of Greek Law 2238/1994, for the financial year 2013 (tax year 2012) are offset as a priority when income tax is incurred and to the extent that such income tax is sufficient for the purposes of the above set-off, while an amount of € 14 million, withheld on the same basis, for the financial year 2010 (tax year 2009) is claimed from the Greek State; and

- Withholding taxes of € 44 million, which are subject to the provisions of para. 6 of article 3 of Greek Law 4046/2012 and not offset within five (5) years, are offset in equal instalments within 10 years with any tax liabilities of the Bank, starting from 1 January 2020.

b) Withholding tax receivables on interest income from Greek Government treasury bills of € 60 million, which were withheld after 1 January 2013, are offset against income tax available in the next five (5) financial years from the financial year in which the income tax was withheld. Upon completion of the five year period, any remaining withholding tax is being offset against current tax liabilities.

c) Withholding taxes on corporate bonds of € 38 million, which are refundable by the Greek State.

d) Various other tax claims of the Group of € 14 million.

17 Due to banks

"Due to Banks" for the Group mainly includes funding from the ECB and Central Banks of € 8,990 million, securities sold under agreements to repurchase of € 104 million and other deposits with financial institutions of € 191 million (31 December 2019: € 355 million, € 2,394 million and € 365 million, respectively). The Group's ECB funding increased during the current period in the context of the Bank's decision to participate in the long term funding facilities (Special LTRO, TLTRO III) provided by the ECB with favorable terms.

18 Due to customers

	30/9/2020	31/12/2019
Corporate		
Current and sight deposits	9,534	8,178
Term deposits	2,647	4,568
Blocked deposits, guarantee deposits and other accounts	282	237
Total (A)	**12,463**	**12,983**
Retail		
Current and sight deposits	4,599	4,169
Saving accounts	18,211	16,660
Term deposits	11,738	13,467
Blocked deposits, guarantee deposits and other accounts	27	30
Total (B)	**34,575**	**34,325**
Cheques payable and remittances (C)	50	42
Total Due to customers (A)+(B)+(C)	**47,088**	**47,351**

19 Debt securities in issue

	Weighted Interest Rate (%)	30/9/2020	31/12/2019
Residential mortgage backed floating rate notes		-	10
Covered Bonds - floating rate - Series 4	3m Euribor + 250bp	471	471
Total debt securities in issue		**471**	**481**

The financial terms of the debt securities issued from loan securitizations and covered bonds that were sold to investors as at 30 September 2020 and 31 December 2019 are the following:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Nominal amount held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
30/9/2020													
Securitized Loans													
Kion Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Dec-06	15-Jul-51	EUR	3m Euribor + 52bp/ Quarterly	600	-	600	-	-	-	-
Covered Bonds													
Piraeus Bank SA	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	-	30	470	471	3m Euribor + 250bp

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate on Total Outstanding Amount/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Nominal amount held by the Bank	Nominal amount held by third parties	Carrying value	Weighted Interest Rate on 3rd Parties
31/12/2019													
Securitized Loans													
Kion Mortgage Finance PLC	Residential mortgage backed floating rate notes (Class A,B,C)	Mortgage loans	7-Dec-06	15-Jul-51	EUR	3m Euribor + 48bp/ Quarterly	600	25	575	15	10	10	3m Euribor + 63bp
Covered Bonds													
Piraeus Bank SA	Floating rate covered bond series 4	Mortgage loans	31-Oct-17	31-Oct-22	EUR	3m Euribor + 250bp/ Quarterly	500	500	-	30	470	471	3m Euribor + 250bp

The major transactions regarding debt securities in issue during the period ended 30 September 2020 are as follows:

On 11 March 2020, Kion Mortgage Finance PLC announced the intention to redeem all Notes of each class (Class A,B,C) at their respective principal amounts outstanding together with accrued interest and concluded the early redemption on the interest payment date on 15 April 2020.

