EUROBANK ERGASIAS S.A.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED

30 SEPTEMBER 2017

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Selected Explanatory Notes to the Condensed Consolidated Interim Financial Statements

Consolidated Interim Balance Sheet

	Note	30 September 2017 € million	31 December 2016 € million
ASSETS			
Cash and balances with central banks		**1,254**	1,477
Due from credit institutions		**2,275**	2,759
Financial instruments at fair value through profit or loss		**58**	71
Derivative financial instruments		**1,747**	1,980
Loans and advances to customers	14	**37,192**	39,058
Investment securities	15	**8,774**	12,463
Investments in associates and joint ventures	17	**116**	101
Property, plant and equipment	13	**392**	638
Investment property	18	**330**	905
Intangible assets		**139**	145
Deferred tax assets	12	**4,905**	4,945
Other assets	19	**1,733**	1,851
Assets of disposal groups classified as held for sale	13	**1,885**	-
Total assets		**60,800**	66,393
LIABILITIES			
Due to central banks	20	**11,080**	13,906
Due to credit institutions	21	**4,914**	7,780
Derivative financial instruments		**1,974**	2,441
Due to customers	22	**33,201**	34,031
Debt securities in issue	23	**55**	102
Other liabilities	24	**685**	778
Liabilities of disposal groups classified as held for sale	13	**1,998**	-
Total liabilities		**53,907**	59,038
EQUITY			
Ordinary share capital	25	**655**	655
Share premium	25	**8,055**	8,055
Reserves and retained earnings		**(2,813)**	(2,988)
Preference shares	26	**950**	950
Total equity attributable to shareholders of the Bank		**6,847**	6,672
Preferred securities	27	**43**	43
Non controlling interests	13	**3**	640
Total equity		**6,893**	7,355
Total equity and liabilities		**60,800**	66,393

Notes on pages 6 to 47 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Income Statement

	Note	Nine months ended 30 September 2017 € million	Nine months ended 30 September 2016 € million	Three months ended 30 September 2017 € million	Three months ended 30 September 2016 € million
Net interest income		**1,091**	1,088	**369**	367
Net banking fee and commission income		**190**	158	**65**	57
Income from non banking services		**7**	9	**2**	2
Net trading income	5	**47**	(3)	**16**	4
Gains less losses from investment securities	15	**63**	85	**22**	27
Other income/(expenses)	12,16	**(10)**	76	**(11)**	(1)
Operating income		**1,388**	1,413	**463**	456
Operating expenses	9	**(668)**	(682)	**(223)**	(224)
Profit from operations before impairments, provisions and restructuring costs		**720**	731	**240**	232
Impairment losses on loans and advances	10	**(544)**	(559)	**(178)**	(186)
Other impairment losses and provisions	11	**(26)**	(18)	**(8)**	(10)
Restructuring costs	11	**(3)**	(47)	**(2)**	(1)
Share of results of associates and joint ventures		**4**	(2)	**3**	(2)
Profit before tax		**151**	105	**55**	33
Income tax	12	**(21)**	(23)	**5**	(5)
Tax adjustments	12	**-**	31	**-**	-
Net profit from continuing operations		**130**	113	**60**	28
Net profit/ (loss) from discontinued operations	13	**(58)**	93	**(75)**	64
Net profit/ (loss)		**72**	206	**(15)**	92
Net profit attributable to non controlling interests	13	**11**	14	**0**	6
Net profit/ (loss) attributable to shareholders		**61**	192	**(15)**	86
		€	€	**€**	€
Earnings/(losses) per share					
-Basic earnings/(losses) per share	8	**0.03**	0.09	**(0.01)**	0.04
Earnings per share from continuing operations					
-Basic earnings per share	8	**0.06**	0.05	**0.03**	0.01

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Consolidated Interim Statement of Comprehensive Income

	Nine months ended 30 September				Three months ended 30 September			
	2017		2016		**2017**		2016	
	€ million		€ million		**€ million**		€ million	
Net profit/(loss)		**72**		206		**(15)**		92
Other comprehensive income:								
Items that are or may be reclassified subsequently to profit or loss:								
Cash flow hedges								
- changes in fair value, net of tax	**25**		(0)		**8**		5	
- transfer to net profit, net of tax	**(4)**	**21**	(0)	(0)	**(3)**	**5**	0	5
Available for sale securities								
- changes in fair value, net of tax	**97**		50		**(12)**		18	
- transfer to net profit, net of tax	**(27)**	**70**	(116)	(66)	**(9)**	**(21)**	(82)	(64)
Foreign currency translation								
- changes in fair value, net of tax	**5**		(10)		**2**		(3)	
- transfer to net profit, net of tax	**4**	**9**	1	(9)	**4**	**6**	1	(2)
Associates and joint ventures								
- changes in the share of other comprehensive income, net of tax	**14**	**14**	(4)	(4)	**(5)**	**(5)**	(4)	(4)
		114		(79)		**(15)**		(65)
Items that will not be reclassified to profit or loss:								
- Actuarial gains/(losses) on post employment benefit obligations, net of tax	**0**	**0**	(3)	(3)	**0**	**0**	-	-
Other comprehensive income		**114**		(82)		**(15)**		(65)
Total comprehensive income attributable to:								
Shareholders								
- from continuing operations	**245**		108		**43**		31	
- from discontinued operations	**(70)**	**175**	2	110	**(73)**	**(30)**	(10)	21
Non controlling interests								
- from continuing operations	**0**		0		**0**		(0)	
- from discontinued operations	**11**	**11**	14	14	**0**	**0**	6	6
		186		124		**(30)**		27

Notes on pages 6 to 47 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Statement of Changes in Equity

	Total equity attributable to shareholders of the Bank							
	Ordinary share capital € million	Share premium € million	Special reserves € million	Retained earnings € million	Preference shares € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2016	656	8,055	7,786	(11,027)	950	43	669	7,132
Net profit	-	-	-	192	-	-	14	206
Other comprehensive income	-	-	(82)	-	-	-	0	(82)
Total comprehensive income for the nine months ended 30 September 2016	-	-	(82)	192	-	-	14	124
Acquisition/changes in participating interests in subsidiary undertakings	-	-	-	0	-	-	4	4
(Purchase)/sale of treasury shares	0	1	-	(2)	-	-	-	(1)
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(24)	(24)
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	1	1
	0	1	0	(2)	-	-	(19)	(20)
Balance at 30 September 2016	656	8,056	7,704	(10,837)	950	43	664	7,236
Balance at 1 January 2017	**655**	**8,055**	**7,715**	**(10,703)**	**950**	**43**	**640**	**7,355**
Net profit	-	-	-	61	-	-	11	**72**
Other comprehensive income	-	-	114	-	-	-	0	**114**
Total comprehensive income for the nine months ended 30 September 2017	**-**	**-**	**114**	**61**	**-**	**-**	**11**	**186**
Acquisition/changes in participating interests in subsidiary undertakings (note 13)	-	-	-	-	-	-	(634)	**(634)**
(Purchase)/sale of treasury shares (note 25)	0	(0)	-	0	-	-	-	**0**
Dividends distributed by subsidiaries attributable to non controlling interests	-	-	-	-	-	-	(15)	**(15)**
Share-based payment:								
- Value of employee services	-	-	0	-	-	-	1	**1**
	0	**(0)**	**0**	**0**	**-**	**-**	**(648)**	**(648)**
Balance at 30 September 2017	**655**	**8,055**	**7,829**	**(10,642)**	**950**	**43**	**3**	**6,893**
	Note 25	Note 25			Note 26	Note 27		

Notes on pages 6 to 47 form an integral part of these condensed consolidated interim financial statements

Consolidated Interim Cash Flow Statement

	Note	Nine months ended 30 September 2017 € million	2016 € million
Cash flows from continuing operating activities			
Profit before income tax from continuing operations		**151**	105
Adjustments for :			
Impairment losses on loans and advances	10	**544**	559
Other impairment losses, provisions and restructuring costs	11	**29**	59
Depreciation and amortisation	9	**45**	47
Other (income)/losses on investment securities	29	**(96)**	(109)
Other adjustments	29	**(2)**	(52)
		671	609
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(208)**	(129)
Net (increase)/decrease in financial instruments at fair value through profit or loss		**(41)**	15
Net (increase)/decrease in due from credit institutions		**522**	(189)
Net (increase)/decrease in loans and advances to customers		**(171)**	393
Net (increase)/decrease in derivative financial instruments		**40**	23
Net (increase)/decrease in other assets		**82**	171
Net increase/(decrease) in due to central banks and credit institutions		**(5,545)**	(5,877)
Net increase/(decrease) in due to customers		**1,084**	1,564
Net increase/(decrease) in other liabilities		**(9)**	(111)
		(4,246)	(4,140)
Income tax paid		**(24)**	(21)
Net cash from/(used in) continuing operating activities		**(3,599)**	(3,552)
Cash flows from continuing investing activities			
Acquisition of fixed and intangible assets		**(59)**	(40)
Proceeds from sale of fixed and intangible assets		**23**	27
(Purchases)/sales and redemptions of investment securities		**3,482**	2,800
Acquisition of subsidiaries, net of cash acquired	16	**(0)**	37
Acquisition of holdings in associates and joint ventures and participations in capital increases	17	**(8)**	(10)
Disposal of subsidiaries, net of cash disposed	13	**125**	314
Disposal/liquidation of holdings in associates and joint ventures		**-**	1
Dividends from investment securities, associates and joint ventures		**10**	2
Net cash from/(used in) continuing investing activities		**3,573**	3,131
Cash flows from continuing financing activities			
(Repayments)/proceeds from debt securities in issue		**(46)**	(151)
Expenses paid for share capital increase		**-**	(6)
(Purchase)/sale of treasury shares		**0**	(1)
Net cash from/(used in) continuing financing activities		**(46)**	(158)
Effect of exchange rate changes on cash and cash equivalents		**6**	(2)
Net increase/(decrease) in cash and cash equivalents from continuing operations		**(66)**	(581)
Net cash flows from discontinued operating activities		**5**	(439)
Net cash flows from discontinued investing activities		**(40)**	288
Net cash flows from discontinued financing activities		**(15)**	(22)
Effect of exchange rate changes on cash and cash equivalents		**(3)**	(1)
Net increase/(decrease) in cash and cash equivalents from discontinued operations		**(53)**	(174)
Cash and cash equivalents at beginning of period	29	**1,697**	2,205
Cash and cash equivalents at end of period	29	**1,578**	1,450

Notes on pages 6 to 47 form an integral part of these condensed consolidated interim financial statements

1. General information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 15 November 2017.

2. Principal accounting policies

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 'Interim Financial Reporting' and they should be read in conjunction with the Group's published consolidated annual financial statements for the year ended 31 December 2016. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current period. Except as indicated, financial information presented in euro has been rounded to the nearest million.

Going concern considerations

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

Macroeconomic environment

Greece's real GDP is expected to grow by 1.8% in 2017, according to the 2018 Draft Budget submitted in Parliament in early October 2017 (European Commission Autumn Forecast for 2017 at 1.6%) from -0.03% in 2016, according to recent Hellenic Statistical Authority (ELSTAT) data. The unemployment rate in August 2017 was 20.6%, based on ELSTAT data (31 December 2016: 23.5%). On the fiscal front, the 2016 Greece's primary balance registered a surplus of 3.9% of GDP outperforming the 0.5% of GDP Third Economic Adjustment Program (TEAP) target. According to the 2018 Draft Budget the primary surplus for 2017 and 2018 is expected at 2.2% and 3.6% of GDP, respectively.

In June 2017, Greece, after the implementation of a series of prior actions including structural reforms and fiscal structural measures amounting to 2% of GDP for the post program period, successfully concluded the second review of TEAP, which paved the way for the release of the next loan tranche to Greece under the existing adjustment program, amounting to € 8.5 bn in two sub-tranches, for debt servicing needs and arrears clearance. The first sub-tranche of € 7.7 bn has been disbursed in June 2017. The second sub-tranche of € 0.8 bn was disbursed in late October 2017 after the progress by the Greek authorities towards the clearance of the general government arrears to the private sector. On 25 July 2017, the Greek government, on the back of the aforementioned positive developments, issued a € 3 bn five-year bond at a yield of 4.625% for the first time since July 2014. The proceeds of the bond issue will be used for further liability/debt management and for the build-up of a state cash buffer in the context of the 15 June 2017 Eurogroup's decisions.

The completion of the second program review has reduced the uncertainties that prevailed during the first months of the year and improved expectations for an increase in the domestic economic activity in the second half of 2017. The third review of TEAP commenced at the end of October 2017 and its timely completion would lead to the disbursement of an additional € 5 bn. The instalment together with the funds scheduled for the upcoming reviews of the TEAP and from potential future bond issuances will permit Greece to clear the existing stock of arrears and create a cash buffer in order to cover the financing needs for around 10 months after the end of the TEAP (August 2018). The decisive implementation of the reforms agreed in the context of the TEAP, the implementation of further debt relief measures in accordance with 24 May 2016 Eurogroup decisions, the mobilization of European Union (EU) funding to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model would facilitate the restoration of confidence in the prospects of the Greek economy and the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Currently, the main risks and uncertainties are associated with (a) the possible delays in the implementation of the reforms' agenda in order to meet the next targets and milestones of the TEAP, (b) the impact on the level of economic activity and on the attraction of direct investments from the fiscal and social security-related measures agreed under the reviews of the TEAP, (c) the timing of a full lift of restrictions in the free movement of capital and the respective impact on the level of economic activity, (d) the possible slow pace of deposits inflows and/ or possible delays in the effective management of non-performing exposures (NPEs) as a result of the challenging macroeconomic conditions in Greece and (e) the geopolitical conditions in the broader region and the external shocks from a slowdown in the global economy.

Liquidity risk

In accordance with the agreement with the European partners the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The successful completion of the second review of the TEAP has enhanced Greece's credibility towards the international markets and improved the domestic economic sentiment, which along with the return to positive economic growth rate is expected to accelerate in turn the deposit inflows in the banking system, the faster relaxation of capital controls and the further access to the markets for liquidity.

As at 30 September 2017, the Bank's dependency on Eurosystem financing facilities decreased to € 11.1 bn, of which € 9 bn funding from Emergency Liquidity Assistance (ELA), mainly due to asset deleveraging, deposit inflows and increased market repos on covered bonds and Greek treasury bills (31 December 2016: € 13.9 bn, of which € 11.9 bn from ELA). The Eurosystem funding further declined to € 9.9 bn on 2 November 2017, of which € 7.9 bn from ELA, also driven from the issue of € 500 million covered bonds to international and domestic investors (note 20). In the same context, the Bank also reduced its participation in the second stream of the Hellenic Republic's liquidity support plan (bonds guaranteed by the Greek Government-GGGBs) from a face value of € 2.5 bn on 31 December 2016 to a face value of € 0.5 bn on 30 September 2017. The remaining GGGBs matured on 30 October 2017 and as of that date the Bank no longer participates in the second stream (notes 4 and 23).

