HELLENIC BANK

27 September 2019

ANNOUNCEMENT

Subject: Financial Results of the Group of Hellenic Bank Public Company Ltd for the six-month period ended 30th June 2019

Hellenic Bank Public Company Ltd (the "Bank") announces that, the Board of Directors of the Bank during its meeting held on 26th September 2019 approved, *inter alia*, the Financial Results of the Group of Hellenic Bank for the six-month period ended 30th June 2019, and pursuant to the Regulations of the Cyprus Stock Exchange and Cyprus Securities and Exchange Commission, please find attached hereto:

(a) the Condensed Consolidated Financial Statements of the Group of Hellenic Bank for the six-month period ended 30th June 2019,

(b) the relevant Commentary,

(c) the Press Release which will be sent to the press for publication,

(d) the relevant Financial Results Presentation and

(e) the Condensed Consolidated Financial Results and Commentary of the Group of Hellenic Bank for the six-month period ended 30th June 2019, which will be published in newspaper "Phileleftheros" on Saturday 28th September 2019.

Copies of the Financial Results for the six-month period ended 30th June 2019, as approved by the Board of Directors, will be available at the Head Office of Hellenic Bank, Corner Limassol Avenue & 200 Athalassas Avenue, Strovolos, Nicosia (5th floor-Financial Management). The Financial Results will also be available on the Bank's website www.hellenicbank.com.

HELLENIC BANK PUBLIC COMPANY LTD

HELLENIC BANK

Hellenic Bank Group

Condensed Consolidated Interim Financial Statements

For the six-month period ended 30 June 2019

Hellenic Bank Group
Condensed Consolidated Interim Financial Statements
For the six-month period ended 30 June 2019
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HELLENIC BANK GROUP
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Note	Six-month period ended 30 June 2019 €'000	2018 €'000
Turnover		**244.223**	133.386
Net interest income	5, 6	**151.063**	57.642
Net fee and commission income		**24.264**	20.739
Net gains on disposal and revaluation of foreign currencies and financial instruments		**5.351**	23.009
Other income		**19.011**	13.369
Total net income		**199.689**	114.759
Staff costs		**(59.014)**	(37.606)
Depreciation and amortisation	17	**(10.496)**	(4.676)
Administrative and other expenses	7	**(60.457)**	(42.620)
Total expenses		**(129.967)**	(84.902)
Profit from ordinary operations before impairment losses and provisions to cover credit risk		**69.722**	29.857
(Impairment losses)/reversal of impairment losses and provisions to cover credit risk	8	**(9.603)**	7.419
Profit before share of results of associate company		**60.119**	37.276
Share of results of associate company net of taxation	16	**876**	1.525
Profit before taxation		**60.995**	38.801
Taxation	9	**(1.890)**	(3.544)
Profit for the period		**59.105**	35.257
Profit attributable to:			
Shareholders of the parent company		**58.340**	34.694
Non-controlling interests		**765**	563
Profit for the period		**59.105**	35.257
Basic and diluted earnings per share (€cent)	10	**18,43**	16,43

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Three-month period ended 30 June	
	2019	2018
	€'000	€'000
Turnover	**122.405**	56.187
Net interest income	**75.792**	28.357
Net fee and commission income	**13.541**	11.055
Net gains on disposal and revaluation of foreign currencies and financial instruments	**2.893**	2.661
Other income	**8.018**	5.585
Total net income	**100.244**	47.658
Staff costs	**(29.813)**	(18.039)
Depreciation and amortisation	**(5.399)**	(2.402)
Administrative and other expenses	**(31.225)**	(23.480)
Total expenses	**(66.437)**	(43.921)
Profit from ordinary operations before impairment losses and provisions to cover credit risk	**33.807**	3.737
Reversal of impairment losses and provisions to cover credit risk	**10.506**	4.183
Profit before share of results of associate company	**44.313**	7.920
Share of results of associate company net of taxation	**425**	1.175
Profit before taxation	**44.738**	9.095
Taxation	**(517)**	(2.402)
Profit for the period	**44.221**	6.693
Profit attributable to:		
Shareholders of the parent company	**44.411**	6.613
Non-controlling interests	**(190)**	80
Profit for the period	**44.221**	6.693

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Note	Six-month period ended 30 June 2019 €'000	Six-month period ended 30 June 2018 €'000
Profit for the period		**59.105**	35.257
Other comprehensive income/(expenses)			
Items that will not be reclassified in the income statement			
Taxation relating to components of other comprehensive income	23	**36**	115
Net revaluation surplus/(deficit) of investments in equity and other securities and collective investment units at fair value through other comprehensive income	23	**34**	(16)
		70	99
Items that are or may be reclassified subsequently in the income statement			
Net revaluation surplus/(deficit) of investments in debt securities measured at fair value through other comprehensive income	23	**6.117**	(8.973)
Net revaluation deficit of investments in debt securities at fair value through other comprehensive income reclassified to income statement on disposal	23	**-**	(18.281)
		6.117	(27.254)
Other comprehensive income/(expenses) for the period net of taxation		**6.187**	(27.155)
Total comprehensive income for the period		**65.292**	8.102
Total comprehensive income for the period attributable to:			
Shareholders of the parent company		**64.527**	7.539
Non-controlling interests		**765**	563
		65.292	8.102

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Three-month period ended 30 June	
	2019	2018
	€'000	€'000
Profit for the period	**44.221**	6.693
Other comprehensive income/(expenses)		
Items that will not be reclassified in the income statement		
Taxation relating to components of other comprehensive income	**31**	104
Net revaluation surplus of investments in equity and other securities and collective investment units at fair value through other comprehensive income	**16**	54
	47	158
Items that are or may be reclassified subsequently in the income statement		
Net revaluation surplus/(deficit) of investments in debt securities measured at fair value through other comprehensive income	**2.950**	(3.485)
	2.950	(3.485)
Other comprehensive income/(expenses) for the period net of taxation	**2.997**	(3.327)
Total comprehensive income for the period	**47.218**	3.366
Total comprehensive income for the period attributable to:		
Shareholders of the parent company	**47.028**	3.286
Non-controlling interests	**190**	80
	47.218	3.366

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2019

	Note	30 June 2019 €'000	31 December 2018 €'000
Assets			
Cash and balances with Central Banks	11,25	**3.975.120**	4.391.444
Placements with other banks	12,25	**452.799**	307.888
Loans and advances to customers	13	**6.220.509**	6.283.438
Debt securities	14	**5.214.388**	4.526.428
Equity and other securities and collective investment units	15	**37.273**	34.638
Investment in associate company	16	**8.158**	8.997
Property, plant and equipment	17	**152.372**	101.489
Intangible assets	17	**48.930**	46.546
Tax receivable		**524**	494
Deferred tax asset	18	**11.062**	16.326
Other assets	19	**345.554**	408.498
Total assets		**16.466.689**	16.126.186
Liabilities			
Deposits by banks		**202.103**	216.199
Customer deposits and other customer accounts		**14.809.401**	14.709.168
Tax payable		**5.505**	5.322
Deferred tax liability	18	**40.575**	44.457
Other liabilities	20	**244.653**	196.826
Loan capital	21	**129.667**	129.667
Total liabilities		**15.431.904**	15.301.639
Equity			
Share capital	22	**206.403**	99.237
Reserves		**823.416**	721.109
Equity attributable to shareholders of the parent company		**1.029.819**	820.346
Non-controlling interests		**4.966**	4.201
Total equity		**1.034.785**	824.547
Total liabilities and equity		**16.466.689**	16.126.186
Contingent liabilities and commitments		**1.348.668**	1.366.059

J. Matsis

Dr Evripides A. Polykarpou	Ioannis A. Matsis	Stephen John Albutt	Lars Kramer
Chairman of the Board of Directors	Chief Executive Officer	Chairman of the Audit Committee of the Board	Chief Financial Officer

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Attributable to shareholders of the parent company								
	Share capital (Note 22) €'000	Reduction of share capital reserve (Note 22) €'000	Share premium reserve (Note 22) €'000	Revenue reserve €'000	Translation reserve €'000	Revaluation reserves (Note 23) €'000	Total €'000	Non-controlling interests €'000	Total €'000
Balance 1 January 2019	99.237	260.269	515.609	(110.114)	33	55.312	**820.346**	4.201	**824.547**
Total comprehensive income for the period net of taxation									
Profit for the period	-	-	-	58.340	-	-	**58.340**	765	**59.105**
Other comprehensive income	-	-	-	-	-	6.187	**6.187**	-	**6.187**
Transfer of excess depreciation on revaluation surplus	-	-	-	201	-	(201)	**-**	-	**-**
	-	-	-	58.541	-	5.986	**64.527**	765	**65.292**
Transactions with shareholders									
Contributions and distributions									
Issue of shares	107.166	-	42.866	-	-	-	**150.032**	-	**150.032**
Expenses on increase of capital	-	-	(5.086)	-	-	-	**(5.086)**	-	**(5.086)**
	107.166	-	37.780	-	-	-	**144.946**	-	**144.946**
Balance 30 June 2019	206.403	260.269	553.389	(51.573)	33	61.298	**1.029.819**	4.966	**1.034.785**

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Attributable to shareholders of the parent company								
	Share capital (Note 22) €'000	**Reduction of share capital reserve (Note 22) €'000**	**Share premium reserve (Note 22) €'000**	**Revenue reserve €'000**	**Translation reserve €'000**	**Revaluation reserves (Note 23) €'000**	**Total €'000**	**Non-controlling interests €'000**	**Total €'000**
Balance 1 January 2018	99.237	260.269	515.609	(394.579)	33	78.316	**558.885**	3.411	**562.296**
Changes on initial application of IFRS 9	-	-	-	(35.671)	-	1.987	**(33.684)**	-	**(33.684)**
Restated balance at 1 January 2018	99.237	260.269	515.609	(430.250)	33	80.303	**525.201**	3.411	**528.612**
Total comprehensive income/(expenses) for the period net of taxation									
Profit for the period	-	-	-	34.694	-	-	**34.694**	563	**35.257**
Other comprehensive expenses	-	-	-	-	-	(27.155)	**(27.155)**	-	**(27.155)**
Transfer due to the disposal of investments in equity and other securities and collective investment units measured at fair value through other comprehensive income	-	-	-	110	-	(110)	**-**	-	**-**
Transfer of excess depreciation on revaluation surplus	-	-	-	203	-	(203)	**-**	-	**-**
Transfer to revenue reserve due to the disposal of immovable property	-	-	-	396	-	(396)	**-**	-	**-**
	-	-	-	35.403	-	(27.864)	**7.539**	563	**8.102**
Balance 30 June 2018	99.237	260.269	515.609	(394.847)	33	52.439	**532.740**	3.974	**536.714**

The notes on pages 9 to 70 form an integral part of the Financial Statements.