The financial terms of the debt securities issued from loan securitizations and covered bonds that are held by the Group as at 30 September 2020 and 31 December 2019 are the following:

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
30/9/2020										
Securitized Loans										
Axia 1 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	21-Nov-08	25-Apr-35	EUR	-	1,750	-	-	1,750
Praxis 1 Finance PLC	Asset backed fixed (Class A) and floating (Class B) rate notes	Consumer, personal and other loans	30-Apr-09	28-Jun-35	EUR	-	725	-	542	183
Praxis 2 Finance PLC	Asset backed fixed (Class A) and floating (Class B) rate notes	Consumer, personal and other loans	14-Aug-09	27-Dec-23	EUR	-	558	-	-	558
Covered Bonds										
Piraeus Bank SA	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	16-Nov-21	EUR	1m Euribor + 150bp / Monthly	1,000	500	-	500
Piraeus Bank SA	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-Nov-22	EUR	3m Euribor + 150bp / Quarterly	1,000	500	-	500
Piraeus Bank SA	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	31-Jan-23	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-
Piraeus Bank SA	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-22	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-

Issuer	Description	Underlying Loan Type	Issue Date	Maturity Date	Currency	Weighted Interest Rate/ Coupon Frequency	Nominal value	Outstanding nominal amount	Redemptions	Cancellations
31/12/2019										
Securitized Loans										
Axia 1 Finance PLC	Asset backed floating rate notes (Class A,B)	Corporate Loans	21-Nov-08	25-Apr-35	EUR	3m Euribor + 52bp / Quarterly	1,750	250	-	1,500
Praxis 1 Finance PLC	Asset backed fixed (Class A) and floating (Class B) rate notes	Consumer, personal and other loans	30-Apr-09	28-Jun-35	EUR	3m Euribor / Quarterly	725	190	535	-
Praxis 2 Finance PLC	Asset backed fixed (Class A) and floating (Class B) rate notes	Consumer, personal and other loans	14-Aug-09	27-Dec-23	EUR	1.69% / Monthly	558	370	-	188
Covered Bonds										
Piraeus Bank SA	Floating rate covered bond Series 3	Mortgage loans	16-Feb-17	16-Nov-21	EUR	1m Euribor + 150bp / Monthly	1,000	500	-	500
Piraeus Bank SA	Floating rate covered bond Series 5	Mortgage loans	20-Nov-17	20-Nov-20	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-
Piraeus Bank SA	Floating rate covered bond Series 6	Mortgage loans	31-Jan-18	29-Jan-21	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-
Piraeus Bank SA	Floating rate covered bond Series 7	Mortgage loans	11-May-18	11-Feb-22	EUR	3m Euribor + 150bp / Quarterly	1,000	1,000	-	-

On 22 June 2020, Axia 1 Finance PLC announced the intention to fully redeem all Notes (Class A, B) at their respective principal amounts outstanding together with accrued interest. The early redemption was completed on 29 June 2020.

On 22 June 2020, Praxis 1 Finance PLC announced the intention to fully redeem all Notes (Class B) at their respective principal amounts outstanding together with accrued interest. The early redemption was completed on 29 June 2020.

On 22 June 2020, Praxis 2 Finance PLC announced the intention to fully redeem all Notes (Class A,B) at their respective principal amounts outstanding together with accrued interest. The early redemption was completed on 29 June 2020.

On 17 September 2020, Piraeus Bank proceeded with the partial cancellation of the nominal value of its fully retained Covered Bond Series 5 (due November 2020) by € 500 million.

On 25 September 2020, Piraeus Bank proceeded with amendments to its fully retained Covered Bond Series 5 (due November 2020) and Series 6 (due January 2021) with regards to extension of their maturity dates by 24 months, to November 2022 and January 2023, respectively.

The carrying amount of mortgage, corporate and consumer loans securitized that are included in line item "loans and advances to customers at amortised cost" are the following:

Securitized loans	30/9/2020	31/12/2019
Mortgage	-	25
Consumer, personal and other	-	597
Corporate and Public Sector	-	253
Total securitized loans	**-**	**875**

The carrying amount of exposures included in line item "loans and advances to customers at amortised cost", which have been pledged as collateral in the covered bonds programme is € 4,745 million and € 5,222 million, as at 30 September 2020 and 31 December 2019, respectively.

Senior Unsecured Notes are issued under the Euro Medium Term Note Programme ("EMTN Programme"), either directly by the Bank or through the Group's subsidiary Piraeus Group Finance PLC, bearing the guarantee of the Bank.

The Bank did not issue any senior unsecured bonds under its EMTN Programme during the period ended 30 September 2020.

20 Other borrowed funds

On 19 February 2020, the Bank issued a fixed rate subordinated Tier 2 Note of nominal value € 500 million, maturing in February 2030, bearing an annual fixed interest rate of 5.5% for the first 5 years and reset once thereafter, at the prevailing 5 year mid swap rate plus 5.774%. The Note may be redeemed at par in whole by the Bank on 19 February 2025, subject to prior regulatory approval.