Solvency risk

The Group monitors closely the developments in the Greek macroeconomic environment taking into account its direct and indirect exposure to sovereign risk (note 5). A major area of focus is the active management of NPEs, with the aim to substantially reduce their stock in accordance with the Bank's operational targets and taking advantage of the Group's internal infrastructure, the important legislative changes and the external partnerships that have taken or are expected to take place. On 5 October 2017, the Group announced that it has entered into a sale transaction for a non-performing unsecured consumer loan portfolio, which has been completed in November 2017 (note 14).

The Group remains focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, and by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets. The Group's Common Equity Tier 1 (CET1) ratio stood at 17.3 % at 30 September 2017 (note 6) and the net profit attributable to shareholders amounted to € 61 million for the period ended 30 September 2017.

In the context of the 2018 Supervisory Review and Evaluation Process (SREP), the Bank has been notified that it will participate in the ECB SREP stress test, which is expected to commence early 2018 (note 6).

Going concern assessment

The Board of Directors, taking into consideration the above factors relating to the adequacy of the Group's capital position and its anticipated continued access to Eurosystem funding over the foreseeable future, as well as the improving macroeconomic conditions in Greece, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

The accounting policies and methods of computation in these condensed consolidated interim financial statements are consistent with those in the published consolidated annual financial statements for the year ended 31 December 2016, except as described below.

Amendments to standards adopted by the Group

The following amendments to standards, as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply from 1 January 2017:

IAS 7, Amendment-Disclosure Initiative

The amendment requires disclosure of information enabling users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes from cash flows and non-cash changes. The disclosure requirements also apply to changes in financial assets, such as assets that hedge liabilities arising from financing activities, if cash flows from those financial assets were or future cash flows will be, included in cash flows from financing activities.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IAS 12, Amendment-Recognition of Deferred Tax Assets for Unrealized Losses

The amendment clarifies that (a) unrealized losses on debt instruments measured at fair value in the financial statements and at cost for tax purposes may give rise to a deductible temporary difference irrespective of whether the entity expects to recover the carrying amount of the debt instrument by sale or use, (b) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences, (c) the estimate of probable future taxable profits may include the recovery of an asset for more than its carrying amount, if there is sufficient evidence that it is probable that this will be realized by the entity, and (d) a deferred tax asset is assessed in combination with all of the other deferred tax assets where the tax law does not restrict the sources of taxable profits against which the entity may make deductions on the reversal of that deductible temporary difference. Where restrictions apply, deferred tax assets are assessed in combination only with other deferred tax assets of the same type.

The adoption of the amendment had no impact on the Group's condensed consolidated interim financial statements.

IFRS 9, Financial Instruments (effective 1 January 2018)

In July 2014, the IASB published the final version of IFRS 9 *'Financial Instruments'* which replaces IAS 39 *'Financial Instruments: Recognition and Measurement'*. IFRS 9 includes revised requirements on the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Classification and measurement

IFRS 9 applies a new classification and measurement approach for all types of financial assets that reflects the entity's business model for managing the assets and their contractual cash flow characteristics. IFRS 9 requires financial assets to be classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held-to-maturity, loans and receivables and available for sale.

Financial assets will be measured at amortized cost if they are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and their contractual cash flows represent solely payments of principle and interest (SPPI). Financial assets will be measured at FVOCI if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and their contractual cash flows represent solely payments of principle and interest. All other financial assets will be classified at FVTPL.

An entity may at initial recognition, designate a financial asset at FVTPL if doing so eliminates or significantly reduces an accounting mismatch. Furthermore, on initial recognition of an equity instrument that is not held for trading, an entity may irrevocably elect to present subsequent changes in fair value through OCI. This election is made on an investment-by-investment basis.

Under IFRS 9, embedded derivatives in contracts where the host is a financial asset in the scope of the standard, are no longer bifurcated. Instead, the hybrid financial instrument is assessed for classification as a whole.

IFRS 9 retains most of the existing requirements for financial liabilities. However, for financial liabilities designated at FVTPL, gains or losses attributable to changes in own credit risk shall be presented in OCI and shall not be subsequently transferred to profit or loss, unless such a presentation would create or enlarge an accounting mismatch. Under IAS 39, all fair value changes of liabilities designated at FVTPL are recognized in profit or loss, unless this would create or enlarge an accounting mismatch.

Business model assessment

The business model reflects how the Group manages the assets in order to generate cash flows. That is, whether the Group's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. Financial assets that are held for trading or managed on a fair value basis will be measured at FVTPL.

The Group's approach is to perform the business model assessment consistently with its operating model and the information provided to key management personnel. In making the above assessment, the Group will consider a number of factors including:

- the stated policies and objectives for each portfolio;
- how the performance of each portfolio is evaluated and reported;
- the risks associated with the performance of the business model and how those risks are managed;
- how managers are compensated; and

- past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Group's stated objective for managing the financial assets is achieved.

SPPI assessment

In assessing whether the contractual cash flows are solely payments of principle and interest, the Group will consider whether the contractual terms of the instrument are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin. This will include an assessment of whether a financial asset contains a contractual term that could change the amount or timing of contractual cash flows in a way that it would not be consistent with the above condition. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset will be measured at FVTPL.

Initial assessment of changes to the classification and measurement

In 2017, the Group carried out an initial business model assessment across various portfolios and a detailed review of the contractual terms for its debt instruments portfolios to determine any potential changes to the classification and measurement. The above assessment will be ongoing until the transition date. The majority of the Group's debt instruments portfolios satisfied the SPPI criterion. Accordingly, based on its existing business models as at 30 September 2017, the Group's current expectation is that generally:

- loans and advances to banks and customers that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- held-to-maturity investment securities that are measured at amortized cost under IAS 39, would also be measured at amortized cost under IFRS 9;
- debt securities classified as available-for-sale under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;
- assets in the debt securities lending portfolio that are measured at amortized cost under IAS 39, would be measured at amortized cost or FVOCI depending on the business model within which they are held;
- debt securities that are measured at FVTPL under IAS 39 would continue to be measured at FVTPL under IFRS 9;
- trading and derivative assets that are measured at FVTPL under IAS 39 would also be measured at FVTPL under IFRS 9; and
- equity securities classified as available-for-sale under IAS 39 would be measured at FVTPL under IFRS 9.

IFRS 9 requires the business model assessment to be made based on the facts and circumstances that exist at the date of initial application, therefore, the Group will carry a roll forward assessment during 2017 to determine the actual impact taking into account the business model strategies and the composition of its portfolios as at 31 December 2017.

Impairment of financial assets

IFRS 9 introduces an expected credit loss (ECL) model that replaces the incurred loss model in IAS 39. The new requirements eliminate the threshold in IAS 39 that required a credit event to have occurred before credit losses were recognized and will apply to a broader population of financial instruments compared to IAS 39. The measurement of ECL will require the use of complex models and significant judgment about future economic conditions and credit behavior.

The new impairment model will apply to financial assets that are not measured at FVTPL, including loans, lease receivables, debt securities, financial guarantee contracts and loan commitments issued. No impairment loss will be recognized on equity investments.

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt instruments that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next twelve months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime ECLs will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets for which 12-month ECL are recognized will be considered to be in 'stage 1'; financial assets which have experienced a significant increase in credit risk will be in 'stage 2' and financial assets that are credit impaired will be in 'stage 3'.

Measurement of expected credit losses

The measurement of ECLs will be a probability-weighted average estimate of credit losses that will reflect the time value of money. A credit loss is the difference between the cash flows that are due to the Group in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Group compared to IAS 39.

For the purposes of measuring ECL, the Group will estimate expected cash shortfalls, which reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms and are not recognized separately. The estimate of expected cash shortfalls on a collateralized financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the discounted costs of obtaining and selling the collateral, irrespective of whether foreclosure is probable.

ECLs will be calculated over the maximum contractual period over which the Group is exposed to credit risk. The maximum contractual period is defined based on the substantive terms of the instrument, including the Group's ability to demand repayment or cancellation and the customer's ability to require extension. However, for revolving credit facilities (i.e. those that include both a loan and an undrawn commitment component) the period of exposure is determined in accordance with the Group's expected credit risk management actions to mitigate credit risk, including terminating or limiting credit exposure. In doing so, the Group will consider its normal credit risk mitigation process, its past practice, future intentions and expected credit risk mitigation actions, the period over which the Group was exposed to credit risk on similar instruments, and the length of time for defaults to occur on similar instruments following a significant increase in credit risk.

ECLs on individually large exposures and credit-impaired loans are measured individually. For retail exposures and some exposures to small and medium-sized enterprises, ECLs will be measured on a collective basis. This incorporates borrower specific information, such as delinquency, collective historical experience of losses and forward-looking macroeconomic information.

Allocation of Exposures to Stages

The Group will distinguish financial assets between those which are measured based on 12-month ECLs (stage 1) and those that carry lifetime ECLs (stage 2 and 3), depending on whether there has been a significant increase in credit risk on the financial asset since initial recognition. In assessing whether a financial asset has experienced a significant increase in credit risk since initial recognition, the Group intends to use a combination of quantitative, qualitative and backstop criteria including:

- relative changes on the residual lifetime probability of default;
- absolute thresholds on the residual lifetime probability of default; and
- days past due.

Management may apply temporary individual or collective overlays on exposures sharing the same credit risk characteristics to take into account specific situations which otherwise would not be fully reflected in the impairment models.

Financial assets that experience a significant increase in credit risk since initial recognition will be classified to stage 2. When the criteria for stage 2 classification are no longer met, financial assets will be reclassified to stage 1. Financial assets will be classified to stage 3 when they are considered to be credit impaired. Subsequent transfers from stage 3 to stage 2 will take place when the financial asset ceases to be credit impaired.

ECL Key inputs

The ECL calculations are based on the term structures of the probability of default (PD), the loss given default (LGD), the exposure at default (EAD) and other input parameters such as the credit conversion factor (CCF) and the prepayment rate. Generally, the Group intends to derive these parameters from internally developed statistical models and observed point-in-time and historical data, leveraging the existing infrastructure development for the regulatory framework and risk management practices.

The PD represents the likelihood of a borrower defaulting on its financial obligations either on the next twelve months or over the remaining lifetime. In accordance with IFRS 9, the Group will use point-in-time unbiased PDs that will incorporate forward looking information and macroeconomic scenarios.

EAD represents the exposure that the Group expects to be owed at the event of default. The EAD of a financial asset will be the gross carrying amount at default. In estimating the EAD, the Group will use historical observations and forward looking forecasts to reflect payments of principal and interest and any potential drawdowns on lending commitments.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure and is the difference between the contractual cash flows due and those that the Group expects to receive including any amounts from collateral. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD.

The PD, LGD and EAD used for accounting purposes may differ from those used for regulatory purposes. PD under IFRS 9 is a point-in-time estimate whereas for regulatory purposes PD is a 'through-the-cycle' estimate. In addition, LGD and EAD for regulatory purposes are based on loss severity experienced during economic downturn conditions, while under IFRS 9, LGD and EAD reflect an unbiased and probability-weighted amount.

The CCF factor is used to convert the amount of a credit line and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring. The prepayment rate is an estimate of early prepayments on loan exposure in excess of the contractual repayment according to the repayment schedule and is expressed as a percentage applied to the EAD at each period, reducing the latter amount accordingly.

Forward looking information

In assessing whether credit risk has increased significantly since initial recognition and measuring ECL the Group will incorporate forward looking information. The Group will evaluate a range of forward looking economic scenarios in order to achieve an unbiased and probability weighted estimate of ECL. In particular, the Group intends to use as a minimum three macroeconomic scenarios (i.e. base, adverse and optimistic) and consider the relative probabilities of each scenario. The base scenario will represent the most likely scenario and will be aligned with the information used by the Group for strategic planning and budgeting purposes.

Hedge accounting

IFRS 9 includes a new general hedge accounting model which aligns hedge accounting more closely with risk management. Under the new model, more hedging strategies may qualify for hedge accounting, new hedge effectiveness requirements apply and discontinuation of hedge accounting will be allowed only under specific circumstances. The IASB currently has a separate project for the accounting of macro hedging activities. Until the above project is completed, entities have an accounting policy choice to continue applying the hedge accounting requirements in IAS 39.

The Group intends to elect to continue applying IAS 39. However, the Group will provide the expanded disclosures required by the related amendments to IFRS 7 '*Financial Instruments: Disclosures*'.

IFRS 9 Implementation Program

A Group-wide IFRS 9 Program, led jointly by Group Risk and Group Finance, was initiated in 2015 to ensure a robust and high quality implementation in compliance with the requirements of the Standard and respective regulatory guidance.

Overall governance is provided through a central Program Management Office (PMO) that coordinates the implementation of the Program among the various stakeholders and is responsible for the day-to-day management tasks, as well as two Management Committees, namely the Steering Committee and the Technical Committee. The Steering Committee, which comprises senior staff from all the main functions of the Group, is mandated to oversee the implementation in accordance with the Standard, monitors timelines and the quality of the Program's deliverables, reviews program's results, approves deliverables and changes in the scope of the program where appropriate, and regularly informs the Executive Board, the Board Risk Committee, the Audit Committee and the Board of Directors on the Program's implementation progress. The Technical Committee is composed of Subject Matter Experts responsible for evaluating key technical issues and analyzing proposed changes in accounting policies and risk management methodologies for the Steering Committee before they are submitted and approved by the competent bodies of the Bank.

Reflecting the scale and complexity of the implementation plan, the Program is structured with various project teams (Group Finance, Group Risk Management, Information Systems, Internal Audit, Lending Business Units, Troubled Assets Group, Operations, Global Markets & Treasury and International General Division) dedicated to the various elements associated with the implementation of the Standard. These teams are supported by two external consultancy firms.

The implementation for the Group's foreign subsidiaries is managed locally with the establishment of local PMOs and Steering Committees. Progress is monitored by the central PMO with Head Office providing support and guidance to ensure consistent implementation within the Group.

The program progressed further in 2017 towards achieving key milestones across all work streams. In particular, up to date, the Group is in the process of finalizing the IFRS 9 accounting policies, key processes and process flows and the ECL methodologies. Educational workshops to the involved stakeholders are being conducted on the impact of IFRS 9 to the Group's lending practices and day-to-day operational activities in order to ensure that the new requirements are well understood and will be applied consistently across the Group.

The implementation phase of the IT solution and the pilot run have been completed. The Group will undertake a parallel run of IAS 39 and IFRS 9 in order to ensure a seamless transition to the new standard on the required effective date, while testing, model validation and refinement activities will continue up to the end of 2017.

In addition, the Group participates in the IFRS 9 thematic review conducted by the European Central Bank on the evaluation of the Group's preparedness, the impact of the new accounting principles on processes, infrastructure and regulatory capital. The Group has also carried out a preliminary impact assessment both for the classification and measurement and the impairment requirements within the context of the European Banking Authority's impact assessment on IFRS 9. The assessment was performed with reference date 31 December 2016 using information available as of that date as well as a number of assumptions on key policy choices, as mentioned above, that are still being analyzed by Management and their formulation is in progress.