HELLENIC BANK GROUP
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

	Note	Six-month period ended 30 June 2019 €'000	2018 €'000
Cash flow from operating activities			
Profit for the period		**59.105**	35.257
Adjustments to profit for the period		**(44.982)**	(34.013)
Operating profit before working capital changes		**14.123**	1.244
Working capital changes		**193.172**	95.645
Net cash from operating activities before taxation		**207.295**	96.889
Tax paid		**(330)**	(147)
Net cash from operating activities		**206.965**	96.742
Cash flow from investing activities			
Income from investments in debt and equity and other securities and collective investment units		**52.466**	14.571
Net (additions)/disposals/maturity of investment in debt and equity and other securities and collective investment units		**(670.894)**	143.206
Acquisitions less proceeds from disposal of property, plant and equipment and intangible assets		**(16.676)**	(5.014)
Dividend received from associate company	16	**1.715**	774
Net cash (used in)/from investing activities		**(633.389)**	153.537
Cash flow from financing activities			
Proceeds from the issue of share capital		**144.945**	-
Payment of lease liabilities		**(2.427)**	-
Interest paid on loan capital	6	**-**	(120)
Net cash from/(used in) financing activities		**142.518**	(120)
Net (decrease)/increase in cash and cash equivalents		**(283.906)**	250.159
Cash and cash equivalents at the beginning of the period		**4.432.108**	2.475.071
Cash and cash equivalents at the end of the period	25	**4.148.202**	2.725.230

The notes on pages 9 to 70 form an integral part of the Financial Statements.

The Condensed Consolidated Interim Financial Statements ("Financial Statements") as at and for the six-month period ended 30 June 2019 have not been audited by the independent auditors of the Group.

1. INCORPORATION AND PRINCIPAL ACTIVITY

Hellenic Bank Public Company Limited (the "Bank") was incorporated in Cyprus and is a public company in accordance with the provisions of the Companies Law (Cap. 113), the Cyprus Stock Exchange Laws and Regulations and the Income Tax Laws. The Bank's registered office is located at 200, Corner of Limassol and Athalassa Avenues, 2025 Strovolos, P.O. Box 24747, 1394 Nicosia. The Bank is the holding company of Hellenic Bank Group (the "Group").

The principal activity of the Group is the provision of a wide range of banking and financial services, which include financial, investment and insurance services, custodian and factoring services as well as management and disposal of properties.

2. REPORTING GROUP STRUCTURE

The Financial Statements for the six-month period ended 30 June 2019 comprise of the Financial Statements of Hellenic Bank Public Company Limited and its subsidiary companies, which together are referred to as the Group.

On 3 September 2018, the Bank completed the acquisition of a business from Cyprus Cooperative Bank (CCB) (the "Acquisition"), referred to as Cooperative Asset Management Company Ltd (the ex-CCB) with effect from 1 September 2018. The Bank signed the business transfer agreement (BTA) to acquire substantially all the performing business of CCB, including the related business of lending, deposit taking and the provision of other banking services, to the extent comprised of the acquired assets (the “Assets”) and the assumed liabilities (the "Assumed Liabilities"), as carried on by CCB (the "Business"). The Assets comprise a portfolio of primarily performing loans, Cyprus Government Bonds, cash and other current assets, while the Assumed Liabilities comprise customer deposits and other current liabilities.

The measurement principle in IFRS 3 is that the identifiable assets acquired and the liabilities assumed as part of a business combination are measured at the date of acquisition at their fair values. There are limited exceptions to this measurement principle. All identifiable assets acquired and liabilities assumed were recognised in accordance with IFRS 3 requirements at the date of acquisition and at initial consolidation.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of the Financial Statements for the six-month period ended 30 June 2019 are consistent with those followed for the preparation of the audited Financial Statements for the year ended 31 Δεκεμβρίου 2018 ("last annual Financial Statements"). Any addition or changes in accounting policies are described below.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements for the year ending 31 December 2019.

3.1. Basis of preparation

The Financial Statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (EU) and should be read in conjunction with the audited Financial Statements for the year ended 31 December 2018. The Financial Statements do not include all of the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual audited Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

The Financial Statements are presented in Euro (€), which is the functional currency of the Bank. All figures have been rounded to the nearest thousand, except where otherwise indicated.

3.2. Adoption of new and revised International Financial Reporting Standards (IFRSs) and interpretations

As from 1 January 2019, the Group adopted all the changes to International Financial Reporting Standards (IFRSs) as adopted by the EU which are relevant to its operations.

(i) Recently adopted IFRSs and interpretations

The following Standards and interpretations are those standards and interpretations which are relevant to the Group and which have been applied in the preparation of these Financial Statements.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

Applicable on 1 January 2019

IFRS 16 "Leases" has an effective date for annual periods beginning on or after 1 January 2019 and replaces relevant leases guidance including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases-Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new standard results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases were accounted for under IAS 17 “Leases” and includes all contracts that convey the right to use an asset for a period of time in exchange for consideration.

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 for lessees eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model.

The Bank is required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement. The initial recognition of the right of use asset and lease liability is based on the discounted payments required under the lease, taking into account the lease term as determined by the new standard. Also, all lease liabilities are measured with reference to an estimate of the lease term, which includes optional lease periods when an entity is reasonably certain to exercise an option to extend (or not to terminate) a lease.

IFRS 16 substantially carries forward the lessor accounting requirements of IAS 17. Accordingly, the Bank as a lessor will continue to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As permitted by the Standard, the Bank applied the modified retrospective approach, which means that it applied the standard without restatement of comparatives where the cumulative effect of initial application is recognised as an adjustment to the opening balance of retained earnings.

The Group presents the right-of-use assets under Property, plant and equipment and lease liabilities in Other liabilities in the Statement of Financial Position. The Group has elected not to recognise right-of-use assets and lease liabilities for all leases for which the lease term ends within 12 months of the date of initial application and recognise such leases as short-term leases. The Group recognises lease payments as an expense on a straight line basis over the lease term.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Until the Group finalises its financial statements for the year ending 31 December 2019, the effect of the adoption of IFRS 16 is subject to change.

i) Impact on transition

The impact that the application of IFRS 16 had on the financial statements of the Group as of 1 January 2019 was an increase in assets of €53,2 million and a corresponding lease liability of €53,2 million, with no impact on the retained earnings or equity of the Group. When measuring lease liabilities, the Group discounted lease payments using its incremental borrowing rate at 1 January 2019. The weighted average rate applied is c. 3%.

	€'000
Operating lease commitments disclosed as of 31 December 2018	787
Discounted operating lease commitments disclosed as of 31 December 2018 using the lessee's incremental borrowing rate at the date of initial application	749
Leases with purchase option reasonably certain to be exercised relating to CCB properties	43.172
Leases with purchase option not reasonably certain to be exercised relating to CCB properties	2.461
Recognition as a result of a different treatment of extension options	6.855
Lease liability as of 1 January 2019	**53.237**

ii) Impact for the period

Upon initial application of IFRS 16, instead of operating lease expense, the Group has recognised depreciation and interest costs. During the period ended on 30 June 2019, the Group recognised €2,5 million of depreciation charges and €142 thousand of interest costs from these leases.

Applicable before 1 January 2019

Group as lessee
Leases that do not transfer to the Group substantially all the risks and benefits incidental to ownership of the leased items are operating leases. Operating lease payments are recognised as an expense in “Administrative and other expenses” in the consolidated income statement on a straight-line basis over the lease term.

Group as lessor
Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Operating lease payments received under operating leases are recognised as income on a straight-line basis over the lease term as part of "Other income".

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019)

In October 2017, the IASB issued "Prepayment Features with Negative Compensation (Amendments to IFRS 9)". These amendments allow financial assets with such features to be measured at amortised cost or fair value through other comprehensive income provided that they meet the other relevant requirements of IFRS 9. To qualify for amortised cost measurement, the negative compensation must be "reasonable compensation for early termination of the contract" and the asset must be held within a "held to collect" business model. These amendments do not have a material effect on the financial statements of the Group.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019)

IFRIC 23 explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. More specifically, it clarifies the application of IAS 12 to accounting for income tax treatments that have yet to be accepted by tax authorities, in scenarios where it may be unclear how tax law applies to a particular transaction or circumstance, or whether a taxation authority will accept an entity's tax treatment. This interpretation does not have a material effect on the financial statements of the Group.

IAS 28 (Amendments) "Long-term Interest in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2019)

In October 2017, the IASB issued "Long term interests in Associates and Joint Ventures" (Amendments to IAS 28). The amendments clarify the accounting for long term interests in an associate or joint venture that forms part of the net investment in the associate or joint venture, but to which equity accounting is not applied. These amendments do not have a material effect on the financial statements of the Group.

Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019)

In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 "Business Combinations": the amendments clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value.

- IFRS 11 "Joint Arrangements": the amendments clarify that the party obtaining joint control of a business that is a joint operation should not remeasure its previously held interest in the joint operation.

- IAS 12 "Income Taxes": the amendments clarify that all income tax consequences of dividends on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits were recognised – i.e. in profit or loss, OCI or equity.

- IAS 23 "Borrowing Costs": the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

These amendments do not have a material effect on the financial statements of the Group.

IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (effective for annual periods beginning on or after 1 January 2019)

In February 2018, the IASB issued amendments to the guidance in IAS 19, 'Employee Benefits', in connection with accounting for planned amendments, curtailments and settlements. These amendments do not have a material effect on the financial statements of the Group.

The following Standards and interpretations have been issued but are not yet effective. The Group does not intend to adopt these standards prior to their effective date.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards and Interpretations not adopted by the European Union

IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021)

In May 2017, the IASB issued IFRS 17 "Insurance Contracts", a comprehensive new accounting standard for insurance contracts covering recognition, measurement, presentation and disclosure. IFRS 17 replaces IFRS 4 "Insurance Contract", and solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in consistent manner, benefiting both investors and insurance companies. Insurance obligations will be accounted for using current values instead of historical cost and re-measured at each reporting period. The Standard applies to all types of insurance contracts (i.e. Life, Non Life, direct insurance and reinsurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. The insurance subsidiaries of the Group do not plan to adopt the standard early. The companies are currently evaluating the impact of the standard on their financial statements which is expected to be significant.

Amendments to references to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)

In March 2018, the IASB issued a revised version of its Conceptual Framework for Financial Reporting that underpins IFRS Standards. The Conceptual Framework sets out the fundamental concepts of financial reporting that guide the Board in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, providing useful information for investors and others. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction; and it helps stakeholders more broadly to understand the Standards better. The Group is currently evaluating the expected impact of adopting these amendments on its financial statements.

Amendments to IFRS 3 "Business Combinations" (effective for annual periods beginning on or after 1 January 2020)

In October 2018, the IASB issued a narrow scope amendments to IFRS 3 Business Combinations to improve the definition of a business. These amendments clarify the determination of whether an acquisition made is of a business or a group of assets. The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The Group is currently evaluating the expected impact of adopting these amendments on its financial statements.

Amendments to IAS 1: "Presentation of financial statements" and IAS 8: "Definition of Material" (effective for annual periods beginning on or after 1 January 2020)

In October 2018, the IASB issued the "Definition of Material (Amendments to IAS 1 and IAS 8)" to clarify the definition of "material" and to align the definition used in the Conceptual Framework and the standards themselves. The amendments clarify the definition of material and how it should be applied, stating that “Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity”. The Group is currently evaluating the expected impact of adopting these amendments on its financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Amendment in IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The IASB has made limited scope amendments to IAS 28 Investments in Associates and Joint Ventures and IFRS 10 Consolidated Financial Statements. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and its associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a "business" as defined in IFRS 3 Business Combination. The IASB and the Interpretations Committee concluded that when the non-monetary assets constitute a business, a full gain or loss should be recognised on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised only to the extent of the other investor's share. In December 2015, the IASB decided to defer the application date of this amendment until research is completed. The Group is currently evaluating the expected impact of adopting these amendments on its financial statements.

3.3. Basis of consolidation

3.3.1. Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (Refer to Note 3.3.2.).The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any negative goodwill is recognised in profit or loss immediately. Transactions costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at the fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

3.3.2. Subsidiaries

The Group controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Investment in subsidiaries are presented at cost in the Bank's statement of financial position less provision for impairment, where applicable.

The Group promotes the formation of special purpose vehicles (SPVs) for the purpose of asset securitisation transactions so as to accomplish defined objectives. The Group consolidates these SPVs if the substance of its relationship with them indicates that it has control over them.

Intra-group balances, and income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

3.3.3. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

3.3.4. Loss of control

When the Group losses control over a subsidiary, it derecognized the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

3.3.5. Associates

Associates are entities in which the Group has significant influence, but not control, over their financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates are presented at cost less provision for impairment in the Bank's statement of financial position whereas in the Consolidated Financial Statements, they are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the Consolidated Financial Statements include the Group's share of profit or loss and OCI of the associates.

3.4. Comparatives

Comparatives presented in the Financial Statements are restated, where considered necessary, to conform with changes in the presentation of the current period.

Following the Acquisition, the condensed income statement and consolidated statement of comprehensive income for the period ended 30 June 2019 are not comparable with the respective 2018 statements.

4. USE OF ESTIMATES AND JUDGEMENTS

The preparation of Financial Statements requires Management to make use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances and the results of which form the basis of making judgments about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Therefore, they involve risks and uncertainties as they relate to events and depend on circumstances that will occur in the future. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and in future periods if the revision affects both current and future periods.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

The accounting policies that are deemed critical to the Group's results and financial position and which involve significant estimates and judgments are set out below:

4.1. Measurement of expected credit loss (ECL) allowance

IFRS 9 replaced the "incurred loss" impairment approach with a forward-looking ECL model. The measurement of the expected credit loss allowance for financial assets measured at amortised cost and fai value through other comprehensive income (FVOCI) is an area that requires management's judgement in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions and forecasts of economic conditions. The assumptions used are based, to the extent possible, on data and evidence. Whenever sufficient data is not available, the impairment calculation incorporates assumptions based on management judgement.

The Group evaluates individually loans, including loans of economic groups, that are individually significant based on certain thresholds set by the Bank. It collectively assesses loans that are not individually significant and loans which were individual assessed as Stage 1.

Individually assessed loans (Stages 2 and 3)

The amount of impairment loss on the value of loans and advances to customers which are examined on an individual basis, is measured for a) financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Bank in accordance with the contract and the cash flows that the Bank expects to receive); b) financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows. In cases where the interest rate of the loan is variable, the original effective interest rate is measured with reference to the initial margin corresponding to the current base rate of the interest rate and the value of the current base rate at the reporting date. The estimated future cash flows are based on assumptions about a number of factors and therefore the actual losses may be different. To determine the amount of impairment loss on the value of loans and advances to customers, judgment is involved regarding the amount and timing of estimated future cash flows. The estimated future cash flows include any expected cash flows from the borrower's operations, any other sources of funds and the expected proceeds from the liquidation of collateral, where applicable. The timing of these cash flows is estimated on a case by case basis.

Collectively assessed loans (Stages 1 to 3)

For the calculation of impairment loss on a collective basis, loans and advances are grouped based on similar credit risk characteristics and appropriate models are applied that take into account the recent historical loss experience of each group with similar credit risk characteristics adjusted for current conditions using appropriate probabilities of default and loss given default. The grouping considers factors such as the customer type, industry, product, days in arrears and restructuring status. Restructured facilities are classified in a separate group.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

To measure ECL, the Group uses: (a) Exposure at default (EAD), (b) probability of default (PD), (c) Loss given default (LGD). These calculations include estimates and the use of judgment to supplement, assess and adjust accordingly the historical information and past experience events which determine the parameters and the measurement of ECL as at the reporting date. The main assumptions used to estimate loss given default relate to the treatment of property collateral such as the time needed for collateral liquidation and the liquidation discount at the point of sale. For loans and advances assessed individually, the specifics of each case are taken into consideration in determining the property parameters. In addition, management is required to exercise significant judgement in determining staging criteria, criteria for significant increase in credit risk as well as establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL. For forward looking information refer to Note 3.16.4 of the Financial Statements for the year ended 31 December 2018.

The Bank has taken significant steps in enhancing its provisioning methodology. Since 2016, the Bank improved its property collateral database that allowed a more granular approach in provisioning. The new collateral information which was incorporated both in collective and individual provisioning takes into account the specificities of the properties by segmenting them into various property types and sub types as well as by classifying them by district and location within each district. Different liquidation discounts are applied depending on the type and location of each collateral with the liquidation discount including cost ranging from 15% for a limited number of prime property types to 40% for non prime properties. The resulting average liquidation discount for the collectively assessed portfolio is approximately 26,6% including costs.

In addition, since June 2017 the Bank has proceeded with certain amendments to the parameters and assumptions for estimating the recoverable amount of property collateral values used in its provisioning methodology, relating primarily to the elimination of forward looking indexation in its collateral prices and the adoption of higher liquidation discounts at the point of sale for selected categories of non-prime properties. The amendments were made in the context of the International Financial Reporting Standards and take into account the Bank's accelerated plans for resolving problem loans, latest market developments, as well as the ongoing regulatory engagement with the European Central Bank (ECB) as part of the 2017 Supervisory Review and Evaluation Process (SREP).

Further improvements to the collective provisioning methodology were made in 2018 and related to the alignment of the status of the portfolio and the NPL management strategies pursuit by the Bank with the collective provision assessment by differentiating the liquidation period assumptions. The average liquidation period of the collateralised non performing collectively assessed portfolio is currently approximately 5,3 years (2018: 5,2 years) while for performing loans, the liquidation period assumption is 5 years (2018: 5 years).

Accumulated impairment losses of the Group's loans and advances are inherently uncertain due to their sensitivity to economic and credit conditions of the environment in which the Group operates. Conditions are affected by many factors with a high degree of interdependency and there is not one single factor to which these conditions are particularly sensitive. It is possible for the actual conditions in the next financial year to differ significantly from the assumptions made during the current year, so that the carrying amount of loans and advances to be adjusted significantly.

For the purposes of providing an indication of the change in accumulated impairment losses as a result of changes in key loan impairment assumptions, the Bank utilised the collective models on the default loan and advances portfolio with reference date 30 June 2019, to carry out a sensitivity analysis. The simulated impact on the provisions for impairment of loans and advances is presented below:

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

Change on key assumptions	**Increase/(decrease) on accumulated impairment losses on the total default loan and advances portfolio €' million**
Increase the liquidation period by 1 year	28
Decrease the liquidation period by 1 year	(28)
Increase the liquidation discount (i.e. reduce the recoverable amount from collateral) by 5%	41
Decrease the liquidation discount (i.e. increase the recoverable amount from collateral) by 5%	(39)

4.2. Provisions for pending litigations or complaints and/or claims or cases subject to arbitration proceedings

In order to assess whether a provision must be recognised, the Group examines whether there is a present obligation (legal or constructive) as a result of a past event, for which an outflow of resources embodying economic benefits is probable and a reliable estimate for the amount of the obligation can be made.