During the period ended 30 September 2020, the Group repurchased € 2.5 million of the Tier 2 Notes due February 2030.

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

21.1 Legal proceedings

The Group is defendant in certain claims and legal actions deriving from the ordinary course of business. For the cases for which a provision has not been recognised, Management is currently unable to estimate the possible losses as:

a) the proceedings are either in early stages or are long outstanding without any certainty of the likelihood and magnitude of the final outcome, or

b) there are significant pending legal issues to be resolved that might significantly change such an assessment.

However, based on Management's judgement and after consultation with the Group's legal counsels, the ultimate disposition of these matters is not expected to have a material adverse effect on the Interim Financial Statements. As at 30 September 2020, the Group provided for cases under litigation an amount of € 30 million (31 December 2019: € 32 million), which represents management's best estimate on the probable loss to be incurred upon finalization of these pending legal cases.

21.2 Pending tax audits

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

For the years 2011 - 2016, tax audits were required for the Bank and all Greek Societe Anonyme Companies. Such tax audits were conducted by the statutory auditors under Greek Law 2190/1920 according to article 82 of Greek Law 2238/1994 and article 65A of Greek Law 4174/2013 as were in force.

From 2016 onwards, the requirement to obtain a tax audit became optional, however Management has opted for the Bank and the Group's Greek subsidiaries to continue being tax audited by the statutory auditors. The Tax Administration retains its right to proceed with a tax audit, within the applicable statute of limitations in accordance with article 36 of Greek Law 4174/2013, as currently in force.

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

The tax audit of fiscal year 2013 has been completed by PricewaterhouseCoopers S.A. and a relevant tax audit certificate with an emphasis of matter on the applicable provisions of Greek Tax Law regarding the acquisition of assets and liabilities of Greek branches of credit institutions domiciled in other member states of the European Union according to which the above-mentioned transactions are not subject to tax, has been issued and submitted to the Ministry of Finance.

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

In regards with the Group's Greek subsidiaries, for which Management elected to conduct a tax audit in accordance with article 65a of Greek Law 4174/2013, the respective tax audits for fiscal year 2018 have been completed and the relevant tax audit certificates have been issued. The fiscal year 2019 of the Bank and its Greek subsidiaries is currently being tax audited by Deloitte Certified Public Accountants S.A. and the final outcome of the tax audits is not expected to have a material effect on the Interim Financial Statements.

The unaudited tax years of the Group's subsidiaries, associates and joint ventures, are included in Note 15 and therefore their tax liabilities for these years have not been finalized. The tax authorities have not yet audited the Group's subsidiaries for all fiscal years and consequently their tax positions for those years may not be considered as final.

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

21.3 Credit commitments

In the normal course of business, the Group enters into contractual credit commitments towards its customers to facilitate their financing needs or obligations. Due to their nature, the credit commitments are treated as off-balance sheet items. These credit commitments consist of letters of guarantee, letters of credit and irrevocable undrawn committed credit facilities. Typically, letters of guarantee and letters of credit ensure payment to a third party for a customer's trade transactions or guarantee the performance of a customer to a third party. Irrevocable undrawn committed credit facilities are agreements to lend to a customer as long as there is no violation of the conditions established in the contract. The Group, in measuring the credit risk of these credit commitments, applies the same Credit Policy, approval process and monitoring procedures as those applied for the loans and advances to customers at amortised cost.

As at 30 September 2020 and 31 December 2019, the Group had undertaken the following credit commitments:

	30/9/2020	31/12/2019
Financial guarantees	3,175	3,022
Letters of credit	39	25
Irrevocable undrawn credit commitments	691	405
Total commitments	**3,904**	**3,452**

The irrevocable undrawn committed credit facilities are included in the Risk Weighted Assets calculation for capital adequacy purposes under regulatory rules currently in force. An ECL allowance is measured for letters of guarantee, letters of credit and irrevocable undrawn credit commitments.

The ECL allowance on credit commitments as at 30 September 2020 amounted to € 119 million (31 December 2019: € 120 million) and is included within line item "other provisions".