The most significant impact on the Group's financial statements from the implementation of IFRS 9 is expected to result from the new impairment requirements. However, management is not yet in a position to estimate reliably the expected impact, since the Group is in the process of finalizing models and calibrating the impairment stage transfer criteria. The impact is also dependent on finalizing the classification assessment and the facts and circumstances from the date of initial application. Management expects that this information will be disclosed no later than in the 2017 Annual Report.

In relation to the prudential treatment of accounting provisions due to IFRS 9 that affects regulatory capital, the Group is closely monitoring the developments for the introduction of a 'phase in' approach into EU legislation for mitigating the impact of IFRS 9 transition to regulatory capital. In October 2017, the European Parliament, the Council and the Commission agreed on a five-year phase-in period during which banks will be allowed to add back to their regulatory capital part of the impact from the increase in loan loss provisions.

Transition

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Group's balance sheet on the date of transition on 1 January 2018. The Group intends to apply the exemption not to restate comparative figures for prior periods; therefore the Group's 2017 comparatives will be presented on an IAS 39 basis.

Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

- the determination of the business model within which a financial asset is held;
- the designation and revocation of previous designations of certain financial assets and liabilities as measured at FVTPL; and
- the designation of certain investments in equity instruments not held-for-trading as FVOCI.

3. Critical accounting estimates and judgments in applying accounting policies

In preparing these condensed consolidated interim financial statements, the significant judgments made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the published consolidated annual financial statements for the year ended 31 December 2016, which are those regarded by Management as the most important in applying the Group's accounting policies.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 5, 10, 12, 13, 24 and 28.

4. Greek Economy Liquidity Support Program

The Bank participates in the Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008 as amended and supplemented, as follows:

(a) First stream-preference shares

345,500,000 non-voting, preference shares, with nominal value of € 950 million, were subscribed to by the Hellenic Republic on 21 May 2009. On 3 November 2017, the Extraordinary General Meeting of the Shareholders of the Bank approved the full redemption of the preference shares in consideration for (i) €125,000 in cash, and (ii) €950,000,000 principal amount of subordinated notes issuable by the Bank (note 26); and

(b) Second stream-bonds issued by the Bank and guaranteed by the Hellenic Republic

As at 30 September 2017, the government guaranteed bonds, of face value of € 500 million, were fully retained by the Bank (note 23). During the period ended 30 September 2017, Government guaranteed bonds of face value of € 2,500 million matured, while the Bank proceeded with the issue of corresponding bonds of face value of € 500 million. The significant decrease in the bonds issued and held by the Bank during the aforementioned period, compared to the respective amount during the period ended 30 September 2016, led to the reduction of the relative expenses by € 54 million. On 30 October 2017, the remaining government guaranteed bonds of face value of € 500 million matured. As of that date the Bank no longer participates in the second stream.

Under Law 3723/2008, for the period the Bank participates in the program through the preference shares or the government guaranteed bonds (streams (a) and (b) above) the Hellenic Republic is entitled to appoint its representative to the Board of Directors. Information on the rights of the Hellenic Republic's representative is provided in the Directors' Report and Corporate Governance statement of the Annual Financial Report for the year ended 31 December 2016.

In addition, under Law 3756/2009, banks participating in the Greek Economy Liquidity Support Program are not allowed to acquire treasury shares under article 16 of the Company Law.

5. Credit exposure to Greek sovereign debt

As at 30 September 2017, the carrying value of Greek sovereign major exposures is as follows:

	30 September 2017 € million	31 December 2016 € million
Treasury bills	**1,352**	1,289
Greek government bonds	**2,135**	1,970
Derivatives with the Greek state	**1,043**	1,070
Exposure relating with Greek sovereign risk financial guarantee	**195**	194
Loans guaranteed by the Greek state	**128**	140
Loans to Greek local authorities and public organizations	**64**	75
Other receivables	**4**	19
Total	**4,921**	4,757

In the period ended 30 September 2017, the credit risk valuation adjustment on derivatives with the Hellenic Republic has decreased by € 37 million, with a positive effect on the Group's net trading income, as a result of the improvement in the short term tenors of Greek sovereign credit default swaps.

The adequacy of the impairment allowance for loans and receivables either guaranteed by the Greek state or granted to public related entities was evaluated in the context of the Group's impairment policy. The Group monitors the developments for the Greek macroeconomic environment closely in order to adjust appropriately its estimates and judgments based on the latest available information (note 2).

Information on the fair values of the Group's financial instruments is provided in note 28.

6. Capital management

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

	30 September 2017 € million	31 December 2016 € million
Total equity attributable to shareholders of the Bank	**6,847**	6,672
Add: Regulatory non controlling interests	**0**	255
Less: Other regulatory adjustments	**(196)**	(156)
Common Equity Tier I Capital	**6,651**	6,771
Add: Preferred securities	**21**	26
Less: Other regulatory adjustments	**(21)**	(26)
Total Tier I Capital	**6,651**	6,771
Tier II capital-subordinated debt	**-**	4
Add: Other regulatory adjustments	**32**	119
Total Regulatory Capital	**6,683**	6,894
Risk Weighted Assets	**38,396**	38,511
Ratios:	**%**	%
Common Equity Tier I (1)	**17.3**	17.6
Tier I (1)	**17.3**	17.6
Total Capital Adequacy Ratio (1)	**17.4**	17.9

(1) The pro-forma Common Equity Tier I, Tier I and Total Capital Adequacy ratios as at 30 September 2017, with the completion of (a) the disposal of the Romanian subsidiaries classified as held for sale (note 13) and (b) the full redemption by the Bank of the preference shares owned by the Greek State and the issuance by the Bank of subordinated notes constituting Tier II capital instruments (note 26) would be 15.1%, 15.1% and 17.8%, respectively.

Note: The Group's CET1 as at 30 September 2017, based on the full implementation of the Basel III rules in 2024 (fully loaded CET1), would be 14.2% (31 December 2016: 13.8%), while the respective pro-forma ratio with the completion of the disposal of the Romanian subsidiaries classified as held for sale (note 13) would be 14.6%. The fully loaded CET1 will not be affected with the completion of the full redemption by the Bank of the preference shares owned by the Greek State and the issuance by the Bank of subordinated notes constituting Tier II capital instruments (note 26).

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

Based on Council Regulation 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP), in order to define the prudential requirements of the institutions under its supervision, by defining a total SREP capital requirement. The key purpose of SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system. According to the decision of the 2016 SREP performed by the ECB, starting from 1 January 2017 the Bank is required to meet on a consolidated basis a Common Equity Tier I ratio of at least 8.75% and a Total Capital Adequacy Ratio of at least 12.25%.

In the context of the 2018 Supervisory Review and Evaluation Process (SREP), the Bank has been notified that it will participate in the ECB SREP stress test, which is expected to commence early 2018. The precise timeline of the exercise will be determined in due course. The 2018 SREP stress test will be based on the European Banking Authority (EBA) EU-wide stress test methodology, which will be finalized in November 2017 according to the EBA announcement, and potentially taking into account the country specificities as may be deemed appropriate by the supervisory authorities.

The Group is focused on the organic strengthening of its capital position by the further expansion of pre-provision income while maintaining its robust risk management practices, the active management of non-performing exposures supported by the fully operational internal bad bank as well as by proceeding to additional initiatives associated with the restructuring, transformation or optimization of operations, in Greece and abroad, that will generate or release further capital and/or reduce risk weighted assets.

Restructuring plan

On 29 April 2014, the European Commission (EC) approved the Bank's restructuring plan, as it was submitted through the Greek Ministry of Finance on 16 April 2014. In addition, on 26 November 2015, the EC approved the Bank's revised restructuring plan in the context of the recapitalization process in 2015. The Hellenic Republic has committed that the Bank will implement specific measures and actions and will achieve objectives which are an integral part of the said restructuring plan.

The principal structural commitments of the revised restructuring plan relate to: (a) the reduction of the total costs and the maximum number of employees and branches for the Group's Greek activities, (b) the decrease of the cost of deposits collected in Greece, (c) the deleveraging of the portfolio of equity investments, subordinated and hybrid bonds, (d) the decrease in shareholding in specific non-banking subsidiaries, (e) the reduction of the net loans to deposits ratio for the Group's Greek banking activities, (f) the reduction of the portfolio of the Group's foreign assets (non–related to Greek clients), (g) restrictions on the capital injection to the Group's foreign subsidiaries, the purchase of non-investment grade securities, the staff remuneration, the payment of dividends, the credit policy to be adopted and other strategic decisions.

By 30 September 2017, the Group has already met/ respected the commitments referring to items 'a' to 'd' and 'g'. For the period ended 30 September 2017, the number of employees for the Greek activities was reduced to 9,675 below the Plan's target of 9,800 employees by 31 December 2017. Concerning item 'd': on 4 July 2017, the Bank announced the successful sale of its 20% shareholding in Grivalia Properties R.E.I.C. (note 13). In respect of the remaining commitments that should be implemented within 2018, referred to items 'e' and 'f', the Group proceeds to all actions and initiatives required to meet them within the prescribed deadline, as reflected in the three-year Business Plan approved by the Board of Directors in January 2017. To this direction, on 15 September 2017, the Bank announced that it has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania. According to the Bank's further announcement on 10 November 2017, the signing of an agreement is estimated for the end of November 2017 (note 13).

Further information on the principal structural commitments to be implemented and the potential effect on the Group's business is presented in note 6 of the consolidated financial statements for the year ended 31 December 2016.

Monitoring Trustee

The Memorandum of Economic and Financial Policies (MEFP) of the Second Adjustment Program for Greece between the Hellenic Republic, the European Commission, the International Monetary Fund and the European Central Bank provides for the appointment of a monitoring trustee in all banks under State Aid.

Grant Thornton S.A. was appointed as the Bank's Monitoring Trustee (MT) on 22 February 2013, with the mandate of the MT been subsequently amended and extended on 29 May 2014. The MT monitors the compliance with the commitments on corporate governance and commercial operational practices and the implementation of the restructuring plan and reports to the European Commission.

7. Segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business in Greece and other countries in Europe (International). Greece is further segregated into retail, corporate, wealth management, global and capital markets. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

The Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.

- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody, equity brokerage, cash management and trade services.
- Wealth Management: incorporating private banking services to medium and high net worth individuals, insurance services until early August 2016 (note 13), mutual fund and investment savings products, and institutional asset management.
- Global and Capital Markets: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals as well as small and large corporate entities.
- International: incorporating operations in Romania, Bulgaria, Serbia, Cyprus, Ukraine (until its disposal in December 2016) and Luxembourg.

Other operations of the Group comprise mainly investing activities, including property management and investment (Grivalia's operations are included until 30 June 2017, note 13).

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

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

Operating segments

	For the nine months ended 30 September 2017						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center € million	Total € million
Net interest income	404	261	6	163	250	7	1,091
Net commission income	35	59	20	10	65	1	190
Other net revenue	0	8	0	59	15	25	107
Total external revenue	439	328	26	232	330	33	1,388
Inter-segment revenue	5	16	1	(20)	(2)	(0)	-
Total revenue	444	344	27	212	328	33	1,388
Operating expenses	(366)	(83)	(16)	(54)	(140)	(9)	(668)
Impairment losses on loans and advances	(366)	(108)	0	-	(70)	-	(544)
Other impairment losses and provisions (note 11)	(2)	(6)	(0)	-	(12)	(6)	(26)
Share of results of associates and joint ventures	(0)	(0)	5	-	(1)	0	4
Profit/(loss) before tax from continuing operations before restructuring costs	(290)	147	16	158	105	18	154
Restructuring costs (note 11)	(7)	(2)	(0)	(1)	(0)	7	(3)
Profit/(loss) before tax from continuing operations	(297)	145	16	157	105	25	151
Profit/(loss) before tax from discontinued operations	-	-	-	-	(69)	19	(50)
Non controlling interests	-	-	-	-	(1)	(15)	(16)
Profit/(loss) before tax attributable to shareholders	(297)	145	16	157	35	29	85

	30 September 2017						
	Retail € million	Corporate € million	Wealth Management € million	Global & Capital Markets € million	International € million	Other and Elimination center [(2)] € million	Total € million
Segment assets	22,912	12,592	224	10,906	12,867	1,299	60,800
Segment liabilities	26,958	6,363	1,512	6,420	11,276	1,378	53,907

The International segment is further analyzed as follows:

	For the nine months ended 30 September 2017					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	7	118	43	64	18	250
Net commission income	(1)	30	12	18	6	65
Other net revenue	4	2	1	8	0	15
Total external revenue	10	150	56	90	24	330
Inter-segment revenue	(0)	(0)	(0)	0	(2)	(2)
Total revenue	10	150	56	90	22	328
Operating expenses	(7)	(64)	(34)	(23)	(12)	(140)
Impairment losses on loans and advances	(5)	(45)	(9)	(11)	(0)	(70)
Other impairment losses and provisions	(4)	(5)	(0)	(0)	(3)	(12)
Share of results of associates and joint ventures	(0)	-	(1)	-	-	(1)
Profit/(loss) before tax from continuing operations	(6)	36	12	56	7	105
Profit/(loss) before tax from discontinued operations	(69)	-	-	-	-	(69)
Non controlling interests	(1)	(0)	(0)	-	-	(1)
Profit/(loss) before tax attributable to shareholders	(76)	36	12	56	7	35

	30 September 2017					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets(3)	2,448	3,515	1,322	4,510	1,428	12,867
Segment liabilities(3)	2,426	3,011	930	4,042	1,222	11,276

As at 30 September 2017, an amount of € 1,885 million relating to the assets of the Romanian subsidiaries Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. has been classified as held for sale (note 13).