The Group obtains legal advice on the value of the provision of specific complaints and/or claims and arbitration.

The amounts recognised as provisions are the best estimates of the expenditure required to settle the present obligation at the end of the reporting period. When a separate liability is measured, the most likely outcome may be considered the best estimate of the liability. Due to the risks and uncertainties surrounding the facts and circumstances of any pending litigations or complaints and/or claims or cases subject to arbitration proceedings, a significant degree of judgement is required for the estimation of the relevant outcome.

4.3. Impairment of goodwill and investments in subsidiaries and associated companies

The process of identifying and evaluating impairment of goodwill and investments in subsidiaries and associated companies, is inherently uncertain because it requires significant Management judgement in making a series of estimates, the results of which are highly sensitive to the assumptions used. The review of impairment represents Management’s best estimate of the factors below.

Firstly, significant Management judgement is required in estimating the future cash flows of the acquired entities. The values are sensitive to the cash flows projected for the periods for which detailed forecasts are available, and to assumptions regarding the long-term pattern of sustainable cash flows thereafter.

The cash flow forecasts are compared with actual performance and verifiable economic data in future years. However, the cash flow forecasts necessarily and appropriately reflect Management’s view of future business prospects. Additionally, the cost of capital used to discount future cash flows, can have a significant effect on the entity’s valuation. For the Special Purpose Vehicles (SPVs), the principal indication of impairment is a decrease in the carrying value of the underlying properties. The carrying value is established using valuations carried out by independent qualified valuers who apply internationally accepted valuation models, use their market knowledge and professional judgement.

Any impairment of goodwill of the acquired entities affects the Group's results while any impairment of investments in subsidiaries and associated companies affects the Bank's results. Present Value of aquired in-force business (PVIF) is tested for impairment annually, and when circumstances indicate that the carrying value may be impaired. When the recoverable amount is less than the carrying value, an impairment loss is recognised in the income statement.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

4.4. Impairment of other intangibles

Other intangible assets mainly include assets acquired from the business combination with CCB. The determination of the recoverable amount in the impairment assessment of other intangibles requires estimates based on prices of comparable businesses, present value or other valuation techniques, or a combination thereof, necessitating management to make subjective judgements and assumptions. The fair value of the Bank's other intangibles assets is determined by discounting estimated future net cash flows generated by the asset which require the use of different assumptions for the expectations of future cash flows, attrition rates, estimation of useful economic lives and the discount rate. Because these estimates and assumptions could result in significant differences to the amounts reported if underlying circumstances were to change, the Group considers these estimates to be critical.

4.5. Fair value of investments

The best evidence of fair value of investments is a quoted price in an actively traded market. If the market for a financial instrument is not active, a valuation technique is used. The majority of valuation techniques employed by the Group use only observable market data and thus the reliability of the fair value measurement is relatively high. The Group uses models with unobservable inputs only for the valuation of non-listed investments. In these cases, the Group takes into account, amongst others, the net positions of the entities in which the investment has been made, as well as estimates of the Group's Management to reflect uncertainties in fair values resulting from the lack of data and significant adverse changes in technology, market, economic or legal environment in which the entity operates.

4.6. Business Models and SPPI

IFRS 9 requires the classification of financial assets to be determined based on both business model used for managing the financial assets and whether the contractual cash flows generated by an asset constitute solely payments of principal and interest (SPPI).

The assessment of the business model requires judgement based on the facts and circumstances at the date of the assessment. The Bank has considered both quantitative and qualitative factors in its assessment such as how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Bank's management as well as the frequency, volume and timing of sales in prior periods.

If a financial asset is held in either a "hold to collect" or a "hold to collect and sell" business model, then an assessment to determine whether the contractual cash flows are SPPI is required. In making this assessment the Group exercises judgement in considering whether the contractual cash flows 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 profit margin.

4.7. Negative goodwill

The Group accounted for the acquisition of a business from CCB using the acquisition method. In accordance with IFRS 3, all identifiable assets and liabilities acquired have to be measured at their fair value at the time of acquisition. These fair values also represent the amounts upon initial consolidation. The difference between the purchase price and the balance of assets and liabilities acquired and measured at fair value is recognised as negative goodwill ("gain on bargain purchase" as per IFRS 3) in the income statement, and directly increases the equity of the Bank. For the determination of the fair value of the identifiable assets and assumed liabilities the Bank used the services of an independent international firm (Refer to Note 49 of the Audited Consolidated Financial Statements for the year ended 31 December 2018).

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

4.8. Indemnification Asset

The Bank has identified and recognised an indemnification asset relating to the Asset Protection Scheme Agreement (APS) provided by the seller (ex-CCB) in the business combination and guaranteed by the Republic of Cyprus (RoC).

The Bank has determined that the APS is an indemnification asset in the scope of IFRS 3 because:

- The Bank has acquired a business from CCB in accordance with IFRS 3 and it is therefore in the scope of IFRS 3;

- The APS meets the definition of an "indemnification asset" in IFRS 3 which occurs when the seller in a business combination contractually indemnifies the acquirer for the outcome of a contingency or uncertainty related to all or part of a specific asset or liability. This has been concluded on the following basis:
  a) The APS is a single contract entered into between the Bank and CCB, providing credit protection in respect of a portfolio of loans acquired as part of the Acquisition. This contract is guaranteed with a Deed of Guarantee entered into between the Bank and the RoC. The Bank has determined that the unit of account is the arrangement as a whole as the two agreements (APS and APS element of the Deed of Guarantee) are considered to be linked.
  b) The "seller" may be seen to be both the ex-CCB and the RoC as the Bank will be reimbursed by either the ex-CCB or RoC.

Upon initial recognition, the Bank recognised the indemnification asset at the acquisition date measured at its acquisition date fair value. The APS asset valuation was carried out by external independent advisors and it comprises of two elements: a) the present value of the claims to be made by the Bank to the ex-CCB or the RoC in the event of APS Losses and b) the present value of fees payable from the Bank to the RoC (admission fee and guarantee fees).

The Bank has also identified and recognised an indemnification asset in relation to the off-balance sheet exposures. In accordance with the Business Transfer Agreement (BTA), ex-CCB shall on demand indemnify the Bank and keep it fully indemnified against all losses (after enforcement against cash collateral at Completion) incurred by the Bank arising out of, based upon or in connection with, whether directly or indirectly, the Assumed Liabilities which include various off-balance sheet exposures. The indemnified off-balance sheet exposures relate to issued loan commitments and financial guarantee contracts.

At the end of each subsequent reporting period, the Group measures an indemnification asset that was recognised at the acquisition date on the same basis as the indemnified liability or asset, subject to any contractual limitations on its amount and management’s assessment of the collectability of the indemnification asset. The Group shall derecognise the indemnification asset only when it collects the asset, sells it or otherwise loses the right to it. As prescribed by the APS Agreement, the Bank is currently in the process of finalising the operational arrangements and supporting infrastructure of the APS and upon completion any required adjustments will be made on the APS Indemnification Asset.

4.9. Properties held for sale/stock of properties held for sale

Properties held for sale are measured at the lower of carrying amount and fair value less costs to sell. Impairment is considered both at the time of classification as held for sale and subsequently. Any impairment loss that arises is recognised in the income statement. A gain for any subsequent increase in the fair value less costs to sell of an asset can be recognised in the income statement to the extent that it is not in excess of the cumulative impairment loss that has been recognised.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

Stock of properties is measured at the lower of cost and net realisable value. Any write down to Net Realisable Value (NRV) is recognised as an expense in the period in which the write down occurs and any reversal is recognised in the income statement in the period in which the reversal occurs. The estimated sales price is determined with reference to the fair value of properties. The best evidence of fair value is a quoted price in an active market. When the market is not active the fair value is established through valuations carried out by independent qualified valuers who apply internationally accepted valuation models, use their market knowledge and professional judgement. This exercise, depending on the nature of the underlying asset and available market information involves a degree of uncertainty. The determination of costs to sell may also require professional judgement which involves a degree of uncertainly.

4.10. Fair value of properties held for own use and investment properties

The main method used in the estimation of fair value is the comparable approach which uses prices and other relevant information generated by market transactions involving similar assets adjusted for time and property (physical and legal) characteristics. This is sometimes combined with the depreciated replacement cost method which is the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. In addition to the comparable approach, the Group also utilises in certain cases the income capitalisation approach which converts future amounts (cash flows or income and expenses) to a single current (discounted) amount.

4.11. Taxation

The Group is subject to corporation tax in the countries in which it operates. Estimates are required in determining the provision for corporation taxes as at the date of the financial position.

Following the completion of the Acquisition and the Purchase Price Allocation (PPA) exercise the tax treatment of the negative goodwill had to be established. For the purposes of the preparation of the financial statements the gain has been treated as non taxable for Corporation Tax Law purposes. According to the provisions of the Cyprus Income Tax Law any amount or consideration received for goodwill, after deducting costs associated with the acquisition of that goodwill, is considered taxable. The gain recognised can not be considered as taxable goodwill. It relates exclusively to non realised profits from the revaluation of the assets and liabilities acquired, and to that extent it has been treated as non taxable. The Bank will be subject to taxation upon realization of this profit depending on its nature. The final tax treatment of this gain will be confirmed with the Cyprus Tax Commissioner following a ruling request that has been submitted to the Tax Commissioner’s Office. From discussions between the Bank’s tax consultants and the Commissioner’s office it appears that the Commissioner will accept the Bank’s position regarding the taxability of this gain. To date however the Commissioner’s final decision has not yet been received in writing.