21.4 Assets pledged

	30/9/2020	31/12/2019
Due from banks	897	892
Financial assets at fair value through profit or loss	186	-
Loans and advances to customers	4,424	1,350
Financial assets at FVTOCI	1,610	39
Debt securities at amortised cost	3,812	-
Other assets	29	29
	10,958	**2,311**

The aforementioned financial assets are mainly pledged either for drawing liquidity from the Eurosystem under the general terms applying to such agreements, or margining purposes for a) derivative transactions engaged under ISDA (International Swaps and Derivatives Association) master netting agreements and Credit Support Annexes; and b) repurchase agreement (repo) transactions placed under Global Master Repurchase Agreement contracts.

In the context of the interbank repo transactions, securities of a total nominal value of € 98 million (31 December 2019: € 2,507 million) are used for liquidity purposes. The said amount includes Greek government securities of nominal value € 68 million (31 December 2019: € 1,157 million).

In addition to the aforementioned pledged assets, the Group has pledged an amount of € 168 million (31 December 2019: € 168 million), included within line item "due from banks" with respect to a guarantee written by the Bank for the non-payment risk of the Greek State.

22 Share capital and contingent convertible bonds

	Share Capital	Share Premium	Contingent convertible bonds	Treasury Shares	Total
Opening balance at 1/1/2019	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**
(Purchases)/ sales of treasury shares	-	-	-	-	-
Balance at 31/12/2019	**2,620**	**13,075**	**2,040**	**(1)**	**17,734**
(Purchases)/ sales of treasury shares	-	-	-	**1**	**1**
Balance at 30/9/2020	**2,620**	**13,075**	**2,040**	**-**	**17,735**

	Number of shares		
	Issued shares	Treasury shares	Net number of shares
Opening balance at 1/1/2019	**436,659,164**	(368,127)	**436,291,037**
Purchases of treasury shares	-	(5,296,895)	(5,296,895)
Sales of treasury shares	-	5,503,000	5,503,000
Balance at 31/12/2019	**436,659,164**	**(162,022)**	**436,497,142**
Purchases of treasury shares	-	(2,777,970)	(2,777,970)
Sales of treasury shares	-	2,629,373	2,629,373
Balance at 30/9/2020	**436,659,164**	**(310,619)**	**436,348,545**

The Bank's share capital as at 30 September 2020 and 31 December 2019 amounted to € 2,619,954,984 divided into 436,659,164 ordinary registered shares with a nominal value of € 6.00 each.

The Bank's Annual General Meeting of Shareholders which was held on 26 June 2020, resolved the non-distribution of dividends for the fiscal year 2019, in accordance with the applicable institutional and regulatory framework.

23 Other reserves and retained earnings

	30/9/2020	31/12/2019
Legal reserve	85	84
Reserve from financial assets measured at FVTOCI	253	236
Currency translation reserve	(58)	(54)
Other reserves	28	34
Total other reserves	**308**	**300**
Retained earnings	**(10,504)**	**(10,375)**

The movement of line item "total other reserves" is summarized in the following tables:

Total other reserves movement	30/9/2020	31/12/2019
Opening balance	**300**	**182**
Change in reserve from financial assets measured at FVTOCI	33	139
Transfers between other reserves and retained earnings	(15)	2
Disposals and other movements	(5)	(28)
Change in currency translation reserve	(4)	5
Closing balance	**308**	**300**

FVTOCI reserve movement	30/9/2020	31/12/2019
Opening balance	**236**	**97**
Gains/(losses) from the valuation of debt securities	56	180
Gains/(losses) from the valuation of shares	(23)	43
Impairment losses/ (releases) on debt securities	7	(8)
Recycling of valuation adjustments and accumulated impairments upon disposal	(18)	(12)
Deferred income taxes	(5)	(62)
Closing balance	**253**	**236**

Retained earnings movement	30/9/2020	31/12/2019
Opening balance	**(10,375)**	**(10,526)**
Other comprehensive income, net of tax	-	(6)
Profit/ (loss) for the period after tax attributable to the shareholders of the parent entity	(148)	279
Payment to the holders of contingent convertible bonds	-	(165)
Transfer between reserves and retained earnings	15	(2)
Recycling of the accumulated reserve from financial assets measured at FVTOCI	-	2
Disposals and movement in participating interest	4	43
Closing balance	**(10,504)**	**(10,375)**

24 Related party transactions

Related parties are:

a) Members of the Board of Directors and the Group Executive Committee, the Group Chief Internal Auditor, the Group Chief Compliance Officer, and the CEOs of the significant subsidiaries, collectively Key Management Personnel,

b) Close family members of Key Management Personnel,

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

d) Subsidiaries,

e) Associates,

f) Joint ventures and

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

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

24.1 Key Management Personnel and other related parties

The table below presents the Group's related party transactions with Key Management Personnel and the related parties referred to in points (b) and (c) above. No significant transactions occurred with the HFSF during the period ended 30 September 2020 and 2019.