	For the nine months ended 30 September 2016						
	Retail	Corporate	Wealth Management	Global & Capital Markets	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	459	275	7	146	243	(42)	1,088
Net commission income	39	51	20	(15)	58	5	158
Other net revenue	39	(0)	0	(5)	33	100	167
Total external revenue	537	326	27	126	334	63	1,413
Inter-segment revenue	25	16	(21)	(19)	(1)	(0)	-
Total revenue	562	342	6	107	333	63	1,413
Operating expenses	(361)	(90)	(21)	(61)	(137)	(12)	(682)
Impairment losses on loans and advances	(317)	(154)	(1)	-	(87)	-	(559)
Other impairment losses and provisions (note 11)	-	(5)	(2)	-	(3)	(8)	(18)
Share of results of associates and joint ventures	(0)	0	(2)	-	(0)	(0)	(2)
Profit/(loss) before tax from continuing operations before restructuring costs	(116)	93	(20)	46	106	43	152
Restructuring costs (note 11)	(52)	(6)	(2)	(1)	(9)	23	(47)
Profit/(loss) before tax from continuing operations	(168)	87	(22)	45	97	66	105
Profit/(loss) before tax from discontinued operations	-	-	31	-	(3)	81	109
Non controlling interests	-	-	-	-	(1)	(18)	(19)
Profit/(loss) before tax attributable to shareholders	(168)	87	9	45	93	129	195

	31 December 2016						
	Retail	Corporate	Wealth Management	Global & Capital Markets	International	Other and Elimination center (2)	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	21,755	11,591	227	13,351	13,201	6,268	66,393
Segment liabilities	18,662	2,642	1,519	24,640	11,540	35	59,038

	For the nine months ended 30 September 2016					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	12	117	43	55	16	243
Net commission income	(2)	26	10	18	6	58
Other net revenue	20	12	1	0	(0)	33
Total external revenue	30	155	54	73	22	334
Inter-segment revenue	0	0	(0)	0	(1)	(1)
Total revenue	30	155	54	73	21	333
Operating expenses	(9)	(62)	(33)	(21)	(12)	(137)
Impairment losses on loans and advances	(19)	(45)	(13)	(10)	(0)	(87)
Other impairment losses and provisions	(0)	(3)	(0)	-	-	(3)
Profit/(loss) before tax from continuing operations before restructuring costs	2	45	8	42	9	106
Restructuring costs	(1)	(8)	(0)	-	(0)	(9)
Profit/(loss) before tax from continuing operations[(1)]	1	37	8	42	9	97
Profit/(loss) before tax from discontinued operations	(3)	-	-	-	-	(3)
Non controlling interests	(1)	(0)	(0)	-	-	(1)
Profit/(loss) before tax attributable to shareholders	(3)	37	8	42	9	93

	31 December 2016					
	Romania	Bulgaria	Serbia	Cyprus	Luxembourg	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets[(3)]	2,901	3,366	1,306	4,461	1,458	13,201
Segment liabilities[(3)]	2,724	2,900	928	4,048	1,230	11,540

[(1)] *Income/(loss) from associates and joint ventures is included.*
[(2)] *Interbank eliminations between International and the other Group's segments are included.*
[(3)] *Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.*

8. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Group has issued convertible, subject to certain conditions and restrictions, preferred securities (Series D, note 27). The potential ordinary shares which could result from the conversion of the aforementioned preferred securities are not deemed to be issuable on the basis of the conditions and restrictions currently in force (note 6). Accordingly, the Series D of preferred securities was not included in the calculation of diluted earnings per share.

		Nine months ended 30 September		Three months ended 30 September	
		2017	2016	**2017**	2016
Net profit/(loss) for the period attributable to shareholders	*€ million*	**61**	192	**(15)**	86
Net profit for the period from continuing operations attributable to shareholders	*€ million*	**130**	113	**60**	28
Weighted average number of ordinary shares in issue for basic earnings/(losses) per share	*Number of shares*	***2,184,080,462***	*2,185,429,434*	***2,184,674,951***	*2,185,508,175*
Earnings/(losses) per share					
- Basic earnings/(losses) per share	€	**0.03**	0.09	**(0.01)**	0.04
Earnings per share from continuing operations					
- Basic earnings per share	€	**0.06**	0.05	**0.03**	0.01

Basic losses per share from discontinued operations for the period ended 30 September 2017 amounted to € 0.03 (30 September 2016: € 0.04 earnings).

9. Operating expenses

	30 September 2017 € million	30 September 2016 € million
Staff costs	**(381)**	(376)
Administrative expenses	**(150)**	(160)
Contributions to resolution and deposit guarantee funds	**(50)**	(55)
Depreciation of property, plant and equipment	**(28)**	(30)
Amortisation of intangible assets	**(17)**	(17)
Operating lease rentals	**(42)**	(44)
Total from continuing operations	**(668)**	(682)

The average number of employees of the Group's continuing operations during the period was 13,772 (period ended 30 September 2016: 14,245). As at 30 September 2017, the number of branches and business/private banking centers of the Group's continuing operations amounted to 706.

Furthermore, the average number of employees of the Romanian disposal group during the period was 2,090 (period ended 30 September 2016: 2,795 employees for the Romanian disposal group, operations in Ukraine and Grivalia subgroup). As at 30 September 2017, the number of branches and business centers of the Romanian disposal group amounted to 155 (note 13).

10. Impairment allowance for loans and advances to customers

The movement of the impairment allowance for loans and advances to customers by product line is as follows:

	30 September 2017				
	Wholesale € million	Mortgage € million	Consumer € million	Small business € million	Total € million
Balance at 1 January	**4,509**	**2,272**	**2,732**	**2,085**	**11,598**
Impairment loss for the period	**127**	**204**	**137**	**76**	**544**
Recoveries of amounts previously written off	**3**	**-**	**5**	**1**	**9**
Amounts written off	**(468)**	**(51)**	**(30)**	**(8)**	**(557)**
NPV unwinding	**(73)**	**(50)**	**(28)**	**(63)**	**(214)**
Allowance for discontinued operations	**(32)**	**(46)**	**(16)**	**(49)**	**(143)**
Foreign exchange differences and other movements[(1)]	**(38)**	**(35)**	**(21)**	**7**	**(87)**
Balance at 30 September	**4,028**	**2,294**	**2,779**	**2,049**	**11,150**

[(1)]It includes € 70 million impairment allowance (€ 31 million mortgage and € 39 million small business loans) relating to the sale of gross loans of € 150 million from Bancpost S.A., which has been classified as held for sale (note 13), to the Bank's subsidiary ERB New Europe Funding II B.V.

11. Other impairments, restructuring costs and provisions

	30 September 2017 € million	30 September 2016 € million
Impairment losses and valuation losses on investment and repossessed properties	**(17)**	(13)
Other impairment losses and provisions [(1)]	**(9)**	(5)
Other impairment losses and provisions	**(26)**	(18)
Provision for the Voluntary Exit Scheme (note 24)	**-**	(33)
Other restructuring costs	**(3)**	(14)
Restructuring costs	**(3)**	(47)
Total from continuing operations	**(29)**	(65)

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

For the period ended 30 September 2016, the Group recognized restructuring expenses amounting to € 14 million, of which € 8 million related with the acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D. (note 16).

12. Income tax and tax adjustments

	30 September 2017 € million	30 September 2016 € million
Current tax	(26)	(35)
Deferred tax	5	12
Income tax	**(21)**	(23)
Tax adjustments	-	31
Total tax (charge)/income from continuing operations	**(21)**	8

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate is 29%. In addition, dividends distributed, other than intragroup dividends which under certain preconditions are relieved from both income and withholding tax, are subject to 15% withholding tax, according to Law 4387/2016 and Law 4389/2016 which increased the respective tax rate from 10% to 15% for dividend distributions as of 1 January 2017 and onwards. In May 2017, according to article 14 of Law 4472/2017, which amended Law 4172/2013, the Greek corporate tax rate for entities other than credit institutions, will decrease from 29% to 26% for the tax years starting from 1 January 2019 and onwards, subject to certain preconditions in the context of the Third Economic Adjustment Program of Greece.

For the period ended 30 September 2016, following a favorable court decision, the Group has recognized a tax income of € 30.5 million for tax claims against the Greek State in relation to the one - off taxation of the Bank's non-taxed reserves which had been imposed by the Law 3513/2006.

Tax certificate and open tax years

For the year ended 31 December 2011 and onwards as the Law 4174/2013 (article 65A) currently stands (and as Law 2238/1994 previously provided in article 82), up to and including fiscal years starting before 1 January 2016, the Greek sociétés anonymes and limited liability companies whose annual financial statements are audited compulsorily, were required to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. For fiscal years starting from 1 January 2016 and onwards, the 'Annual Tax Certificate' is optional, however, as a general rule the Group's Greek companies will continue to obtain such certificate.

The Bank has been audited by tax authorities up to 2010. Furthermore, the Bank has obtained by external auditors unqualified tax certificates for years 2011-2016. In addition, New TT Hellenic Postbank and New Proton Bank, which were merged with the Bank in 2013, have obtained by external auditors unqualified tax certificates with a matter of emphasis for their unaudited by tax authorities periods/tax years 18/1-30/6/2013 and 9/10/2011- 31/12/2012, respectively, with regards to potential tax obligations resulting from their carve out. For both cases the Bank has formed adequate provisions.

The Group's subsidiaries, associates and joint ventures which operate in Greece (notes 16 and 17) have not been audited for a period of 2 to 9 tax years from the tax authorities. For these entities that are subject to statutory audit by external auditors and obtain the 'Annual Tax Certificate', the said certificate is unqualified for years 2011-2016.

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

The open tax years of foreign Group's bank subsidiaries are as follows: (a) Bancpost S.A. (Romania), 2011-2016, (b) Eurobank Cyprus Ltd, 2012-2016, (c) Eurobank Bulgaria A.D., 2013-2016, (d) Eurobank A.D. Beograd (Serbia), 2011-2016, and (e) Eurobank Private Bank Luxembourg S.A., 2012-2016. The remaining of the Group's foreign entities (notes 16 and 17), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 1 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

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

The movement on deferred income tax is as follows:

	30 September 2017 € million
Balance at 1 January	**4,942**
Income statement credit/(charge) from continuing operations	**5**
Available for sale investment securities	**(24)**
Cash flow hedges	**(9)**
Discontinued operations[1]	**(11)**
Balance at 30 September	**4,903**

[1] *The movement of € 11 million of discontinued operations relates to the Romanian subsidiaries classified as held for sale and the disposal of Grivalia subgroup (note 13).*

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

	30 September 2017 € million	31 December 2016 € million
PSI+ tax related losses	**1,214**	1,251
Loan impairment and accounting write-offs	**3,191**	3,121
Unused tax losses	**33**	54
Losses from disposals and crystallized write-offs of loans	**25**	8
Valuations through the income statement	**313**	341
Costs directly attributable to equity transactions	**33**	38
Cash flow hedges	**16**	25
Valuations directly to available-for-sale revaluation reserve	**(23)**	(1)
Fixed assets	**(9)**	(6)
Defined benefit obligations	**13**	13
Other	**97**	98
Net deferred income tax	**4,903**	4,942

The net deferred income tax is analyzed as follows:

	30 September 2017 € million	31 December 2016 € million
Deferred income tax assets	**4,905**	4,945
Deferred income tax liabilities (note 24)	**(2)**	(3)
Net deferred income tax	**4,903**	4,942

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

	30 September 2017 € million	30 September 2016 € million
Loan impairment and accounting write-offs	**53**	63
Unused tax losses	**4**	(64)
Tax deductible PSI+ losses	**(38)**	(38)
Change in fair value and other temporary differences	**(14)**	51
Deferred income tax (charge)/credit from continuing operations	**5**	12

As at 30 September 2017, the Group recognized net deferred tax assets amounting to € 4.9 bn as follows:

(a) € 1,214 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization (i.e. 1/30 of losses per year starting from year 2012 and onwards) for tax purposes;

(b) € 3,191 million refer to deductible temporary differences arising from loan impairment that can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction and to accounting debt write-offs according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;

(c) € 25 million refer to the unamortized part of the crystallized tax loss arising from NPLs write-offs and disposals, which are subject to amortization (i.e. 1/20 of losses per year starting from year 2016 and onwards), according to Law 4172/2013 as amended by Law 4465/2017 in March 2017;

(d) € 33 million refer to unused tax losses. The ability to utilize tax losses carried forward mainly expires in 2020;

(e) € 33 million mainly refer to deductible temporary differences related to the (unamortized for tax purposes) costs directly attributable to Bank's share capital increases, subject to 10 years' amortization according to tax legislation in force at the year they have been incurred; and

(f) € 407 million refer to other deductible temporary differences (i.e. valuation losses, provisions for pensions and other post-retirement benefits, etc.) the majority of which can be utilized in future periods with no specified time limit and according to the applicable tax legislation of each jurisdiction.

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment, as at 30 September 2017, that the Group's legal entities will have sufficient future taxable profits, against which the unused tax losses, the deductible temporary differences, as well as the losses from PSI+ and the Greek state's debt buyback program can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction, the eligibility of carried forward losses for offsetting with future taxable profits, the actual tax results for the year ended 31 December 2016 and the extrapolated tax results for the year ended 31 December 2017 using the actual tax results for the period ended 30 September 2017. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences (i.e. profits/ losses on sale of investments or other assets, etc.) or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

For the period ended 30 September 2017 the Group has conducted a deferred tax asset (DTA) recoverability assessment based on its three-year Business Plan that was approved by the Board of Directors in January 2017 and provides outlook of its profitability and capital position for the period up to the end of 2019. The said Business Plan has also been submitted to the Hellenic Financial Stability Fund (HFSF) and to the Single Supervisory Mechanism (SSM).

For the years beyond 2019, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself.

The level of the abovementioned projections adopted in the Group's Business Plan is mainly based on assumptions and estimates regarding (a) the further reduction of its funding cost driven by the decrease of the Emergency Liquidity Assistance (ELA) and the gradual elimination of Greek Government Guarantees (GGGs), the gradual repatriation of customer deposits replacing more expensive funding sources, and the further decrease of the respective interest rates, (b) the lower loan impairment losses as a result of the macroeconomic conditions in Greece that are expected to improve gradually and the strategic initiatives in line with the Non-Performing Exposures (NPEs) strategy that the Group has committed to SSM, regarding the effective management of its troubled assets' portfolio, (c) the effectiveness of the continuous cost containment measures, and (d) the gradual restoration of traditional commission income, such as asset management and network fees and commissions relating with capital markets and investment banking activities.

The implementation of the abovementioned Business Plan largely depends on the risks and uncertainties that stem from the macroeconomic environment in Greece and in the countries that the Group operates (note 2).

Legal framework for tax credit against the Greek State and tax regime for loan losses

According to article 27A of Law 4172/2013, which is applicable to Greek financial institutions, including leasing and factoring companies, deferred tax assets that have been recognized by the Bank due to (a) losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, and (b) accumulated provisions and other losses in general due to credit risk (provisions and credit losses) which were accounted as at 30 June 2015, will be converted into directly enforceable claims (tax credit) against the Greek State, in accordance with the law provisions, provided that the Bank's after tax accounting result for the period, is a loss. For the period ended 30 September 2017, the Bank's after tax result amounted to a gain of € 30 million, while deferred tax assets eligible for conversion to tax credits amounted to € 3,976 million.

According to article 43 of Law 4465/2017 (voted by the Greek Parliament in March 2017), which amended Law 4172/2013 with effect from 2016 onwards, the existing legislative framework regarding eligible DTAs/ deferred tax credits (DTCs) accounted for on the accumulated provisions and other losses in general due to credit risk (case (b) above) was revised and tax regime for loan losses was reformed. More specifically, the cumulative DTC will be calculated by applying the current corporate tax rate (on condition that this will not exceed the tax rate that was applicable for tax year 2015, i.e. 29%) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions recorded up to 30 June 2015.

The above tax reform provides for a gradual amortization over a twenty-year period of the crystallized tax loss arising from NPLs write-offs and disposals, maintaining the DTC status during all this period, while it disconnects the accounting write-offs from crystallized debt write-offs.