The Group is subject to corporation tax in the countries in which it operates. Estimates are required in determining the provision for corporation taxes as at the date of the financial position. As from Year 2018 and the introduction of IFRS9 for the measurement of financial assets and due to the absence of Tax Commissioner’s guidelines for the tax treatment of impairment losses in the value of loans and advances the Bank has applied a prudent approach to their tax treatment. If the final tax treatment as this will be determined by the Tax Commissioner is different from the amounts initially recognised in the income statement, such differences will impact (positively or negatively) the tax expense, the tax liabilities and deferred tax assets or liabilities of the period in which the final tax is agreed with the relevant tax authorities.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

Deferred tax assets arising from tax losses are recognised to the extent that it is probable that the Group will generate future taxable profits against which these losses can be utilised. The recognition of deferred tax asset in respect of tax losses is based on judgements made in relation to the probability, sufficiency and timing of future taxable profits as well as the applicability of future tax planning strategies. These judgements rely on historical available information and estimations regarding, among others, macroeconomic conditions, changes in interest rates, real estate prices and demand, the level of the non-performing exposures and the expected results of operations based on the business model and strategic plan of the Group. The parameters underlying the judgements made are subject to uncertainty and may result in changes in the measurement of deferred tax asset compared to initial estimates.

Aiming at fulfillment of undertakings concerning harmonisation with EU VAT legislation given by the Republic on accession to the EU, the House of the Representatives approved amendments to the Cyprus VAT Legislation which were published in the Official Gazette on 13 November 2017, and provide that:

- With effect from 2 January 2018, transactions involving supply of undeveloped buildable land, which are carried out as an economic activity, are subject to VAT.
- With effect from 2 January 2018, VAT imposed on supply of property within the loan restructuring process and transfers to the lender within the foreclosures procedure, is settled through the reverse charge mechanism.
- With effect from 13 November 2017, VAT is imposed on lease and/or rental income from immovable property used in the exercise of economic activities that are subject to VAT. The “option not to tax” may be exercised under certain prerequisites published by the Commissioner of Taxation in the Government Gazette.

The above amendments affect the value of the portfolio of immovable property either owned by the Group or held as collateral, the legal status and nature of activities carried out by its owner and prevailing market conditions.

In addition to the above amendments in the VAT Law certain amendments were made to tax laws, stamp duty law and Land Registry legislation in order to broaden the definition of loan restructuring.

- With effect from 17 July 2018 loan restructurings include disposals of immovable property to third, unrelated to the debtor, parties to the extend the disposal proceeds are used to reduce loan facilities which are considered NPLs and which were also rendered NPLs on or before 31 December 2015.

- However with the above amendment and with effect from 17 July 2018 the tax exempt loan restructurings involving direct acquisition of immovable property by the Banking Institutions have been also restricted to those relating to loans which were rendered NPLs on or before 31 December 2015.

- With effect from 15 March 2019 the definition of the term debtor has been amended so as to include related to the debtor persons, as per the Law provisions (Article 33) in order to accommodate within the loan restructurings, transactions with immovable property owned solely by related to the debtor persons.

4. USE OF ESTIMATES AND JUDGEMENTS (continued)

4.12. IFRS 16 "Leases"

The Group leases land and building for its branches. Identifying a lease requires significant amount of judgement based on the definition of a lease. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In addition, where practicable/feasible, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options are exercisable by the Group companies and not the lessor. As a result, the Group applied judgement to determine whether it is reasonably certain that an extension option or termination option will be exercised which in effect impacts the determination of the lease term and hence, the determination of the discount rate and the amounts that the lease liabilities and right-of-use assets are recognised.

The Group also leases vehicles and equipment. For those assets, the Group applied either the short-term exemption or the low value asset exemption and such assets are not presented on the Group's balance sheet. Instead, payments are recognised on a straight line basis over the lease term.

5. INTEREST INCOME

	30 June 2019 €'000	30 June 2018 €'000
Interest income calculated using the effective interest method		
Financial assets at amortised cost		
Interest income from placements with other banks	**4.051**	2.817
Interest income from loans and advances to customers	**134.410**	56.062
Interest income from debt securities	**43.431**	4.870
Interest income from indemnification assets	**827**	-
Financial assets at fair value		
Interest income from debt securities at fair value through other comprehensive income	**6.371**	6.161
	189.090	69.910
Other interest income		
Interest income from other financial instruments	**2.695**	3.547
	191.785	73.457

Interest from loans and advances to customers include interest on the net carrying amount of impaired loans and advances amounting to €17,5 million (30 June 2018: €20,7 million).

Other interest income relates to interest on derivatives which are measured at fair value through profit and loss (FVTPL), mainly interest rate swaps and foreign currency forwards.

6. INTEREST EXPENSE

	30 June 2019 €'000	30 June 2018 €'000
Interest expense on deposits by other banks	**455**	236
Interest expense on amounts due to Central Banks	**7.756**	4.431
Interest expense on customer deposits and other customer accounts	**30.065**	10.858
Interest expense on loan capital	**-**	120
Interest expense on other financial instruments	**2.304**	170
Interest expense from lease liabilities	**142**	-
	40.722	15.815

7. ADMINISTRATIVE AND OTHER EXPENSES

	30 June 2019 €'000	30 June 2018 €'000
Impairment losses on stock of properties held for sale	**2.863**	-
Operating leases of land and buildings	**1.024**	1.341
Repairs and maintenance	**6.961**	5.540
Consultancy and other professional services fees	**9.446**	9.375
Regulatory Supervisory fees	**1.257**	575
Special Levy on Credit Institutions	**10.987**	4.363
Provisions for pending litigations or complaints and/or claims (refer to Note 20)	**30**	283
Servicer's administration fees	**9.725**	11.491
Other administrative expenses	**18.164**	9.652
	60.457	42.620

Operating leases of land and buildings

For lease contracts under IFRS 16, instead of operating lease expense, the Group has recognised depreciation and interest costs. During the period ended 30 June 2019, the Group recognised €2,5 million of depreciation and €142 thousand of interest costs from these leases.

Impairment losses on stock of properties held for sale

During the period ended 30 June 2019 an impairment loss of €2.863 thousand (30 June 2018: €NIL) was charged in the income statement as a result of the illiquidity discount applied on stock of properties held for sale, based on the holding period of each property.

8. IMPAIRMENT LOSSES AND PROVISIONS TO COVER CREDIT RISK

	30 June 2019 €'000	30 June 2018 €'000
12 month expected credit losses on the value of loans and advances (refer to Note 13)	**14.588**	1.526
Lifetime expected credit losses (Stage 2) on the value of loans and advances (refer to Note 13)	**110**	(317)
Lifetime expected credit losses (Stage 3) on the value of loans and advances (refer to Note 13)	**(26.461)**	10.499
Lifetime expected credit losses on the value of purchased credit impaired (POCI) loans and advances	**3.923**	-
12 month expected credit losses on the value of debt securities (refer to Note 14)	**(183)**	292
12 month expected credit losses on the value of balances with Central Banks and Placements with other banks (refer to Note 11 and 12)	**336**	(20)
12 month expected credit losses on the value of other receivables	**300**	-
12 month expected credit losses on the value of financial guarantees issued and loan commitments issued (refer to Note 20)	**3.835**	74
Lifetime expected credit losses (Stage 2) on the value of financial guarantees issued and loan commitments issued (refer to Note 20)	**313**	157
Lifetime expected credit losses (Stage 3) on the value of financial guarantees issued and loan commitments issued (refer to Note 20)	**(2.236)**	(182)
Lifetime expected credit losses on the value of purchased credit impaired (POCI) financial guarantees issued and loan commitments issued (refer to Note 20)	**315**	-
Gain on derecognition of purchased credit impaired facilities	**7.279**	-
Gain on derecognition of financial guarantees and loan commitments acquired (refer to Note 20)	**3.288**	-
Amortisation of indemnification asset (refer to Note 19)	**(10.109)**	-
Net modification losses recognised	**(4.901)**	(4.610)
	(9.603)	7.419

9. TAXATION

	30 June 2019 €'000	30 June 2018 €'000
Corporation tax	**(450)**	(544)
Taxes withheld at source	**(22)**	(7)
Deferred tax	**(1.418)**	(2.993)
	(1.890)	(3.544)

According to the Income Tax Law 118(I)/2002 as amended, the Bank's taxable profit and that of its subsidiaries in Cyprus, is subject to corporation tax at the rate of 12,5%. Tax losses of group companies in Cyprus, other than companies affected by article 13(8)(d)(i) of the Income Tax Law, can be offset against taxable profits of other group companies in Cyprus and any tax losses not utilised can be carried forward and offset against the same entity's taxable profits of the next five years. Article 13(8)(d)(i) of the Income Tax Law provides that in the case where the disposal of shares held by one company in another company member of the same group is taxed as a trading transaction then the two companies are not considered group companies for loss relief purposes.

9. TAXATION (continued)

Profits earned by subsidiary companies abroad or/and permanent establishments outside Cyprus are subject to taxation at the rates applicable in the country in which the operations are carried out.

Tax exemptions, allowances, deductions and offsets pursuant to Articles 8, 9, 10 and 13 of the Income Tax Law 118(I)/2002 are taken into consideration for the calculation of the tax liability.

According to the provisions of the Special Contribution for the Defence of the Republic Law, Companies that do not distribute 70% of their profits after tax, as these profits are defined by this Law, during the two years following the end of the year to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the shareholders (individuals and companies), at the end of the period of two years from the end of the fiscal year to which the profits refer, are Cyprus residents and in the case of individuals, Cyprus domiciled as well. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed in respect of the year to which the profits refer. The special contribution for defence is paid by the Bank on behalf of the shareholders.

10. BASIC AND DILUTED EARNINGS PER SHARE

	30 June 2019	30 June 2018
Basic and diluted earnings per share		
Profit attributable to owners of the parent company (€ thousand)	**58.340**	34.694
Average number of shares in issue during the period (thousand)	**316.489**	211.213
Basic and diluted earnings per share (€ cent)	**18,43**	16,43

As at 30 June 2019 and 2018 there were no options or instruments convertible into new shares therefore basic and diluted earnings per share are the same.

The comparative of average number of shares in issue during the period is restated as per IAS 33 to account for the increase in the number of shares as a result of the capital raise.