	30/9/2020		31/12/2019	
(amounts in thousand €)	Key Management Personnel	Other related parties	Key Management Personnel	Other related parties
Loans and advances to customers at amortized cost (Gross carrying amount)	6,058	37	4,543	41
Due to customers	2,185	119	1,738	51
Letters of guarantee and letters of credit	-	-	-	-

	1/1 - 30/9/2020		1/1 - 30/9/2019	
(amounts in thousand €)	Key Management Personnel	Other related parties	Key Management Personnel	Other related parties
Income	19	6	79	6
Expense	5	-	11	-

Benefits of Key Management Personnel		
(amounts in thousand €)	1/1 - 30/9/2020	1/1 - 30/9/2019
Short term benefits	3,979	4,038
Termination benefits	1,040	-
Post-employment benefits	51	63

Short term benefits for members of Key Management Personnel include wages, salaries, employers' contributions and other charges.

The provision established for post-employment benefits to Key Management Personnel amounted to € 2 million as at 30 September 2020 (31 December 2019: € 2 million) and is included in line item "retirement benefit obligations".

The ECL allowance on loans and advances to customers at amortized cost granted by the Group to Key Management Personnel and other related parties amounted to € 3.7 million as at 30 September 2020 (31 December 2019: € 3.2 million).

24.2 Associates

The transactions with associates and the relevant results are presented below:

(amounts in thousand €)	30/9/2020	31/12/2019
Loans and advances to customers at amortised cost (Gross carrying amount)	1,106,496	987,395
Other assets	5,029	6,959
Due to customers	162,924	71,634
Other liabilities	44,475	27,840

(amounts in thousand €)	1/1 - 30/9/2020	1/1 - 30/9/2019
Total expense and capital expenditure	(147,642)	(14,091)
Total income	40,011	34,348

Letters of guarantee issued in favor of the Group's associates as at 30 September 2020 amounted to € 10 million (31 December 2019: € 11 million).

The ECL allowance for impairment on loans and advances to customers at amortised cost granted by the Group to associates as at 30 September 2020 amounted to € 183 million (31 December 2019 : € 160 million), while the ECL impairment loss on loans and advances to customers at amortised cost for the period ended 30 September 2020 amounted to € 3 million (30 September 2019: ECL charge of € 82 million).

24.3 Joint ventures

The transactions with joint ventures and the relevant results are presented below:

(amounts in thousand €)	30/9/2020	31/12/2019
Loans and advances to customers at amortised cost (Gross carrying amount)	53,484	52,410
Due to customers	2	-

(amounts in thousand €)	1/1 - 30/9/2020	1/1 - 30/9/2019
Total income	390	370

The ECL allowance for impairment on loans and advances to customers at amortised cost granted by the Group to joint ventures amounted to € 41 million as at 30 September 2020 and 31 December 2019.

25 Changes in the portfolio of consolidated companies

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

On 21 February 2020, Piraeus Bank acquired 100.00% of company CPB Leasing S.A., under the acquisition of Greek operations of Cyprus Popular Bank Co Ltd, on the basis of a relevant decree of 2013 and the resolution authority of Republic of Cyprus, by paying the amount of € 1.

On 18 June 2020, Piraeus Bank acquired 100.00% of companies Ianos Properties S.A. and Lykourgos Properties S.A., in the context of corporate lending restructuring, for a consideration of € 1 for each of the companies.

On 6 July 2020, Piraeus Bank participated in the establishment of company, Perigenis Business Properties S.A., and on 9 September 2020 paid a capital contribution of € 10 million corresponding to 20.61% of the company. As a result, the company was classified in the joint venture's portfolio of the Group.

b) Significant changes in the Group's participations during the period:

The changes incurred during the period ended 30 September 2020, concerning the Group's participations to subsidiaries, associates or joint ventures in excess of € 5 million, were the following:

On 19 June 2020, the 100.00% subsidiary companies of Piraeus Bank, Ianos Properties S.A. and Lykourgos Properties S.A., proceeded with a share capital increase through set-off against debt towards Piraeus Bank, for an amount of € 7 million and € 21 million, respectively. The Bank's shareholding percentage in the companies remained unchanged.