This aforementioned treatment (i.e. extension of the loan loss utilization for a longer period instead of an immediate one-off deduction subject to a five-year carry forward limitation period) safeguards the recovery of the deferred tax asset recorded on NPLs.

The new rules related to the method of calculating the DTC safeguard the Bank's regulatory capital structure, while they contribute substantially to the achievement of the NPEs reduction targets, through the acceleration of write-offs and disposals.

In May 2017, according to article 82 of Law 4472/2017, which further amended article 27A of Law 4172/2013, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 September 2017, an amount of € 12 million has been recognized in "Other income/(expenses)" of which an amount of € 7 million refers to the respective fee for the year 2016.

13. Discontinued operations

Romanian subsidiaries classified as held for sale

On 15 September 2017, the Bank announced that it has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable, therefore, as of 30 September 2017 Romanian disposal group was classified as held for sale. The Romanian disposal group is part of the Group's operations in Romania, which are presented in the International segment.

Furthermore on 10 November 2017, the Bank announced that the negotiations with Banca Transilvania with regards to the above sale have almost been finalized, as parties are completing final formalities for the signing of an agreement, which is estimated for the end of November 2017.

Following the classification of the Romanian disposal group as held for sale, as of 30 September 2017, in accordance with IFRS 5, impairment losses of € 86 million were recognized from measuring the disposal group at the lower of its carrying amount and fair value less costs to sell. The fair value less costs to sell of the Romanian disposal group has been determined based on the bid offers received from third parties, including Banca Transilvania. This is a non-recurring fair value measurement, categorized as Level 3 in the fair value hierarchy due to the significance of the unobservable inputs. The impairment losses were allocated to the non-current assets (€ 7 million), intangible assets (€ 25 million), loans and advances to customers (€ 20 million) and other assets (€ 34 million) of the disposal group.

The results of the Romanian disposal group are set out below:

	Nine months ended 30 September	
	2017	2016
	€ million	€ million
Net interest income	**74**	71
Net banking fee and commission income	**15**	17
Gains less losses from investment securities	**4**	14
Other income/(expenses)	**2**	(8)
Operating expenses	**(67)**	(68)
Profit before impairments, remeasurement losses and provisions from discontinued operations	**28**	26
Impairment and remeasurement losses on loans and advances	**(25)**	(29)
Remeasurement losses on non current and other assets	**(66)**	-
Other impairment losses and provisions	**(7)**	(0)
Loss before tax from discontinued operations	**(70)**	(3)
Income tax [(1)]	**2**	2
Loss after tax from discontinued operations	**(68)**	(1)
Net loss from discontinued operations attributable to non controlling interests	**(0)**	(0)
Net loss from discontinued operations attributable to shareholders	**(68)**	(1)

[(1)] *Following the classification of Romanian disposal group as held for sale as of 30 September 2017, the Bank recognised a DTA of € 6 million on the tax deductible temporary differences associated with its investment in Bancpost S.A. and the estimated costs to sell (note 12).*

The major classes of assets and liabilities of Romanian subgroup classified as held for sale are as follows:

	30 September 2017
	€ million
Loans and advances to customers	**1,249**
Available-for-sale investment securities	**287**
Cash and balances with central banks	**187**
Due from credit institutions	**121**
Financial instruments at fair value through profit or loss	**41**
Total assets of disposal group classified as held for sale	**1,885**
Due to customers	**1,865**
Due to credit institutions	**102**
Other liabilities	**31**
Total liabilities of disposal group classified as held for sale	**1,998**
Net Intragroup assets associated with the Romanian disposal group	**382**
Net assets of disposal group classified as held for sale	**269**
Net assets of disposal group classified as held for sale attributable to non controlling interests	**3**
Net assets of disposal group classified as held for sale attributable to shareholders	**266**

As at 30 September 2017, cumulative losses (mainly currency translation differences) attributable to shareholders recognised in other comprehensive income amounted to € 35 million (31 December 2016: € 30 million).

Law on the discharge of debt obligations 'Datio in Solutum'

In May 2016, Law 77/2016 on the discharge of debt obligations (Datio in Solutum) came into force in Romania. In particular, the said law provides for the discharge in full and under certain preconditions of the loans contracted by individuals and secured by mortgage arrangements by 'payment in kind' through the transfer of the mortgaged property. In the second quarter of 2016, after considering all available information, the Group assessed the effect of the enforcement of the aforementioned law and recognized accordingly an additional impairment loss of € 20 million on loans and advances granted by its Romanian banking subsidiary Bancpost S.A.

According to the decision of the Romanian Constitutional Court (RCC) dated 25 October 2016 which was published in the Romanian Official Gazette on 18 January 2017, the specific law is partially unconstitutional and the Romanian courts of law shall verify the existence of hardship conditions when called to decide upon a 'Datio in Solutum' case based on this law. In line with the above, in the first quarter of 2017 the Group partially reversed the respective impairment loss by € 8.7 million.

The Group continues to closely monitor the relevant developments to update the estimate of the effect on its financial statements in accordance with its accounting policies.

Legislation on the conversion of CHF denominated loans to Romanian Leu

On 18 October 2016, the Romanian parliament unanimously passed a bill that allowed borrowers to convert Swiss franc-denominated loans into local currency 'Leu' using the exchange rate prevailing on the date they were originated. On 7 February 2017, the Romanian Constitutional Court (RCC) ruled that the above legislation is unconstitutional. The Court decision was grounded mainly on the breach of the principle of 'bicameralism' (i.e. the bill, in the form adopted by the Chamber of Deputies, is significantly different to the one adopted by the Senate) and the introduction of an 'automatic hardship' mechanism which is unfair to creditors.

Disposal of Grivalia subgroup

In June 2017, Grivalia subgroup (Grivalia Properties R.E.I.C. and its subsidiaries) was classified as a disposal group held for sale, as the sale of the Bank's entire holding of 20% in the share capital of Grivalia Properties R.E.I.C. was considered highly probable.

The held for sale operations of Grivalia subgroup included: a) Grivalia Properties R.E.I.C. and its subsidiaries in Greece and Luxembourg, which were presented in other operations segment, and b) Grivalia's subsidiaries in Romania and Serbia, which were presented in International segment.

The results of Grivalia subgroup including the gain/(loss) on disposal are set out below:

	For the period ended	
	30 June 2017	30 September 2016
	€ million	€ million
Net interest income	**(1)**	(1)
Income from non banking services	**32**	46
Operating expenses	**(11)**	(15)
Profit before impairments from discontinued operations	**20**	30
Other impairment losses	**0**	(6)
Profit before tax from discontinued operations	**20**	24
Income tax	**(5)**	(6)
Profit after tax from discontinued operations before gain/(loss) on disposal	**15**	18
Gain/(loss) on disposal before tax (see below)	**(0)**	-
Income tax on gain/ (loss) on disposal (see below)	**(5)**	-
Profit after tax from discontinued operations	**10**	18
Net profit from discontinued operations attributable to non controlling interests	**11**	14
Net profit/(loss) from discontinued operations attributable to shareholders	**(1)**	4

The major classes of assets and liabilities of Grivalia subgroup were as follows:

	30 June 2017 € million
Investment property	**574**
Property, plant and equipment	**241**
Due from credit institutions	**49**
Investments in associates and joint ventures	**33**
Other assets	**38**
Total assets of disposal group classified as held for sale	**935**
Due to credit institutions	**50**
Other liabilities	**26**
Total liabilities of disposal group classified as held for sale	**76**
Net intragroup liabilities associated with Grivalia subgroup	**53**
Net assets of disposal group classified as held for sale	**806**
Net assets of disposal group classified as held for sale attributable to non controlling interests	**634**
Net assets of disposal group classified as held for sale attributable to shareholders	**172**

Up to the date of disposal, cumulative losses (mainly currency translation differences) attributable to shareholders recognized in other comprehensive income that related to Grivalia subgroup, amounted to € 4 million.

On 4 July 2017, the Bank announced the successful sale of its shareholding in Grivalia Properties R.E.I.C., via an institutional private placement by way of an accelerated bookbuild offering to institutional investors at a price of € 8.80 per share, for a total cash consideration of € 178 million. The effect of the disposal resulted to € 5 million loss after tax, including selling costs of € 2.5 million, recyclement to the income statement of the aforementioned € 4 million cumulative losses, previously recognized in other comprehensive income and tax expense € 4.6 million. The transaction, which was in line with the Bank's restructuring plan, was capital accretive for the Group, as it increased its common equity Tier 1 ratio (based on the full implementation of the Basel III rules) by 30 bps, mainly due to deconsolidation of risk weighted assets of ca € 875 million.

Disposal of Insurance operations

On 22 December 2015, the Group announced that it has reached an agreement with Fairfax Financial Holdings Limited (Fairfax) to sell 80% of Eurolife ERB Insurance Group Holdings S.A. (Eurolife) (the Transaction). Accordingly, as of that date the Group's insurance operations were classified as held for sale.

On 4 August 2016, the Transaction which was in line with the Bank's restructuring plan (note 6), was completed and the retained 20% interest in Eurolife was recognized as an associate. The Transaction included: (a) Eurolife's Greek life and non-life insurance activities and Eurolife's brokerage subsidiary in Greece, which were presented in Wealth management segment, (b) Eurolife's Romanian life and non-life insurance activities, which were presented in International segment and (c) the bancassurance agreements between Eurolife subsidiaries and Eurobank, for the exclusive distribution of insurance products in Greece and Romania through Eurobank's sales network.

For the period ended 30 September 2016, the net profit attributable to the Group's insurance operations amounted to € 77 million, including the recyclement to the income statement of € 81 million cumulative gains, previously recognised in other comprehensive income.

Disposal of operations in Ukraine

In December 2016, the disposal of the held for sale Group's operations in Ukraine (including Public J.S.C. Universal Bank) was completed. In particular, on 23 December 2016, in line with the Bank's restructuring plan, Eurobank and TAS group concluded on the acquisition of Public J.S.C. Universal Bank by the latter. For the period ended 30 September 2016, the net loss attributable to the Group's operations in Ukraine amounted to € 0.06 million, while the loss recognized in other comprehensive income (related to currency translation differences) amounted to € 2 million.

Further information in relation to the disposal of the Group's Insurance and Ukrainian operations is provided in note 17 of the consolidated financial statements for the year ended 31 December 2016.

14. Loans and advances to customers

	30 September 2017 € million	31 December 2016[(1)] € million
Wholesale lending	**18,694**	19,335
Mortgage lending	**16,725**	17,844
Consumer lending	**5,957**	6,328
Small business lending	**6,966**	7,149
	48,342	50,656
Less: Impairment allowance (note 10)	**(11,150)**	(11,598)
Total	**37,192**	39,058

[(1)] As at 31 December 2016, gross loans and advances to customers and impairment allowance relating to Romanian subsidiaries classified as held for sale (note 13) amounted to € 1,461 million and € 143 million, respectively.

For the period ended 30 September 2017, gross loans have decreased by approximately € 0.5 bn, due to the depreciation of CHF and USD against Euro.

As at 30 September 2017, the Group's non performing exposures relating to continuing operations amounted to € 21,593 million (31 December 2016: € 22,888 million, of which € 258 million relating to Romanian subsidiaries classified as held for sale, note 13).

As of 30 September 2014, in accordance with IAS 39 'Financial Instruments: Recognition and Measurement', the Group has elected to reclassify certain impaired corporate bond loans from the 'Available-for-sale' portfolio to 'Loans and advances to customers' portfolio that met the definition of loans and receivables and the Group has the intention and ability to hold them for the foreseeable future or until maturity. The reclassifications were made with effect from 30 September 2014 at the loans' fair value of € 150 million (gross amount of € 592 million less fair value adjustment of € 442 million), which became their amortized cost at the reclassification date.

As at 30 September 2017, the carrying amount of these loans is € 87 million which approximates their fair value. No amounts would have been recognized in the OCI had these financial assets not been reclassified.

Non-performing loans sale transactions

In the first quarter of 2016, Eurobank's Bulgarian subsidiary Eurobank Bulgaria A.D. completed the profitable assignment of a portfolio of non-performing (NPLs) consumer unsecured gross loans of € 72 million (€ 9 million, net of impairment allowance), which resulted in a gain of € 5 million, that has been recognized in 'Other income/(expenses)'.

In the second quarter of 2016, Eurobank's Romanian subsidiaries Bancpost S.A. and ERB Retail Services IFN S.A., and its Dutch subsidiary ERB New Europe Funding II B.V. completed the assignment of a portfolio of non-performing gross loans of € 162 million (€ 55 million, net of provision for impairment), which resulted in a gain of € 16 million, that has been recognized in 'Other income/(expenses)' and in a loss of € 10 million in the results from discontinued operations (note 13).

Operational targets for Non-Performing Exposures (NPEs)

In line with the national strategy for the reduction of NPEs, the Bank of Greece (BoG), in cooperation with the supervisory arm of the European Central Bank (ECB), has designed an operational targets framework for NPE management, supported by several key performance indicators. Pursuant to the said framework, the Greek banks submitted at the end of September 2016 a set of NPEs operational targets together with a detailed NPEs management strategy with a three-year time horizon, which were formed on the basis of key macroeconomic assumptions. The supervisory authority reviews the course to meeting the operational targets on a quarterly basis.

In accordance with the latest BoG report issued in September 2017, the Greek banks managed in total to meet the targets for the reduction in the stock of NPEs. More specifically, at the end of June 2017, the stock of NPEs (excluding off-balance sheet items) amounted to € 101.8 bn or € 1.6 bn lower than the targeted amount. With respect to the target for the stock of NPLs (90 days past due loans), their balances stood at € 72.8 bn slightly higher by approximately € 0.4 bn than the targeted amount.

In September 2017, the Greek banks submitted an updated set of NPEs operational targets, together with an updated NPEs management strategy, for the years 2017-2019.

In the first months of 2017, significant legislative changes towards the reduction of NPEs include the amendment of Law 4172/2013 for lifting tax-related impediments (note 12), the voting of Law 4469/2017 for the out-of-court workout mechanism for businesses, as well as a law (Law 4472/2017) on e-auctions and on the regulation of the Bank Executives' legal responsibilities for NPEs workouts.

Post balance sheet event

On 5 October 2017, the Bank announced that it has entered into an agreement with Intrum to sell a non-performing loan portfolio consisting of unsecured consumer loans of total unpaid principal ca € 1.5 bn, of which ca € 0.6 bn on its balance sheet. The servicing of the portfolio will remain with Financial Planning Services (FPS), which is the 100% owned by the Bank licensed NPL servicer. Intrum has the flexibility to find alternative servicing capacity in the future.

The transaction, which is in line with the Group's NPE reduction plan, has been completed in November 2017, is P&L and capital neutral and reduces the Group's NPE ratio by ca 70bps.