11. CASH AND BALANCES WITH CENTRAL BANKS

	30 June 2019 €'000	31 December 2018 €'000
Cash	**139.891**	151.693
Balances with Central Banks	**3.835.229**	4.239.751
	3.975.120	4.391.444

The cash and cash equivalent are held with Central Banks and financial institution counterparties that are mainly rated in A- to AAA (99% of total), based on the main three rating agencies (Moody's, Fitch and S&P). The largest deposit remains with the ECB, with €3.691 million (31 December 2018: €4.097 million) and is rated AAA.

11. CASH AND BALANCES WITH CENTRAL BANKS (continued)

Total cash and balances with Central Banks are presented below:

	30 June 2019 €'000	31 December 2018 €'000
Cash and balances with Central Banks	**3.831.232**	4.248.514
Not available for use balances with Central Banks	**143.977**	143.048
	3.975.209	4.391.562
Accumulated Expected Credit Losses	**(89)**	(118)
Total Cash and balances with Central Banks	**3.975.120**	4.391.444

Movement of Accumulated Expected Credit Losses:

	30 June 2019 €'000	31 December 2018 €'000
Balance 1 Janauary*	**118**	7
Movement of the period/year	**(29)**	111
Closing balance	**89**	118

*The balance 1 January 2018 is adjusted according to the provisions of IFRS 9.

Cash and balances with Central Banks are classified as Stage 1.

12. PLACEMENTS WITH OTHER BANKS

	30 June 2019 €'000	31 December 2018 €'000
Other placements with banks	**339.938**	213.764
Interbank accounts	**112.861**	94.124
	452.799	307.888

The analysis of placements with other banks based on their remaining contractual maturity is as follows:

	30 June 2019 €'000	31 December 2018 €'000
On demand	**309.464**	155.739
Within three months	**9.586**	32.659
Between three months and one year	**-**	2.606
Between one year and five years	**133.749**	116.884
	452.799	307.888

On 30 June 2019, an amount of €136.927 thousand (31 December 2018: €120.266 thousand) is pledged as collateral on placements with other banks, being common practice among financial institutions.

Amounts held with financial institutions are mainly with A+ to A- institutions.

12. PLACEMENTS WITH OTHER BANKS (continued)

Total placements with other banks are presented below:

	30 June 2019 €'000	31 December 2018 €'000
Placement with other banks with original maturity less than 3 months	**317.059**	183.712
Other placements with other banks	**136.076**	124.819
	453.135	308.531
Accumulated Expected Credit Losses	**(336)**	(643)
Total Placements with other banks	**452.799**	307.888

Movement of Accumulated Expected Credit Losses:

	30 June 2019 €'000	31 December 2018 €'000
Balance 1 January*	**643**	75
Movement of the period/year	**(307)**	568
Closing balance	**336**	643

*The balance 1 January 2018 is adjusted according to the provisions of IFRS 9.

Placements with other banks are classified as Stage 1.

13. LOANS AND ADVANCES TO CUSTOMERS

	30 June 2019 €'000	31 December 2018 €'000
Loans and advances to customers	**7.460.061**	7.635.526
Accumulated impairment losses	**(1.239.552)**	(1.352.088)
	6.220.509	6.283.438

Based on the above categories, loans and advances to customers are presented below:

	30 June 2019				
	Stage 1 €'000	Stage 2 €'000	Stage 3 €'000	Purchased credit impaired €'000	**Total €'000**
1 January 2019	4.658.290	446.881	2.103.599	426.756	**7.635.526**
Transfer from Stage 1 to Stage 2	(151.617)	151.617	-	-	**-**
Transfer from Stage 1 to Stage 3	(74.805)	-	74.805	-	**-**
Transfer from Stage 2 to Stage 3	-	(53.621)	53.621	-	**-**
Transfer from Stage 3 to Stage 2	-	31.624	(31.624)	-	**-**
Transfer from Stage 2 to Stage 1	71.611	(71.611)	-	-	**-**
Transfer from Stage 3 to Stage 1	23.763	-	(23.763)	-	**-**
Net movement during the period	6.107	1.084	(171.716)	(13.624)	**(178.149)**
Exchange difference	734	70	1.880	-	**2.684**
30 June 2019	4.534.083	506.044	2.006.802	413.132	**7.460.061**

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

	31 December 2018				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
1 January 2018	1.443.067	445.647	2.166.199	-	**4.054.913**
Transfer from Stage 1 to Stage 2	(65.862)	65.862	-	-	**-**
Transfer from Stage 1 to Stage 3	(9.689)	-	9.689	-	**-**
Transfer from Stage 2 to Stage 3	-	(39.887)	39.887	-	**-**
Transfer from Stage 3 to Stage 2	-	36.808	(36.808)	-	**-**
Transfer from Stage 2 to Stage 1	79.576	(79.576)	-	-	**-**
Transfer from Stage 3 to Stage 1	266	-	(266)	-	**-**
Net movement during the period	(399.274)	17.542	(82.569)	(6.494)	**(470.795)**
Acquired portfolio	3.606.591	-	-	433.250	**4.039.841**
Exchange difference	3.615	485	7.467	-	**11.567**
31 December 2018	4.658.290	446.881	2.103.599	426.756	**7.635.526**

The table below discloses the accumulated impairment losses on the value of loans and advances:

	30 June 2019				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
1 January	42.260	26.640	1.291.037	(7.849)	**1.352.088**
Transfer from Stage 1 to Stage 2	(1.772)	1.772	-	-	**-**
Transfer from Stage 1 to Stage 3	(2.249)	-	2.249	-	**-**
Transfer from Stage 2 to Stage 3	-	(3.435)	3.435	-	**-**
Transfer from Stage 3 to Stage 2	-	11.118	(11.118)	-	**-**
Transfer from Stage 2 to Stage 1	3.989	(3.989)	-	-	**-**
Transfer from Stage 3 to Stage 1	5.141	-	(5.141)	-	**-**
Net write-offs of loan impairment losses	(490)	(1.446)	(169.388)	(1.058)	**(172.382)**
Contractual interest on impaired loans	-	-	67.419	-	**67.419**
Unwinding of discount	-	-	(17.534)	-	**(17.534)**
(Reversal)/charge for the period	(14.588)	(110)	26.461	(3.923)	**7.840**
Exchange difference	1	11	2.109	-	**2.121**
30 June 2019	32.292	30.561	1.189.529	(12.830)	**1.239.552**

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

	31 December 2018				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
1 January	5.823	23.800	1.296.483	-	**1.326.106**
Transfer from Stage 1 to Stage 2	(385)	385	-	-	**-**
Transfer from Stage 1 to Stage 3	(64)	-	64	-	**-**
Transfer from Stage 2 to Stage 3	-	(3.018)	3.018	-	**-**
Transfer from Stage 3 to Stage 2	-	12.300	(12.300)	-	**-**
Transfer from Stage 2 to Stage 1	3.520	(3.520)	-	-	**-**
Transfer from Stage 3 to Stage 1	127	-	(127)	-	**-**
Net write-offs of loan impairment losses	(677)	(1.330)	(146.899)	(68)	**(148.974)**
Contractual interest on impaired loans	-	-	144.413	-	**144.413**
Unwinding of discount	-	-	(40.642)	-	**(40.642)**
Charge/ (reversal) for the year	33.883	(2.002)	34.442	(7.781)	**58.542**
Transfer from Non Current assets held for sale	-	2	7.399	-	**7.401**
Exchange difference	33	23	5.186	-	**5.242**
31 December 2018	42.260	26.640	1.291.037	(7.849)	**1.352.088**

Unwinding of discount amounting to €17,5 million (2018: €40,6 million) relates to interest income on impaired loans and advances to customers and is recognised in the income statement.

Net write-offs of loan impairment losses relating to non contractual write-offs for the period ended 30 June 2019 was €127,5 million (2018: €51,5 million).

Risk categories

The loans and advances, are presented in risk categories based on the credit risk assessment system of the Group. The risk categories are as follows:

Grade 1 (Low Risk):
An immediate ability to repay the credit facility is assumed.

Grade 2 (Medium Risk):
The probability of indirect recovery of the credit facility is assumed.

Grade 3 (High Risk):
The debtor presents a higher risk compared to Grade 1 and 2 on the existence of direct and indirect recovery of the credit facility.

Past due loans and advances

Represent loans and advances for which the contractual interest or principal repayments are past due.

Collateral

On the basis of the Group's policy, the amount of credit facilities granted should be based on the repayment capacity of the relevant counterparties. Furthermore, policies are applied for the hedging and mitigation of credit risk through the holding of collateral. These policies define the types of collaterals held and the methods for estimating their fair value.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

The main collaterals held by the Group include mortgage interests over property, pledging of cash, government and bank guarantees, charges over business assets as well as personal and corporate guarantees.

Property collateral relates to immovable commercial, residential and land real estate collateral. The Bank maintains a Property Valuations Policy which provides a standardised approach for acceptable property valuations from independent professional valuers, the selection criteria and the processes to evaluate the performance of property valuers. The Policy outlines the frequency for revaluations, establish the criteria for monitoring collateral values and introduces the use of indexation. The open market value of property is indexed to present, using appropriate property indices (CBC and RICS). Indices are monitored, validated and back tested in order to accurately reflect the current market values of the property collaterals of the Bank.

Aiming at fulfillment of undertakings concerning harmonisation with EU VAT legislation given by the Republic on accession to the EU, the House of the Representatives approved amendments to the Cyprus VAT Legislation which were published in the Official Gazette on the 13 November 2017. These amendments affect the value of the portfolio of immovable property either owned by the Group or held as collateral, depending on the location of each property, the legal status and nature of activities carried out by its owner and prevailing market conditions.

Forborne Exposures

According to the European Banking Authority's (EBA) technical standards, forborne exposures are (i) exposures which involve changes in their terms and/or conditions and (ii) the forbearance measures consist of concessions towards a debtor which aim to address existing or anticipated difficulties on the part of the borrower to service debt in accordance with the current repayment schedule. Changes in the terms and conditions of a contract that do not occur because the customer is not able to meet the terms and conditions of the contract due to financial difficulties do not constitute forbearance measures.