On 6 July 2020, 41,350,798 shares were listed on the Athens Exchange for trading as a result of the completion of the share capital increase of € 37 million, in the 39.39% associate company of Piraeus Bank, Trastor Real Estate Investment Company. Piraeus Bank participated in the share capital increase with the amount of € 22 million. Subsequently, its shareholding percentage in the company increased to 44.81%.

c) Liquidation and disposal of subsidiaries:

During the period ended 30 September 2020, Piraeus Asset Management Europe S.A., ETVA Development S.A. and Linklife Food and Entertainment Hall S.A, were set under liquidation. On 23 July 2020, the liquidation of Hellenic Fund for Sustainable Development was completed, while on 10 June 2020 and 14 September 2020 Piraeus Clean Energy GP Ltd and Piraeus Asset Management Europe S.A. respectively were removed from the relevant Companies Registries.

d) Other changes – corporate transformations:

On 29 June 2020, Piraeus Insurance Agency S.A. was deleted from the relevant Company Registry, as the demerger by absorption of certain assets and liabilities by Piraeus Bank and the remainder by Piraeus Agency Solutions Single Member S.A., a wholly owned subsidiary of the Bank, was completed.

On 30 July 2020, CPB Leasing S.A. was renamed to Piraeus Financial Leasing Single Member S.A.

26 Capital adequacy

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

- To comply with the CRR Regulation against risks undertaken, according to the regulatory framework,
- To preserve the Group's ability to continue its operations unhindered, thus to continue providing returns and benefits to its Shareholders and ensure the confidence of its customers,
- To retain a sound and stable capital base in order to support the Group's Business Plans and

- To maintain and enhance existing infrastructures, policies, procedures and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

From 1 January 2014 onwards the Group complies with the CRD IV regulatory framework (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU as transposed into Greek Law 4261/2014 and Regulation (EU) No. 575/2013 (CRR).

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

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

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

Further to the conclusion of the SREP (Supervisory Review and Evaluation Process), the ECB informed Management of its Overall Capital Requirement (“OCR”), valid for 2020, not taking into account mitigating measures for the Covid-19 pandemic.

According to the decision, the Group would have to maintain on a consolidated basis and on an individual basis a Total SREP Capital Requirement (TSCR) of 11.25% and an Overall Capital Requirement (OCR) of 14.25% (31 December 2019: 14.00%), which includes:

a) the minimum Pillar I total capital requirements of 8% as per article 92(1) of Regulation 575/2013/EU;

b) an additional Pillar II capital requirement of 3.25% (31 December 2019: 3.25%) as per article 16(2) of Regulation 1024/2013/EU;

c) the fully loaded capital conservation buffer of 2.5% (31 December 2019: 2.5%) under Greek Law 4261/2014; and

d) the transitional Other Systemic Important Institutions (O-SII) capital buffer of 0.50% for 2020 (31 December 2019: 0.25%) under Greek Law 4261/2014.

The capital adequacy ratios as at 30 September 2020 and 31 December 2019 (as restated) for the Group, as calculated under the existing regulatory framework, taking into account the relevant transitional period provisions applicable under Regulation 575/2013 and the transitional arrangements applicable under Regulation (EU) 2395/2017 for mitigating the impact of the introduction of IFRS 9 on own funds, were as follows:

	30/9/2020	31/12/2019 as restated
Common Equity Tier 1 Capital (CET1)	6,133	6,732
Tier 1 Capital	6,133	6,732
Total regulatory capital	7,021	7,126
Total risk weighted assets (on and off- balance sheet items)	43,579	45,685
CET1 Capital ratio	14.1%	14.7%
T1 Capital ratio	14.1%	14.7%
Total Capital ratio	16.1%	15.6%

The comparative information as at 31 December 2019 has been adjusted to incorporate into regulatory capital the audited 2019 year-end profit.

As of 30 September 2020, the Total Capital Adequacy Ratio for the Group stood at 16.1% (30 June 2020: 16.0%) and the CET1 ratio stood at 14.1% (30 June 2020:14.0%), strengthened by 13 bps and 11 bps, respectively comparing to 30 June 2020 and covering minimum OCR levels.

The spread of the Covid-19 pandemic has proven to be an unprecedented challenge at both global and European level. On 12 March 2020, the ECB announced several measures to address the adverse economic effects resulting from Covid-19 pandemic on Banks under its supervision. These measures extend temporary support to Banks so that they may continue to provide necessary funding and address the European economy's increased needs. For these reasons, the ECB will allow Banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (P2G) and the Combined Buffer Requirement.