15. Investment securities

	30 September 2017 € million	31 December 2016[1] € million
Available-for-sale investment securities	**4,842**	3,670
Debt securities lending portfolio	**3,484**	8,227
Held-to-maturity investment securities	**448**	566
Total	**8,774**	12,463

[1] *As at 31 December 2016, investment securities relating to Romanian subsidiaries classified as held for sale (note 13) amounted to € 319 million.*

The investment securities per category are analyzed as follows:

	30 September 2017			
	Available-for-sale securities € million	Debt securities lending portfolio € million	Held-to-maturity securities € million	Total € million
Debt securities				
- EFSF bonds	**104**	**2,272**	**-**	**2,376**
- Greek government bonds	**1,231**	**883**	**-**	**2,114**
- Greek government treasury bills	**1,352**	**-**	**-**	**1,352**
- Other government bonds	**1,797**	**299**	**294**	**2,390**
- Other issuers	**285**	**30**	**154**	**469**
	4,769	**3,484**	**448**	**8,701**
Equity securities	**73**	**-**	**-**	**73**
Total	**4,842**	**3,484**	**448**	**8,774**

	31 December 2016			
	Available--for-sale securities € million	Debt securities lending portfolio € million	Held-to--maturity securities € million	Total € million
Debt securities				
- EFSF bonds	-	6,843	-	6,843
- Greek government bonds	1,039	929	-	1,968
- Greek government treasury bills	1,289	-	-	1,289
- Other government bonds	909	306	393	1,608
- Other issuers	290	149	173	612
	3,527	8,227	566	12,320
Equity securities	143	-	-	143
Total	3,670	8,227	566	12,463

In 2008 and 2010, in accordance with the amendments to IAS 39 'Financial Instruments: Recognition and Measurement', the Group reclassified eligible debt securities from the 'Available-for-sale' portfolio to 'Debt securities lending' portfolio carried at amortized cost. Interest on the reclassified securities continued to be recognized in interest income using the effective interest rate method. As at 30 September 2017, the carrying amount of the reclassified securities was € 882 million. Had the financial assets not been reclassified, changes in the fair value for the period from the reclassification date until 30 September 2017 would have resulted in € 333 million losses net of tax, which would have been recognized in the available-for-sale revaluation reserve.

During the period ended 30 September 2017, the Group recognized € 63 million gains presented in line 'Gains less losses from investment securities', € 29 million of which resulted from the deleveraging of its equity investments portfolio and € 34 million from bonds' transactions.

In the comparative period, a total gain of € 53 million was recognized following the completion of the acquisition of Visa Europe Ltd by Visa Inc., € 10 million of which are related to the Romanian subsidiaries classified as held for sale (note 13). In addition, € 40 million gain was recorded due to the sale of EFSF bonds in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP).

Sale of European Financial Stability Facility (EFSF) notes

In the context of the European Stability Mechanism (ESM)/EFSF decision for the implementation of the short-term Greek debt relief measures and following the relevant Board of Directors (BoD) decision on 20 January 2017, the Bank, along with the other three systemic Greek banks, has entered into an agreement with the EFSF, the Hellenic Republic, the HFSF and the Bank of Greece on 16 March 2017 for the exchange of the EFSF floating rate notes, which had been used for the recapitalization of the Greek banking system. This agreement aims to reduce Greece's interest rate risk and smoothen its debt repayment profile. Particularly, the said EFSF notes will be exchanged at their book value with either cash or fixed rate ones with a longer maturity, which will be sold back, after a short holding period, to EFSF.

The implementation of the aforementioned agreement has been initiated in March 2017 through a series of separate monthly transactions, which will ultimately result in the sale of the Bank's EFSF floating rate notes at their book value.

In this context, during the period ended 30 September 2017 and in October 2017, the Bank exchanged floating rate EFSF notes of face value of € 4.4 bn and € 0.6 bn respectively, with fixed rate EFSF notes of equivalent face value. Up to 30 September 2017 and on 31 October 2017, exchanged EFSF notes of face value of € 4.4 bn and € 0.6 bn respectively, were sold back to the EFSF with no effect in the Bank's income statement. In addition, in November 2017, the Bank exchanged floating rate EFSF notes of face value of € 1.3 bn, which are expected to be sold back to the EFSF in December 2017. Following the above transactions, the remaining face value of the EFSF notes will amount to € 362 million, which are also expected to be sold back to EFSF.

In January 2017, prior to the aforementioned BoD decision and in line with the relevant EFSF decision in April 2016 that allowed Greek banks to sell the said notes to the members of the Eurosystem in accordance with the conditions applicable to the Public Sector Asset Purchase Program (PSPP), the Bank proceeded with the sale of EFSF notes of face value of € 187 million, recognizing a gain of € 5 million in 'Gains less losses from investment securities'.

16. Shares in subsidiary undertakings

The following is a listing of the Bank's subsidiaries at 30 September 2017, included in the condensed consolidated interim financial statements for the period ended 30 September 2017:

Name	Note	Percentage holding	Country of incorporation	Line of business
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting and tax services
Eurobank Asset Management Mutual Fund Mngt Company S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Equities S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Ergasias Leasing S.A.		100.00	Greece	Leasing
Eurobank Factors S.A.		100.00	Greece	Factoring
Eurobank FPS Loans and Credits Claim Management S.A.	c	100.00	Greece	Loans and Credits Claim Management
Eurobank Household Lending Services S.A.		100.00	Greece	Promotion/management of household products
Eurobank Property Services S.A.		100.00	Greece	Real estate services
Hellenic Post Credit S.A.		50.00	Greece	Credit card management and other services
Herald Greece Real Estate development and services company 1		100.00	Greece	Real estate
Herald Greece Real Estate development and services company 2		100.00	Greece	Real estate
Standard Ktimatiki S.A.	a	100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
Bulgarian Retail Services A.D.		100.00	Bulgaria	Rendering of financial services and credit card management
ERB Property Services Sofia A.D.		100.00	Bulgaria	Real estate services
ERB Leasing E.A.D.		100.00	Bulgaria	Leasing
IMO 03 E.A.D.		100.00	Bulgaria	Real estate services
IMO Central Office E.A.D.		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
ERB Hellas Funding Ltd		100.00	Channel Islands	Special purpose financing vehicle
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
CEH Balkan Holdings Ltd		100.00	Cyprus	Holding company
Chamia Enterprises Company Ltd		100.00	Cyprus	Special purpose investment vehicle
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU II Property Holdings Ltd		100.00	Cyprus	Holding company
NEU BG Central Office Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Kamlo Investments Ltd	h	100.00	Cyprus	Real estate
Densho Investments Ltd	k	100.00	Cyprus	Real estate
Lenevino Holdings Ltd	l	100.00	Cyprus	Real estate
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
Eurobank Holding (Luxembourg) S.A.		100.00	Luxembourg	Holding company
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
Bancpost S.A.	m	99.15	Romania	Banking
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
ERB Leasing IFN S.A.	m	100.00	Romania	Leasing
ERB Retail Services IFN S.A.	m	100.00	Romania	Credit card management
Eurobank Finance S.A.		100.00	Romania	Investment banking

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank Property Services S.A.		100.00	Romania	Real estate services
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Eurobank A.D. Beograd		99.98	Serbia	Banking
ERB Leasing A.D. Beograd (1)	i	99.99	Serbia	Leasing
ERB Property Services d.o.o. Beograd		100.00	Serbia	Real estate services
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
ERB Istanbul Holding A.S.		100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Anaptyxi SME I Plc		-	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Themeleion II Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion III Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion IV Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Themeleion Mortgage Finance Plc (1)		-	United Kingdom	Special purpose financing vehicle
Tegea Plc		-	United Kingdom	Special purpose financing vehicle

(1) *Entities under liquidation at 30 September 2017.*

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

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

(ii) Dormant/under liquidation entities: Enalios Real Estate Development S.A., Hotels of Greece S.A.

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

(a) Standard Ktimatiki S.A., Greece

In January 2017, the Bank acquired 100% of the shares and voting rights of the real estate company Standard Ktimatiki S.A. for a cash consideration of € 0.75 million. The acquisition took place following an enforcement of collateral on the company's shares under a Group's finance lease arrangement of an outstanding amount of € 20 million (net of an impairment allowance of € 25 million).

The acquisition was accounted for as a business combination using the purchase method of accounting. The fair value measurement of the assets and liabilities acquired has not been finalized up to the date of the publication of these financial statements. At the date of acquisition, the provisional values of the total assets amounted to € 22 million, while total liabilities (mainly referring to the intragroup finance lease) amounted to € 45 million. Based on the provisional values stated above, the resulting goodwill asset of € 24 million was immediately written off against the impairment allowance of the intragroup finance lease arrangement, as it was not supported by the cash flows analysis of the specific business.

(b) Grivalia Properties R.E.I.C., Greece and its subsidiaries

In February 2017, the participation of the Bank's subsidiary Grivalia Properties R.E.I.C in its subsidiary Grivalia Hospitality S.A. decreased from 100% to 50% following a share capital increase of € 58 million, in favor of the new shareholder of the company Eurolife ERB Life Insurance S.A. As of then and until 4 July 2017, based on the contractual terms of the shareholders' agreements, Grivalia Hospitality S.A. was accounted as a joint venture of the Group under the equity method. On 4 July 2017, the Group announced the completion of the sale of 20% of Grivalia Properties R.E.I.C. Hence, as of that date, Grivalia Properties R.E.I.C. and the remaining of its subsidiaries (Reco Real Property A.D., Cloud Hellas S.A., Eliade Tower S.A., Retail Development S.A., Seferco Development S.A. and Grivalia New Europe S.A.) are not consolidated (note 13).

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

In the first quarter of 2017, the company's purpose as defined in its articles of association was amended and its name was changed from Eurobank Financial Planning Services S.A. to Eurobank FPS Loans and Credits Claim Management S.A. Following the above, the company obtained a license from the Bank of Greece that allows it to operate as an independent servicer of loans granted by credit or financial institutions pursuant to the Law 4354/2015. In August 2017, Eurobank FPS Loans and Credits Claim Management S.A. merged with Eurobank Remedial Services S.A.

(d) Anaptyxi II Holdings Ltd and Anaptyxi II Plc, United Kingdom
In March 2017, the liquidation of the companies was completed.

(e) Daneion Holdings Ltd, Daneion 2007-1 Plc and Daneion APC Ltd, United Kingdom
In March 2017, the liquidation of the companies was completed.

(f) Eurobank Business Services S.A., Greece
In April 2017, the disposal of the company was completed for a total cash consideration of € 2.1 million. The resulting gain from the transaction recognized in the Group's income statement amounts to € 0.5 million.

(g) ERB Asset Fin d.o.o. Beograd, Serbia
In April 2017, the liquidation of the company was completed.

(h) Kamlo Investments Ltd, Cyprus
In May 2017, the Bank's subsidiary Eurobank Cyprus Ltd acquired 100% of the shares and voting rights of Kamlo Investments Ltd.

(i) ERB Leasing A.D. Beograd, Serbia
In June 2017, the liquidation of the company was decided.

(j) Eurobank ERB Mutual Funds Mngt Company S.A., Greece
In July 2017, the liquidation of the company was completed.

(k) Densho Investments Ltd, Cyprus
In July 2017, the Bank's subsidiary Eurobank Cyprus Ltd acquired 100% of the shares and voting rights of Densho Investments Ltd.

(l) Lenevino Holdings Ltd, Cyprus
In September 2017, the Bank's subsidiary Eurobank Cyprus Ltd acquired 100% of the shares and voting rights of Lenevino Holdings Ltd.

(m) Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A., Romania
On 15 September 2017, the Bank announced that it has entered into negotiations with Banca Transilvania with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). Therefore, as of 30 September 2017, Romanian disposal group was classified as held for sale (note 13).

Acquisition of Alpha Bank's Branch in Bulgaria by Eurobank Bulgaria A.D.
On 1 March 2016, the acquisition of the entirety of the operations of Alpha Bank's Bulgarian Branch ('Branch') by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ('Postbank') was completed. In addition, in the context of the business combination, on 2 March 2016 the Bank acquired € 55 million of Postbank's liabilities to Alpha Bank Group. The total gain on the acquisition of the Branch, amounting to € 55 million net of acquisition-related costs of € 3 million, was attributed to the particular circumstances of the acquisition in line with the restructuring plans for Alpha Bank and Eurobank and was recognized in 'Other income/(expenses)' in the first quarter of 2016.

The results of the Branch were incorporated in the Group's financial statements prospectively, as of 1 March 2016. If the acquisition had occurred on 1 January 2016, the Branch would have contributed revenue of € 2.71 million and net loss of € 0.26 million to the Group for the period from 1 January 2016 up to the date of acquisition.

Post balance sheet event

Mesal Holdings Ltd, Cyprus
In October 2017, the Bank's subsidiary Eurobank Cyprus Ltd acquired 100% of the shares and voting rights of Mesal Holdings Ltd.

17. Investments in associates and joint ventures

As at 30 September 2017, the Group's investments in associates and joint ventures amounted to € 116 million (31 December 2016: € 101 million). The following is the listing of the Group's associates and joint ventures as at 30 September 2017:

Name	Note	Country of incorporation	Line of business	Group's share
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
Tefin S.A. [(1)]		Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd		Cyprus	Special purpose investment vehicle	48.00
Singidunum - Buildings d.o.o. Beograd	c	Serbia	Development of building projects	33.33
Alpha Investment Property Kefalariou S.A.	a	Greece	Real estate	41.67
Global Finance S.A. [(2)]		Greece	Investment financing	33.82
Rosequeens Properties Ltd		Cyprus	Special purpose investment vehicle	33.33
Rosequeens Properties SRL		Romania	Real estate	33.33
Famar S.A. [(2)]	b	Luxembourg	Holding company	23.55
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife ERB Insurance Group Holdings S.A. [(2)]		Greece	Holding company	20.00

[(1)] *In December 2013, the Extraordinary General Meeting of shareholders of the company decided its liquidation.*
[(2)] *Eurolife Insurance group (Eurolife ERB Insurance Group Holdings S.A. and its subsidiaries), Global Finance group (Global Finance S.A. and its subsidiaries) and Famar group (Famar S.A. and its subsidiaries) are considered as Group's associates.*

(a) Alpha Investment Property Kefalariou S.A., Greece
In January 2017, in the context of the debt restructuring of NIKAS S.A. and its subsidiaries, the Bank acquired 41.67% of the shares and voting rights of Alpha Investment Property Kefalariou S.A. for € 0.01 million. The Bank subsequently participated, along with the other banks holding a collateralized bond loan to NIKAS S.A. (Alpha Bank and Attica Bank), in the share capital increase of Alpha Investment Property Kefalariou S.A. on a pro rata basis with € 7.5 million, out of a total amount of € 18 million.

Following the execution of the Nikas' Debt Restructuring Agreement, that includes among others the debt to asset swap of a certain real estate property, Alpha Investment Property Kefalariou S.A. acquired from NIKAS S.A. the property which served at the time as collateral to the related bond loan for a total consideration of € 17 million. The proceeds from the disposal of the property were used by NIKAS S.A. to partially settle its debt obligations against the banks.