The most significant prerequisite for the forbearance of an exposure is the existence of customer repayment ability i.e. the customer is viable. The Bank's Restructuring Policy includes the terms and conditions on which the Bank determines whether a renegotiated repayment schedule shall be granted.

The forbearance measures to be taken and their duration thereof are determined based on specific customer information, based on the prevailing economic conditions and in accordance with relevant legislation or regulatory Directives.

Every effort is taken by the Bank for the proper assessment of the new repayment schedule based on the forbearance measures, in order to avoid a new default.

Non-performing exposures (NPEs) according to the EBA's technical standards

The EBA published in 2014 its technical standards with respect to non-performing and forborne exposures which were adopted by the European Commission (EC) through the Commission Implementation Regulation (EU) 2015/1278. Exposures include all debt instruments (loans and advances and debt securities) and off-balance sheet exposures, except those held for trading exposures.

As per the above regulation, the following are considered as NPEs:
(i) Material exposures that are over 90 days past due,
(ii) The debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due,
(iii) Exposures in respect of which a default is considered to have occurred in accordance with Article 178 of Regulation (EU) No 575/2013,

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

(iv) Exposures of debtors against whom legal action has been taken by the Bank or exposures of bankrupt debtors,
(v) Exposures that are found impaired as per the applicable accounting framework,
(vi) Forborne exposures that were NPE at forbearance or became NPE due to forbearance or NPE after forbearance and which are re-forborne while under probation (the probation period for forborne exposures begins once the contract is considered as performing and lasts for two years minimum),
(vii) Forborne exposures reclassified from NPE status i.e. that were NPE at forbearance or became NPE due to forbearance or NPE after forbearance and present more than 30 days past due while under probation,
(viii) Further to the above the all-embracing criteria apply as follows: (a) for debtors classified as retail debtors as per the Regulation (EU) No 575/2013, when the Bank has on-balance sheet exposures to a debtor that are material and are past due by more than 90 days the gross carrying amount of which represents more than 20% of the gross carrying amount of all on-balance sheet exposures to that debtor, all on and off-balance sheet exposures to that debtor shall be considered as non-performing, else only exposures that are non-performing will be classified as such and (b) for debtors classified as non-retail debtors as per the Regulation (EU) No 575/2013, when any on-balance sheet exposure to that debtor is non-performing, all on and off-balance sheet exposures to that debtor shall be considered as NPE.

The below materiality thresholds apply only for the NPE criterion of arrears over 90 days past due.

For exposures to debtors classified as Retail as per the Regulation (EU) No 575/2013:

- For term loans: if the past due amount of each exposure is over €500 the exposure shall be classified as material.
- For overdrafts/current accounts: if the past due amount or the excess of the exposure exceeds €500 or 10% of the limit approved by the Bank the exposure shall be classified as material.

For exposures to debtors not classified as Retail as per the Regulation (EU) No 575/2013:

- If the total excesses/past dues of debtors exceed €1.000 or exceed 10% of their total on balance sheet exposures then all the exposures of the debtor shall be classified as material.

If as per the above the exposures are not classified as material, then they may be classified as performing NPE even if they present arrears over 90 days past due.

Exposures may be considered to have ceased being non-performing when all of the following conditions are met:
(a) the situation of the debtor has improved to the extent that full repayment, according to the original or when applicable the modified conditions, is likely to be made,
(b) the debtor does not have any amount past-due by more than 90 days.

When forbearance measures are extended to non-performing exposures or to exposures which had been non-performing at forbearance or became non-performing after forbearance, the exposures may be considered to have ceased being non-performing only when all the following conditions are met:
(a) the extension of forbearance measures do not lead to the recognition of impairment or default,
(b) one year has passed since the forbearance measures were extended,
(c) there is not, following the forbearance measures, any past-due amount or concerns regarding the full repayment of the exposure according to the post-forbearance conditions,
(d) the debtor does not have any amount past due by more than 90 days.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

As per EBA technical standards evidence of a concession towards a debtor which aim to address existing or anticipated difficulties on the part of the borrower to service debt in accordance with the current repayment schedule, includes:
(a) the modification of the previous terms and conditions of a contract would not have been granted had the debtor not been in financial difficulties,
(b) a difference in favour of the debtor between the modified and the previous terms of the contract,
(c) cases where a modified contract includes more favourable terms than other debtors with a similar risk profile could have obtained from the same institution.

Examples of exposures that should be classified as forborne as per the EBA technical standards include:
(a) Exposures that were non-performing at forbearance,
(b) Exposures that were past due more than 30 days anytime within 3 months prior to forbearance,
(c) Forbearance measures such as partial write-offs.

The forbearance classification shall be discontinued when all of the following conditions are met:
(a) the contract is considered as performing, including if it has been reclassified from the non-performing category after an analysis of the financial condition of the debtor showed it no longer met the conditions to be considered as non-performing,
(b) a minimum 2 year probation period has passed from the date the forborne exposure was considered as performing,
(c) regular payments of more than an insignificant aggregate amount of principal or interest have been made during at least half of the probation period,
(d) none of the exposures to the debtor is more than 30 days past due at the end of the probation period.

Based on the above categories, loans and advances to customers of the Group and the Bank are presented below:

	30 June 2019				
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
Grade 1 (low risk)	4.412.259	257.254	27.104	72.009	**4.768.626**
Grade 2 (medium risk)	114.940	220.115	490.943	4.532	**830.530**
Grade 3 (high risk)	6.884	28.675	1.488.755	336.591	**1.860.905**
Gross amount	4.534.083	506.044	2.006.802	413.132	**7.460.061**
Accumulated Impairment losses	(32.292)	(30.561)	(1.189.529)	12.830	**(1.239.552)**
	4.501.791	475.483	817.273	425.962	**6.220.509**
Past due exposures					
0+ up to 30 days	194.063	40.437	17.664	33.280	**285.444**
30+ up to 60 days	17.534	88.063	16.085	19.971	**141.653**
60+ up to 90 days	5.935	35.935	18.426	18.902	**79.198**
90 days+	119	3.810	1.719.857	219.078	**1.942.864**
Gross amount	217.651	168.245	1.772.032	291.231	**2.449.159**
Accumulated Impairment losses	(7.607)	(12.377)	(1.118.707)	(2.890)	**(1.141.581)**
Carrying amount	210.044	155.868	653.325	288.341	**1.307.578**
Forborne exposures					
Carrying amount	199.554	153.581	411.730	285.921	**1.050.786**

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

			31 December 2018		
	Stage 1	Stage 2	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	€'000	€'000	**€'000**
Grade 1 (low risk)	4.499.508	223.435	24.768	52.541	**4.800.252**
Grade 2 (medium risk)	152.447	214.192	469.117	3.414	**839.170**
Grade 3 (high risk)	6.335	9.254	1.609.714	370.801	**1.996.104**
Gross amount	4.658.290	446.881	2.103.599	426.756	**7.635.526**
Accumulated Impairment losses	(42.260)	(26.640)	(1.291.037)	7.849	**(1.352.088)**
	4.616.030	420.241	812.562	434.605	**6.283.438**
Past due exposures					
0+ up to 30 days	240.794	40.207	12.619	40.901	**334.521**
30+ up to 60 days	24.036	59.116	30.085	29.783	**143.020**
60+ up to 90 days	9.223	26.585	12.343	22.486	**70.637**
90 days+	152	1.241	1.793.794	193.315	**1.988.502**
Gross amount	274.205	127.149	1.848.841	286.485	**2.536.680**
Accumulated Impairment losses	(12.963)	(9.324)	(1.215.302)	(2.610)	**(1.240.199)**
Carrying amount	261.242	117.825	633.539	283.875	**1.296.481**
Forborne exposures					
Carrying amount	322.109	178.154	411.664	301.465	**1.213.392**

Movement of carrying amount of loans and advances classified as Stage 3 and purchased credit impaired (POCI):

	Stage 3	Purchased credit impaired	**Total**
	€'000	€'000	**€'000**
1 January 2019	812.562	434.605	**1.247.167**
Transfer from Stage 1 to Stage 3	72.555	-	**72.555**
Transfer from Stage 2 to Stage 3	50.186	-	**50.186**
Transfer from Stage 3 to Stage 2	(20.506)	-	**(20.506)**
Transfer from Stage 3 to Stage 1	(18.622)	-	**(18.622)**
Net movement during the period	(78.674)	(8.643)	**(87.317)**
Exchange difference	(228)	-	**(228)**
30 June 2019	817.273	425.962	**1.243.235**

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

	Stage 3 €'000	Purchased credit impaired €'000	**Total €'000**
1 January 2018	849.905	-	**849.905**
Adjustment on initial application of IFRS 9	19.874	-	**19.874**
Restated balance at 1 January 2018	869.779	-	**869.779**
Transfer from Stage 1 to Stage 3	9.625	-	**9.625**
Transfer from Stage 2 to Stage 3	36.870	-	**36.870**
Transfer from Stage 3 to Stage 2	(24.508)	-	**(24.508)**
Transfer from Stage 3 to Stage 1	(139)	-	**(139)**
Acquired portfolio	-	433.250	**433.250**
Net movement during the year	(81.345)	1.355	**(79.990)**
Exchange difference	2.280	-	**2.280**
31 December 2018	812.562	434.605	**1.247.167**

The value of collaterals of loans and advances classified as Stage 3 and purchased credit impaired is analysed as below:

	30 June 2019 €'000	31 December 2018 €'000
Residential	**1.252.112**	1.150.119
Commercial	**620.096**	671.311
Land	**735.746**	749.681
Property collaterals	**2.607.954**	2.571.111
Other	**100.435**	102.282
	2.708.389	2.673.393

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

The Group's loans and advances with forbearance measures are analysed below:

	Gross Loans		Carrying amount	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018
	€'000	€'000	**€'000**	€'000
Trade	**139.429**	150.851	**94.202**	103.555
Construction and Real Estate	**391.026**	477.064	**238.323**	265.445
Manufacturing	**60.965**	66.271	**39.716**	45.673
Tourism	**43.115**	44.450	**31.645**	30.757
Other sectors	**134.704**	150.447	**102.450**	111.321
Retail	**609.188**	723.375	**544.450**	656.641
	1.378.427	1.612.458	**1.050.786**	1.213.392

The value of collaterals of loans and advances with forbearance measures is analysed below:

	30 June 2019	31 December 2018
	€'000	€'000
Residential	**1.047.291**	1.165.196
Commercial	**513.134**	582.402
Land	**592.504**	640.699
Property collaterals	**2.152.929**	2.388.297
Other	**83.934**	84.354
	2.236.863	2.472.651

Non-Performing Exposures (NPEs)

The non performing exposures portfolio of the Group as at 30 June 2019 amounted to €2.343 million (31 December 2018: €2.474 million).