Banks will also be allowed to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R). This brings forward a measure that was initially scheduled to come into effect in January 2021, as part of the latest revision of the Capital Requirements Directive (CRD V).

The impact of Covid-19 also accelerated the implementation of certain measures introduced in the CRR II, including the RWA relief factors for qualifying SME and infrastructure exposures. These relief measures, initially scheduled for June 2021, have been implemented by the Bank as of June 2020.

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

Taking into consideration the aforementioned developments, the Group currently operates with a capital excess of 475 bps over its Total SREP Capital Requirement (TSCR).

27 Commencement of a demerger process by way of hive–down of the banking activity sector and its contribution into the incorporation of a new banking entity

On 23 July 2020, Piraeus Bank's Board of Directors resolved the commencement of a demerger process through the spin-off (hive–down) of the banking activity sector of the Bank (hereinafter the "Demerged Entity") and its contribution into a new banking entity to be incorporated (hereinafter the "Beneficiary"), pursuant to the provisions of article 16 of L. 2515/1997 and articles 57 (par. 3) & 59-74 of L. 4601/2019 (hereinafter the "Demerger"). In August 27th 2020, the Board of Directors approved the aforementioned demerger, by contribution into a new entity and on September 4th, the Draft Demerger Deed by way of hive–down of the banking activity sector of the Bank and its contribution into a new banking entity, has been registered with the General Commercial Registry (G.E.MI.) and published on its website. Furthermore, the Draft Demerger Deed has been published via the link (Draft De-merger Deed) on the website of Piraeus Bank S.A. (www.piraeusbankgroup.com), where all relevant information concerning the aforementioned demerger is available.

Upon completion of the Demerger:

- The Beneficiary will be incorporated and the Demerged Entity shall become a shareholder of the Beneficiary and will acquire all the shares issued by the Beneficiary, i.e. 5,400,000,000 common registered shares of a nominal value of € 1.00 each. The demerger will be effected through the spin-off of the banking activity sector of the Bank and the contribution of the said sector to the Beneficiary, which will be licensed as a credit institution and shall be a wholly owned subsidiary of the Demerged Entity.

- The Demerged Entity will cease to be a credit institution and its corporate name will be changed to "Piraeus Financial Holdings Société Anonyme", with the distinctive title "Piraeus Financial Holdings", while its shares will remain listed on the Athens Stock Exchange, by retaining certain assets, liabilities and non-banking activities. It is noted that, in accordance with the provisions of paragraphs (i) and (k) of article 2 and paragraph 12 of article 10 of L. 3864/2010, as amended and in force, after the demerger the HFSF may directly exercise its rights under Law 3864 and the existing Relationship Framework Agreement (RFA) at the level of both Piraeus Financial Holdings and the Beneficiary entity (new bank).

- July 31st 2020 has been set as the Transformation Balance Sheet date for the Demerger. All actions or transactions concerning the hived-down banking sector, which will be effected by the Demerged Entity following the Transformation Balance Sheet date, shall be deemed to have been conducted for the account of the Beneficiary.

- The special rights enjoyed by the HFSF shall apply towards the Beneficiary as well, in compliance with the provisions of Law 3864/2010, as in force. The HFSF holds 115,375,400 shares of the Demerged Entity, representing approximately 26.42% of the share capital of the Demerged Entity. The HFSF will exercise towards the Demerged Entity and the Beneficiary all rights under L.3864/2010.

- The completion of the Demerger, which is subject to approval by the General Meeting of Shareholders, as well as to the receipt of all required approvals by the competent authorities pursuant to applicable law and by the HFSF, is expected to have been completed by the end of 2020.

- The assets and liabilities of the hived-down banking sector, will be transferred as balance sheet items of the

Beneficiary, in accordance with the provisions of article 16 para. 5 of Law 2515/1997.

Upon completion of the Demerger, the Demerged Entity will retain certain assets, liabilities and activities related to the following:

- Directly and indirectly participating in domestic and/or foreign legal entities and other entities, undertaking and companies established or to be established, of any form and object.
- Undertaking or carrying on insurance intermediation and insurance distribution activities on a retainer, pursuant to the provisions of L. 4583/2018, as in force from time to time, for and on behalf of one or several insurance undertakings (insurance agent), providing insurance advisory services to third parties and to companies of the Demerged Entity's group, as well as researching, studying and analysing insurance related issues.
- Providing financial advisory services involving planning, development, research, reorganisation, assessment, business strategy, acquisitions, sales, mergers and restructuring of companies.
- Providing specialised shareholders registry services to domestic and/or foreign legal entities, other entities and undertakings of any form and object, established or to be established in the future, whether listed on a trading venue or not.
- Other activities and services similar or conductive to the above.