Alpha Investment Property Kefalariou S.A. is accounted for as an associate of the Group.

(b) Famar S.A., Luxembourg
On 7 March 2017, the Bank acquired 24.37% of the shares and voting rights of Famar S.A. for a cash consideration of € 2. The acquisition took place following the execution of a Restructuring Protocol, according to which Marinopoulos Holding S.à r.l. had agreed to sell the company's shares to Eurobank, Alpha Bank, National Bank of Greece and Piraeus Bank (the Greek banks). The Bank's participation in the company's share capital was subsequently decreased to 23.55%. In accordance with the terms of the shareholders' agreement signed on 7 March 2017, the management of Famar S.A. was assumed by Pillarstone and the Greek banks. Furthermore, new funds equal to € 40 million were made available to Famar S.A. by the Greek Banks (Eurobank participated at a proportion of 24.37%) and the outstanding senior debt facility of Famar Holding was restructured. The purpose of the acquisition of Famar S.A. by the Greek banks was to maximize the potential recovery of the loans granted to Famar Group and the loans to Marinopoulos Group, which were secured by a pledge over Famar's shares.

Based on the terms of the shareholders' agreement, the Bank has significant influence over Famar S.A. and at the same time remains the beneficiary of the share pledge agreement in relation to the aforementioned loans. As a result, the Group's proportionate share in any change in Famar S.A.'s net assets is reflected through the respective pledge securing the existing loan facilities.

(c) Singidunum - Buildings d.o.o. Beograd, Serbia
In the period ended 30 September 2017, the Group's participation in Singidunum decreased from 43.19% to 33.33%, following debt to equity conversions in favor of the other shareholder, Lamda Development B.V.

(d) Grivalia Hospitality S.A.,Luxembourg and Piraeus Port Plaza 1 Development S.A., Greece

On 4 July 2017, the Group announced the completion of the sale of 20% of Grivalia Properties R.E.I.C. Hence, as of that date, Grivalia Hospitality S.A. and Piraeus Port Plaza 1 Development S.A., joint ventures of Grivalia Properties R.E.I.C., were derecognized (note 13).

18. Investment property

The movement of investment property (net book value) is as follows:

	30 September 2017 € million
Cost:	
Balance at 1 January	**986**
Arising from acquisition [1]	**21**
Transfers from/to repossessed assets	**6**
Other transfers	**3**
Additions	**1**
Disposals and write-offs	**(25)**
Impairments	**(8)**
Discontinued operations[2]	**(626)**
Balance at 30 September	**358**
Accumulated depreciation:	
Balance at 1 January	**(81)**
Disposals and write-offs	**2**
Charge for the period	**(4)**
Discontinued operations[2]	**55**
Balance at 30 September	**(28)**
Net book value at 30 September	**330**

[1] It relates to the acquisition of Standard Ktimatiki S.A. (note 16).
[2] It refers to Grivalia subgroup, which was disposed on 4 July 2017 (note 13).

19. Other assets

	30 September 2017 € million	31 December 2016 € million
Receivable from Deposit Guarantee and Investment Fund	**703**	695
Repossessed properties and relative prepayments	**382**	406
Pledged amount for a Greek sovereign risk financial guarantee	**241**	242
Income tax receivable	**137**	192
Other guarantees	**68**	74
Prepaid expenses and accrued income	**86**	57
Other assets	**116**	185
Total [1]	**1,733**	1,851

[1] As at 30 September 2017, Investments in associates and joint ventures have been presented as a separate line on the face of balance sheet. Comparative information has been adjusted accordingly.

As at 30 September 2017, other assets amounting to € 116 million include, among others, receivables related to (a) settlement balances with customers, (b) public entities, (c) legal cases, net of provisions and (d) brokerage activity.

20. Due to central banks

	30 September 2017 € million	31 December 2016 € million
Secured borrowing from ECB and BoG	**11,080**	13,906

As at 30 September 2017, the Bank's dependency on Eurosystem financing facilities decreased to € 11.1 bn (of which € 9 bn funding from ELA), mainly due to asset deleveraging, deposit inflows and increased market repos on covered bonds and Greek Treasury bills (31 December 2016: € 13.9 bn, of which € 11.9 bn from ELA). Furthermore, the Bank replaced € 1.3 bn funding from ECB's main refinancing operations (MROs) with ECB's targeted longer-term refinancing operations (TLTROs). The Eurosystem funding further declined to € 9.9 bn on 2 November 2017, of which € 7.9 bn from ELA, also driven from the issue of € 500 million covered bonds to international and domestic investors (note 23).

21. Due to credit institutions

	30 September 2017 € million	31 December 2016(1) € million
Secured borrowing from credit institutions	**4,438**	7,275
Borrowings from international financial and similar institutions	**435**	362
Interbank takings	**2**	50
Current accounts and settlement balances with banks	**39**	74
Other borrowings	**-**	19
Total	**4,914**	7,780

(1) As at 31 December 2016, due to credit institutions relating to Romanian subsidiaries classified as held for sale (note 13) amounted to € 130 million.

As at 30 September 2017, the majority of secured borrowing transactions with other banks were conducted with foreign financial institutions with collaterals Greek treasury bills, covered bonds and Greek government guaranteed bonds issued and retained by the Bank (notes 15 and 23). As at 30 September 2017, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

22. Due to customers

	30 September 2017 € million	31 December 2016(1) € million
Savings and current accounts	**18,835**	19,124
Term deposits	**14,304**	14,806
Repurchase agreements	**53**	53
Other term products (note 23)	**9**	48
Total	**33,201**	34,031

(1) As at 31 December 2016, Due to customers relating to Romanian subsidiaries classified as held for sale (note 13) amounted to € 1,939 million.

The other term products relate to senior medium-term notes held by Group's customers, amounting to € 9 million (31 December 2016: € 16 million). The subordinated notes held by Group's customers, matured in June 2017 (31 December 2016: € 32 million).

23. Debt securities in issue

	30 September 2017 € million	31 December 2016 € million
Medium-term notes (EMTN) (note 22)	**55**	59
Subordinated - Lower Tier II (note 22)	**-**	43
Total	**55**	102

Medium-term notes (EMTN)

During the period ended 30 September 2017, the Group proceeded with the repurchase of medium term notes of face value of € 5 million, recognizing a gain of € 0.2 million presented in line 'Net trading income' of Group's income statement.

Subordinated (Lower TIER II)

In June 2017, the subordinated notes issued by the Group of face value of € 75 million, € 32 million of which were held by Group's customers (note 22), matured.

Government guaranteed and covered bonds

As at 30 September 2017, the government guaranteed bonds under the second stream of the Greek Economy Liquidity Support Program (note 4), as well as the covered bonds, of face value of € 500 million and € 3,250 million, respectively, were retained by the Bank.

During the period ended 30 September 2017, Government guaranteed bonds of face value of € 2,500 million matured, while the Bank proceeded with the issue of corresponding bonds of face value of € 500 million. In addition, during the same period, the Bank issued covered bonds of face value of € 975 million, fully retained by the Bank.

Post balance sheet events

At the end of October 2017, the Bank concluded a € 500 million covered bonds transaction with a 2.98% yield, which received strong interest from international and domestic investors.

In addition, on 30 October 2017, Government guaranteed bonds of face value of € 500 million matured. Consequently, as of that date the Bank's position in Pillar II bonds is nil.

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

24. Other liabilities

	30 September 2017 € million	31 December 2016 € million
Balances under settlement [(1)]	**223**	249
Other provisions	**95**	121
Deferred income and accrued expenses	**124**	82
Sovereign risk financial guarantee	**46**	48
Standard legal staff retirement indemnity obligations	**48**	48
Income taxes payable	**8**	18
Deferred tax liabilities (note 12)	**2**	3
Other liabilities	**139**	209
Total	**685**	778

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

As at 30 September 2017, other liabilities amounting to € 139 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and (d) trading liabilities.

As at 30 September 2017, other provisions amounting to € 95 million mainly include € 63 million for outstanding litigations and claims in dispute (note 30), € 19 million for restructuring costs (of which € 18 million relate to the Voluntary Exit Scheme (VES)) and € 9 million for other operational risk events.

The implementation of the VES, which was designed for the Group's employees in Greece in the context of the implementation of the Bank's restructuring plan and in line with the related principal commitments described therein (note 6), commenced in the second quarter of 2016 and is expected to be completed within the following months.

25. Ordinary share capital, share premium and treasury shares

The par value of the Bank's shares is € 0.30 per share. All shares are fully paid. The movement of ordinary share capital, share premium and treasury shares is as follows:

	Ordinary share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2017	656	(1)	655	8,056	(1)	8,055
Purchase of treasury shares	-	(1)	(1)	-	(1)	(1)
Sale of treasury shares	-	1	1	-	1	1
Balance at 30 September 2017	656	(1)	655	8,056	(1)	8,055

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

	Number of shares		
	Issued ordinary shares	Treasury shares	Net
Balance at 1 January 2017	2,185,998,765	(1,487,571)	2,184,511,194
Purchase of treasury shares	-	(1,851,125)	(1,851,125)
Sale of treasury shares	-	2,140,860	2,140,860
Balance at 30 September 2017	2,185,998,765	(1,197,836)	2,184,800,929

Treasury shares

Under Law 3756/2009, banks participating in the Government's Greek Economy Liquidity Support Program are not allowed to acquire treasury shares in accordance with article 16 of the Company Law.

In the ordinary course of business, the Bank's subsidiaries may acquire and dispose of treasury shares.

26. Preference shares

Preference Shares		
Number of shares	30 September 2017 € million	31 December 2016 € million
345,500,000	950	950

On 12 January 2009, the Extraordinary General Meeting of the Bank approved the issue of 345,500,000 non-voting, non-listed, non-transferable, tax deductible, non-cumulative 10% preference shares, with nominal value € 2.75 each, under Law 3723/2008 'Greek Economy Liquidity Support Program', to be fully subscribed to and paid by the Greek State with bonds of equivalent value. The proceeds of the issue amounted to € 940 million, net of expenses, and the transaction was completed on 21 May 2009. In accordance with the current legal and regulatory framework, the issued shares have been classified as Common Equity Tier I capital (further information on the preference shares is presented in note 40 of the consolidated financial statements for the year ended 31 December 2016).

The payment of the non-cumulative coupon on the preference shares is subject to meeting the minimum capital adequacy requirements, set by Bank of Greece (BoG), the availability of distributable reserves in accordance with article 44A of Company Law 2190/1920 and the approval of the Annual General Meeting. Taking into account that the Bank has accumulated losses at the end of 2016, the distribution of dividends to either ordinary or preference shareholders is not permitted.

Furthermore, pursuant to the provisions of article 80 of the new Law 4484/2017 (Government Gazette A' 110, 1 August 2017), five years after their issue, the redemption of the preference shares in whole or in part is allowed, in consideration for cash or Tier II capital instruments as defined in Regulation 575/2013, or a combination thereof, having received the supervisory authority's consent. In case the issuance of Tier II capital instruments is opted for the redemption (exchange), they should satisfy the following conditions:

(a) their nominal value should be calculated on the basis of the initial offer price of the preference shares;

(b) their features should satisfy the conditions of Regulation 575/2013 applicable to Tier II instruments, and especially article 63 thereof;

(c) they have a maturity of ten years and the issuer has an option, exercisable at the issuer's sole discretion, to call or redeem or repurchase or early repay the instruments after five years from their issuance with the approval of the regulatory authority;

(d) they may be early repaid prior to five years from their issue date subject to approval by the regulatory authority and provided a tax event or a regulatory event, as defined in article 78 par. 4 of Regulation 575/2013, has occurred;

(e) their repayment after five years from their issue date and until maturity, as well as in the circumstances contemplated in (d) above, shall be made at their nominal value;

(f) upon redemption or early repayment of the instruments, accrued interest thereon in respect of the relevant interest period shall always be payable;

(g) their nominal interest rate (coupon) shall be fixed and interest shall be payable semi-annually at the last day of the sixth and twelfth month each year. In relation to the first payment, the interest rate is calculated by reference to the time period remaining until the end of the earlier of any of the above dates, if it is less than six (6) months;

(h) the interest rate is calculated on the basis of the average yield of the ten-year reference bond of the Hellenic Republic at the first fifteen (15) days of June 2017 plus fifty (50) basis points and cannot be lower than 6%; and

(i) they will be freely transferable and may be listed on a regulated market.

The request to redeem the preference shares in accordance with the above mentioned conditions is submitted to the Minister of Finance, who issues a relevant decision in compliance with the state-aid rules of the E.U. If the redemption is made through an exchange with Tier II capital instruments, an agreement signed between the Minister of Finance and the Bank is entered into to provide for, among others, the specific terms of such instruments, and any other detail relevant to the above transaction.

Taking into consideration that under the existing regulatory framework, the preference shares of the Greek State will cease to account for in the Bank's regulatory capital from 1 January 2018 onwards, the Bank decided, pursuant to the decision of its BoD dated on 29 August 2017, to make use of the abovementioned ability provided for in the new legislative framework (article 80 of Law 4484/2017) and to submit a request to:

(a) the ECB/SSM for the purpose of (i) obtaining permission to reduce the own funds of the Bank as a result of redemption of preference shares of an aggregate nominal value of € 950,125,000, in accordance with article 77 et seq. of Regulation 575 and (ii) qualifying the subordinated notes issuable by the Bank as Tier II capital instruments, in accordance with article 63 et seq. of Regulation 575; and

(b) the Minister of Finance for the redemption of the preference shares in consideration for cash € 125,000 and subordinated notes having an aggregate nominal value of € 950,000,000 issuable by the Bank, which constitute Tier II capital instruments, in accordance with article 80 of Law 4884/2017.

Post balance sheet event

On 3 November 2017, the Extraordinary General Meeting of the Shareholders of the Bank, pursuant to the submission on 27 September 2017 of a written request to the Minister of Finance by the Bank along with the positive opinion of the ECB/SSM received on 12 October 2017, approved the following:

(a) The full redemption by the Bank of the 345,500,000 preference registered shares, which have been issued by the Bank in accordance with Article 1 of Law 3723/2008 and are owned by the Greek State, having an aggregate nominal value of €950,125,000 (Preference Shares) in consideration for (i) €125,000 in cash, and (ii) the delivery to the Greek State of

€950,000,000 principal amount of subordinated notes issuable by the Bank, as provided for in (b) below, which constitute Tier II capital instruments, in accordance with the provisions of par. 1a of article 1 of Law 3723/2008 (the "Redemption").

(b) The issuance of a subordinated bond loan by the Bank in accordance with Law 2190/1920 and Law 3156/2003, having an aggregate principal amount of €950,000,000, divided into 9,500 notes each having a nominal value of €100,000 (the "Notes"), which satisfy the conditions set out in par. 1a of article 1 of Law 3723/2008, and the offering of the Notes through a private placement to the Greek State for subscription by it, as provided for in the Redemption and Subscription Agreement referred to in (c) below. The Notes will be issued under the Bank's existing medium term notes programme (the "EMTN Programme").