In the context of the above and taking into consideration the Phoenix and Vega securitizations (please refer to Note 13), on 1 September 2020, Piraeus Bank S.A. and Intrum AB (publ) have signed a binding commitment letter, according to which Intrum AB (publ) will purchase thirty percent (30%) of the mezzanine and junior notes of the circa € 1.9 billion residential mortgages NPE securitisation “Project Phoenix”. Subject to corporate and regulatory approvals, the Bank is contemplating to distribute sixty-five percent (65%) of the mezzanine and junior notes to its shareholders, while retaining five percent (5%) of the said financial instruments itself.

Upon completion of the Bank’s corporate transformation the new licensed banking entity will retain one hundred percent (100%) of the senior notes and five percent (5%) of the mezzanine and junior notes. As announced in early August 2020, Piraeus Bank S.A. has filed an application for the inclusion of the Project Phoenix senior notes, with a total nominal value of up to € 1.0 billion, in the Hellenic Asset Protection Scheme.

28 Events subsequent to the end of the reporting period

- On 30 October 2020, in the context of its transformation plan, which aims to reduce operating costs by about 20% over the next 3-5 years, Piraeus Bank announced a Voluntary Exit Scheme (VES) for targeted groups of employees, with a target participation of 1,000 employees, which is expected to be approached. The cost of the VES is estimated to reach approximately € 100 million, while the respective benefit will be recorded during the next 2.5 years. The final cost of the scheme will be determined in the fourth quarter of 2020, when the number of employees wishing to participate will be finalized.

- On 16 November 2020, the Bank announced that it had received a draft preliminary decision of the Supervisory Board of the ECB indicating the supervisor's intention not to approve the request of the Bank to pay in cash the coupon of the CoCos of € 165 million to the HFSF, due on 2 December 2020. Such decision will result to conversion of the CoCos into a fixed number of ordinary shares (394.4 million), determined by dividing 116% of the aggregate principal amount of the instruments (€ 2,040 million) with the subscription price of the 2015 share capital increase (currently calculated at € 6.00 per share), as defined in the CoCos' Issuance Programme. After conversion of the CoCos into ordinary shares, HFSF will increase its stake to 61.3%, whilst the total equity of the Group will remain unchanged. On 23 November 2020, Piraeus Bank announced that it received the final decision of the Governing Council of the ECB, which confirms that it does not approve Piraeus Bank's request for the cash payment of the annual coupon of the CoCos to the HFSF. Given the above, Piraeus Bank's Board of Directors, considering the available options, decided to exercise its discretion under the relevant terms of the CoCos' Issuance Programme and cancel the CoCos' interest payment. The aforementioned developments will enhance the Bank's capital trajectory, enabling it to step up its NPE de-risking efforts, in parallel with the execution of its transformation plan. Furthermore, on 26 October 2020, HFSF announced, inter alia, that it remains focused on its two-pronged institutional role: the defense of public interest by contributing to the stability of the Greek financial system, as well as the facilitation of the transition of systemic banks to private sector. In addition, it stated that in its capacity as key shareholder of the Bank, HFSF is aware of the Bank's transformation plan and has full confidence in the Bank's Management.

- On 19 November 2020, the Bank invited its shareholders to an Extraordinary General Meeting on 10 December 2020, in order to approve the demerger of the public limited company under the name "PIRAEUS BANK SA", with a spin-off of its banking sector activity and its offer to a new company that will be set up and will receive a license to operate as a credit institution. In case the required quorum is not attained, the General Meeting will convene again at a repeat session on 17 December 2020.

- Piraeus Bank's Group has monitored and assessed information received after the reporting period, until the interim financial statements were approved for issuance on 23 November 2020. No new information has arisen that required to adjust the financial position of the Group as at 30 September 2020. However, the advent of a second Covid-19 pandemic wave, combined with the enforcement of the new lockdown measures imposed by the authorities throughout the country, further intensifies the uncertainty compared to previous months, as to the duration of the pandemic and the pace of the global and Greek economic recovery.

Athens, 23 November 2020

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