(c) The entering into the agreement provided for in par. 1a of article 1 of Law 3723/2008 between the Bank and the Greek State represented by the Minister of Finance, containing the specific terms and any necessary detail relating to the Redemption, including the issuance and delivery of the Notes to the Greek State by the Bank (the "Redemption and Subscription Agreement").

(d) That authority is given to the Board, with power of sub-delegation, to determine the specific terms of the Notes and of their issuance and to proceed with any legal acts, procedural or other actions which are required, necessary or appropriate to implement and complete the resolutions and corporate actions included in (a) to (c) above.

(e) The reduction of the share capital of the Bank by an amount equal to the nominal value of the Preference Shares, that is €950,125,000, the cancellation of the 345,500,000 Preference Shares in total and the corresponding amendment of articles 5 and 6 of the Articles of Association of the Bank resulting from the above reduction and that authority is given to the Board, with power of sub-delegation, to proceed with each act and action to implement and complete the corporate actions included herein (under (e)).

The above resolutions have been approved by the Special Meeting of the Greek State being the preference shareholder of the Bank, in accordance with the applicable provisions of Law 2190/1920 and Law 3723/2008, and will not have any impact on the Group's CET1 based on the full implementation of Basel III rules.

27. Preferred securities

The outstanding amount of preferred securities issued by the Group through its Special Purpose Entity, ERB Hellas Funding Limited, as at 30 September 2017 is analyzed as follows:

	Series A € million	Series B € million	Series C € million	Series D € million	Total € million
Balance at 30 September 2017	**2**	**4**	**18**	**19**	**43**

All obligations of the issuer, in respect of the aforementioned issues of preferred securities, are guaranteed on a subordinated basis by the Bank. The analytical terms of each issue along with the rates and/or the basis of calculation of preferred dividends are available at the Bank's website. Pursuant to the said terms of the preferred securities, ERB Hellas Funding Ltd announced the non payment of the non cumulative preferred dividend of the above series of preferred securities for the period ended 30 September 2017 and in 2016.

28. Fair value of financial assets and liabilities

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

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

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

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

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

Financial instruments carried at fair value

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

	30 September 2017			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Financial instruments held for trading	**57**	**-**	**1**	**58**
Derivative financial instruments	**1**	**1,745**	**1**	**1,747**
Available-for-sale investment securities	**4,788**	**11**	**43**	**4,842**
Financial assets measured at fair value	**4,846**	**1,756**	**45**	**6,647**
Derivative financial instruments	**0**	**1,974**	**-**	**1,974**
Due to customers:				
- Structured deposits	**-**	**2**	**-**	**2**
Debt securities in issue:				
- Structured notes	**-**	**4**	**-**	**4**
Trading liabilities	**17**	**-**	**-**	**17**
Financial liabilities measured at fair value	**17**	**1,980**	**-**	**1,997**

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Financial instruments held for trading	70	0	1	71
Derivative financial instruments	0	1,978	2	1,980
Available-for-sale investment securities	3,586	30	54	3,670
Financial assets measured at fair value	3,656	2,008	57	5,721
Derivative financial instruments	0	2,441	-	2,441
Due to customers:				
- Structured deposits	-	3	-	3
Debt securities in issue:				
- Structured notes	-	3	-	3
Trading liabilities	4	-	-	4
Financial liabilities measured at fair value	4	2,447	-	2,451

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no transfers between Level 1 and 2 and vice versa, as well as, no changes in valuation techniques used, during the period ended 30 September 2017.

In addition, as at 30 September 2017, Romanian subsidiaries classified as held for sale, held € 328 million of financial assets carried at fair value relating to financial instruments at fair value through profit or loss and available-for-sale investment securities (31 December 2016: € 373 million of which € 1 million related to derivative financial instruments). Of the aforementioned financial assets, € 319 million were categorized under Level 1 of the fair value hierarchy (31 December 2016: € 358 million), € 5 million were categorized under Level 2 of the fair value hierarchy (31 December 2016: € 11 million) and 4 million were categorized under Level 3 of the fair value hierarchy (31 December 2016: € 4 million). The respective financial liabilities carried at fair value of the abovementioned Romanian subsidiaries classified as held for sale, relate to derivative financial instruments of € 0.1 million, which were categorized under Level 2 of the fair value hierarchy (31 December 2016: € 1.6 million).

Reconciliation of Level 3 fair value measurements

	30 September 2017 € million
Balance at 1 January	**57**
Transfers into Level 3	**0**
Transfers out of Level 3	**(0)**
Additions, net of disposals and redemptions	**(2)**
Total gain\(loss) for the period included in profit or loss	**(1)**
Total gain\(loss) for the period included in other comprehensive income	**(4)**
Foreign exchange differences and other	**(1)**
Discontinued operations	**(4)**
Balance at 30 September	**45**

Group's valuation processes and techniques

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

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

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

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

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

For debt securities issued by the Group and designated at FVTPL, fair values are determined by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

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

Financial instruments not carried at fair value

The following table presents the carrying amounts and fair values of financial assets and liabilities which are not carried at fair value on the balance sheet:

	30 September 2017	
	Carrying amount € million	Fair value € million
Loans and advances to customers	**37,192**	**36,637**
Investment securities		
- Debt securities lending portfolio	**3,484**	**2,964**
- Held-to-maturity securities	**448**	**463**
Financial assets not carried at fair value	**41,124**	**40,064**
Debt securities in issue	**51**	**51**
Financial liabilities not carried at fair value	**51**	**51**

	31 December 2016	
	Carrying amount € million	Fair value € million
Loans and advances to customers	39,058	38,872
Investment securities		
- Debt securities lending portfolio	8,227	7,753
- Held-to-maturity securities	566	567
Financial assets not carried at fair value	47,851	47,192
Debt securities in issue	99	89
Financial liabilities not carried at fair value	99	89

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

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

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

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

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

29. Cash and cash equivalents and other information on Interim Cash Flow Statement

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

	30 September 2017 € million	31 December 2016 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	**633**	736
Due from credit institutions	**729**	692
Cash and cash equivalents presented within assets of disposal groups classified as held for sale	**216**	269
Total	**1,578**	1,697

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

	30 September 2017 € million	30 September 2016 € million
Amortisation of premiums/discounts and accrued interest	**(31)**	(23)
(Gains)/losses from investment securities	**(63)**	(85)
Dividends	**(2)**	(1)
Total	**(96)**	(109)

For the period ended 30 September 2016, other adjustments on profit before income tax from continuing operations include the gain on the acquisition of the Alpha Bank's Branch in Bulgaria, amounting to € 55 million based on the provisional values of the assets and liabilities acquired (note 16).

30. Contingent liabilities and other commitments

Credit related commitments are analyzed as follows:

	30 September 2017 € million	31 December 2016 € million
Guarantees [(1)] and standby letters of credit	**565**	591
Other guarantees (medium risk) and documentary credits	**421**	436
Commitments to extend credit	**475**	451
Total	**1,461**	1,478

[(1)] *Guarantees that carry the same credit risk as loans.*

As at 30 September 2017, the credit related commitments presented above include € 77 million relating to the Romanian subsidiaries classified as held for sale (31 December 2016: € 59 million).

Legal Proceedings

As at 30 September 2017, a provision of € 70 million (€ 7 million of which relates to the Romanian subsidiaries classified as held for sale, note 13) has been recorded for a number of legal proceedings outstanding against the Group (31 December 2016: € 67 million), as set out in note 24. The said amount includes € 40 million for the outstanding litigations with DEMCO S.A., which is related to the acquisition of New TT Hellenic Postbank S.A. in 2013.

Furthermore, the Group is involved in a number of legal proceedings, in the normal course of business, which may be in early stages, their settlement may take years before they are resolved or their final outcome may be considered uncertain. For such cases, after considering the opinion of Legal Services General Division, Management does not expect that there will be an outflow of resources and therefore no provision is recognized.

Against the Bank various remedies have been filed in the form of lawsuits, applications for injunction measures and motions to vacate payment orders in relation to the contractual clauses of mortgage loans granted by the Bank in Swiss Francs (CHF) and the conditions under which the loans were granted. A class action has also been filed. From a Courts view point it may be sustained that the issue is still at a premature stage, considering that a substantial number of first instance Courts judgments has been issued, the majority of which are in favor of the Bank. Furthermore, there are nine appellate Courts judgments in cases concerning the Bank, which have been in favor of the validity of the loans. To date no judgment of the Areios Pagos, being the supreme civil Court, has been passed. On the class action a judgment was issued which accepted it, the Bank, though, has filed an appeal against the first instance judgment which was heard in September 2017 and the decision is pending. In relation to the individual lawsuits the majority of the judgments issued are in favor of the Bank.

The Management of the Bank is closely monitoring any developments to the relevant cases to determine potential accounting implications in accordance with the Group’s accounting policies.

31. Post balance sheet events

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

Note 2-Principal accounting policies
Note 4-Greek Economy Liquidity Support Program
Note 6-Capital management
Note 13-Discontinued operations
Note 14-Loans and advances to customers
Note 15-Investment securities
Note 16-Shares in subsidiary undertakings
Note 20-Due to central banks
Note 23-Debt securities in issue
Note 26-Preference shares
Note 33-Board of Directors

32. Related parties

In November 2015, following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPLs resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof, and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board.

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

The outstanding balances of the transactions with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP as well as (b) the associates and joint ventures, and the relating income and expenses are as follows:

	30 September 2017		31 December 2016	
	KMP[1] and Entities controlled or jointly controlled by KMP	Associates and joint ventures	KMP[1] and Entities controlled or jointly controlled by KMP	Associates and joint ventures [2]
	€ million	€ million	€ million	€ million
Loans and advances to customers net of provision	7.05	53.15	7.16	23.20
Derivative financial instruments	-	0.01	-	-
Other assets	-	3.61	-	6.14
Due to customers	5.89	58.38	5.68	102.74
Debt securities in issue	-	11.94	-	12.07
Other liabilities	0.01	4.37	0.02	4.03
Guarantees issued	-	4.60	-	-
Guarantees received	0.04	-	0.05	-
	Nine months ended 30 September 2017		Nine months ended 30 September 2016	
Net interest income	0.03	(5.39)	0.02	(1.51)
Net banking fee and commission income	0.01	4.36	-	0.59
Net trading income	-	0.14	-	(0.38)
Gains less losses from investment securities	-	-	-	0.18
Impairment losses on loans and advances including related fees	-	(1.68)	-	(0.84)
Other operating income/(expenses)	-	(17.73)	-	(3.51)

[1] *Includes the key management personnel of the Group and their close family members.*
[2] *As of 4 August 2016, Eurolife insurance group has been accounted for as an associate. The Group's income and expenses from transactions with Eurolife Insurance group including loan insurance premiums, fees from bancassurance and employee benefits (pension and medical insurance) are presented in the above table. Comparative information has been adjusted accordingly.*

For the period ended 30 September 2017, there were no material transactions with the HFSF. In addition, as at 30 September 2017 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements (note 16) amounted to € 4 million (31 December 2016: € 5.3 million).

For the period ended 30 September 2017, a reversal of impairment loss of € 2.08 million (30 September 2016: impairment € 0.01 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounts to € 21.06 million, including impairment allowance for associates acquired in the period ended 30 September 2017 (note 17) (31 December 2016: € 16.92 million).

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 4.35 million (30 September 2016: € 3.88 million) and long-term employee benefits (excluding share-based payments) of € 0.63 million (30 September 2016: € 0.55 million). Furthermore, the Group has recognized € 0.38 million expense relating with Grivalia Properties R.E.I.C. equity settled share based payments (30 September 2016: € 0.57 million expense). In addition, the Group has formed a defined benefit obligation for the KMP amounting to € 0.86 million as at 30 September 2017 (31 December 2016: € 0.81 million), while the respective cost for the period amounts to € 0.05 million (30 September 2016: € 0.04 million).

33. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting held on 27 June 2013 for a three years term of office. Its term of office, following the resolution of the Bank's Annual General Meeting held on 26 June 2015, expires on 27 June 2018, and in any case until the date the Bank's Annual General Meeting for the year 2018 will take place.

On 26 October 2016, the Bank's Board appointed Mr. George E. Myhal as new independent non-executive member of the Board, in replacement of the resigned on the same day independent non-executive member Mr. Jon Steven B.G. Haick, for an equal term to the remaining term of the resigned member, while on 12 January 2017, the BoD appointed Mr. Richard P. Boucher as new independent non-executive Board member in replacement of the resigned on 3 November 2016 independent non-executive member Mr. Spyridon Lorentziadis, for an equal term to the remaining term of the resigned member. The appointment of the two new Board members was announced to the General Meeting of the Shareholders of the Bank which took place on 16 June 2017 and their term of office will expire concurrently with the term of office of the other members of the BoD.

Mr. Wade Sebastian Burton non-executive member of the BoD of the Bank submitted his resignation from the BoD effective as of 5 April 2017. On 14 July 2017, the Bank announced that Ms. Androniki Boumi has been appointed as representative of the Greek State to the Bank's Board according to the provisions of Law 3723/2008, in replacement of Ms. Christina Andreou who informed the Bank on her resignation on 26 May 2017.

On 29 September 2017, the Hellenic Financial Stability Fund (HFSF) informed the Bank on the termination of Mr. Kenneth Howard Prince-Wright from the position of the BoD since 30 September 2017 and requested Mr. Christoforos Koufalias to be temporarily appointed as the new representative of the HFSF to Eurobank's BoD, according to the provisions of Law 3864/2010 and the Relationship Framework Agreement signed between Eurobank and HFSF. On 12 October 2017, the BoD decided the integration of Mr. Christoforos Koufalias to the Bank's BoD, in replacement of Mr. Kenneth Howard Prince-Wright, and his appointment as non-executive member of the BoD.

The appointment of Ms. Androniki Boumi and Mr. Christoforos Koufalias was announced to the Extraordinary General Meeting of the Shareholders of the Bank, which took place on 3 November 2017 and their term of office will expire concurrently with the term of office of the other members of the BoD.

Following the above, the BoD is as follows:

N. Karamouzis	Chairman, Non-Executive
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
T. Kalantonis	Deputy Chief Executive Officer
G. Chryssikos	Non-Executive
R. Boucher	Non-Executive Independent
G. Myhal	Non-Executive Independent
B. P. Martin	Non-Executive Independent
S. Johnson	Non-Executive Independent
J. Mirza	Non-Executive Independent
L. Reichlin	Non-Executive Independent
A. Boumi	Non-Executive (Greek State representative under Law 3723/2008)
C. Koufalias	Non-Executive (HFSF representative under Law 3864/2010)

Athens, 15 November 2017

Nikolaos V. Karamouzis	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AB - 336562	I.D. No AI - 677962	I.D. No AK - 021124
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE GROUP CHIEF FINANCIAL OFFICER