The ratio of NPEs to gross loans was 31,4% (31 December 2018: 32,4%). The gross book value of NPEs include contractual interest not recognised in the income statement.

The NPEs provision coverage was 52,9% as at 30 June 2019 (31 December 2018: 54,6%).

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

Estia Scheme

Purpose of the Estia Scheme

The Government of the Republic of Cyprus in July 2018 announced a scheme named "Estia" (Scheme) aiming to achieve a socially acceptable and financially viable restructuring solutions for vulnerable borrowers and protect their primary residences. This is based on specific eligibility criteria, principles, terms and conditions. As a result, eligible borrowers have the opportunity to cooperate with the banks and the Cypriot Authorities to reach an amicable restructuring solution with a view to secure their primary residence.

The "Estia" is a one time Scheme that will be applicable for a limited period of time and offers the opportunity to substantially reduce the debt burden of the affected households and to enhance the long term repayment ability of loans which are secured by primary residence.

According to the provisions of the Scheme, eligible borrowers will receive a subsidy from the Government of the Republic of Cyprus, for restructured loans that are secured by eligible primary residence, provided that their contractual obligations are fully met. More specifically, at the end of each year the Government will pay directly to banks a subsidy which is the equivalent of one third (1/3) of the total monthly loan installments of the restructured loans that are secured by primary residence. The subsidy will be granted under the precondition that two thirds (2/3) of the total monthly loan installments are successfully paid by the borrowers to the banks.

The Scheme is applicable for non-performing credit facilities, regardless of the denominated currency, that fulfill specific requirements, terms and conditions and socioeconomic criteria as at 30 September 2017, up to the actual point in time of submission of the Estia applications.

Progress / Status

On 3 December 2018, the European Commission announced the approval of the Estia scheme under State Aid Rules. The Estia Scheme was published in the Government Gazette on 12 July 2019 and took effect on 2 September 2019.

A number of actions are in progress within the Bank, according to the action plan set for the implementation of the Scheme and complies with the provisions of the MoU.

Details of the Scheme can be found on the Bank’s site www.hellenicbank.com/portalserver/hb-en-portal/en/personal-banking/borrow/help-me-with/estia.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis of loan portfolio according to the counterparty sector as at 30 June 2019

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures			of which non-performing exposures	of which exposures with forbearance measures	
				of which on non-performing exposures				of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**7.454.932**	**2.343.390**	**1.378.427**	**966.452**	**1.239.551**	**1.196.283**	**327.641**	**320.945**
General Governments	6.323	547	996	481	416	8	52	6
Other financial corporations	84.270	26.888	21.112	18.163	15.596	14.658	8.237	8.082
Non-financial corporations	3.008.129	1.219.219	707.962	563.666	709.667	683.042	246.735	238.144
of which: Small and Medium-sized enterprises	2.552.712	1.169.103	652.410	535.767	685.541	668.827	242.090	236.704
of which: Commercial real estate**	2.283.996	972.601	622.406	488.451	521.526	502.097	201.751	193.203
By sector								
1. Construction	539.428	406.719			236.823			
2. Wholesale and retail trade	696.855	305.091			205.179			
3. Real estate activities	288.053	140.247			55.261			
4. Accommodation and food service activities	492.042	115.575			66.093			
5. Manufacturing	357.404	121.462			79.068			
6. Other sectors	634.347	130.125			67.243			
Households	4.356.210	1.096.736	648.357	384.142	513.872	498.575	72.617	74.713
of which: Residential mortgage loans	3.030.584	650.549	476.174	275.028	208.987	203.044	37.414	38.766
of which: Credit for consumption	588.455	197.052	60.790	35.203	143.096	137.276	5.444	5.573

*Excluding loans and advances to central banks and credit institutions.
**As from first quarter 2018 it includes loans and advances that are collateralised by immovable property other than residential property.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis of loan portfolio according to the counterparty sector as at 31 December 2018

	Total loan portfolio				Cumulative Impairment losses			
		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures		of which non-performing exposures	of which exposures with forbearance measures	of which on non-performing exposures
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans and advances*	**7.630.107**	**2.474.388**	**1.612.458**	**1.064.964**	**1.352.088**	**1.297.492**	**399.066**	**387.835**
General Governments	4.827	348	645	276	48	2	41	-
Other financial corporations	74.273	28.247	22.470	19.496	15.925	15.233	9.023	8.863
Non-financial corporations	3.064.958	1.372.165	815.271	650.780	820.661	794.631	311.520	304.295
of which: Small and Medium-sized enterprises	2.648.708	1.321.826	771.239	623.307	799.062	780.592	308.845	302.739
of which: Commercial real estate	2.383.647	1.131.409	719.222	570.259	637.486	619.616	261.634	255.188
By sector								
1. Construction	642.020	477.089			291.138			
2. Wholesale and retail trade	698.891	333.906			226.860			
3. Real estate activities	307.253	161.091			73.151			
4. Accommodation and food service activities	447.718	124.081			71.213			
5. Manufacturing	340.529	129.256			80.153			
6. Other sectors	628.547	146.742			78.146			
Households	4.486.049	1.073.628	774.072	394.412	515.454	487.626	78.482	74.677
of which: Residential mortgage loans	3.112.540	634.896	566.908	283.671	212.644	201.875	40.312	38.385
of which: Credit for consumption	605.995	191.604	73.364	34.938	142.648	132.617	5.522	4.986

*Excluding loans and advances to central banks and credit institutions.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis of loan portfolio* on the basis of loan origination date as at 30 June 2019

	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
Loan origination date**	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	521.135	9.210	5.773	291.910	1.319	2.522	13.754	-	259	215.471	7.891	2.992
1 - 2 years	765.445	23.347	5.126	388.884	6.720	3.171	24.818	-	149	351.743	16.627	1.806
2 - 3 years	532.037	66.049	7.098	196.736	13.731	5.021	2.701	2	8	332.600	52.316	2.069
3 - 5 years	761.392	162.043	21.471	246.941	57.263	12.358	2.777	-	18	511.674	104.780	9.095
5 - 7 years	590.622	163.199	71.940	144.415	84.765	50.346	942	11	13	445.265	78.423	21.581
7 - 10 years	1.851.279	615.032	301.399	546.926	323.537	179.375	9.064	3.119	1.316	1.295.289	288.376	120.708
Over 10 years	2.426.699	1.303.963	826.328	1.192.317	731.884	456.874	30.214	23.756	13.833	1.204.168	548.323	355.621
Total	7.448.609	2.342.843	1.239.135	3.008.129	1.219.219	709.667	84.270	26.888	15.596	4.356.210	1.096.736	513.872

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured. For the acquired portfolio as a result of the Acquisition the origination date is defined as the origination date of the loan as of the Acquisition date.

13. LOANS AND ADVANCES TO CUSTOMERS (continued)

Analysis of loan portfolio* on the basis of loan origination date as at 31 December 2018

	Total loan portfolio			Loans to non-financial corporations			Loans to other financial corporations			Loans to households		
Loan origination date**	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses	Total exposures	Non-performing exposures	Cumulative Impairment losses
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Within 1 year	615.120	23.296	3.793	309.335	2.391	2.093	1.394	-	2	304.391	20.905	1.698
1 - 2 years	670.671	28.176	8.914	316.261	13.100	6.413	25.957	5	169	328.453	15.071	2.332
2 - 3 years	576.538	95.339	7.279	174.201	17.419	2.743	2.289	-	5	400.048	77.920	4.531
3 - 5 years	596.932	102.867	21.269	200.298	39.715	14.720	2.546	5	13	394.088	63.147	6.536
5 - 7 years	837.259	211.604	91.600	198.461	109.144	61.022	2.713	922	230	636.085	101.538	30.348
7 - 10 years	1.920.307	667.495	355.106	612.189	385.123	225.478	9.450	3.713	2.685	1.298.668	278.659	126.943
Over 10 years	2.408.453	1.345.263	864.079	1.254.213	805.273	508.192	29.924	23.602	12.821	1.124.316	516.388	343.066
Total	7.625.280	2.474.040	1.352.040	3.064.958	1.372.165	820.661	74.273	28.247	15.925	4.486.049	1.073.628	515.454

*Excluding loans and advances to general governments.
**Loan origination date is defined as the contractual loan origination date for each account. For restructured loans the origination date was derived based on the origination date of the original loan that was restructured.

14. DEBT SECURITIES

	30 June 2019 €'000	31 December 2018 €'000
Securities classified at fair value through other comprehensive income		
Listed	**540.877**	593.035
12 month expected credit losses	**(73)**	(85)
	540.804	592.950
Securities classified at amortised cost		
Listed	**4.674.223**	3.933.922
12 month expected credit losses	**(639)**	(444)
	4.673.584	3.933.478
	5.214.388	4.526.428

Analysis of Debt securities by sector:

	30 June 2019 €'000	31 December 2018 €'000
Concentration by sector:		
Governments	**4.176.864**	4.148.844
Banks	**756.495**	131.411
Other sectors	**281.029**	246.173
	5.214.388	4.526.428

As at 30 June 2019 the Group's exposure in Cyprus Government Bonds amounted to €4,2 billion (31 December 2018: €4,1 billion), rated at Baa3 Moody's equivalent credit rating, as this is defined in Article 269 of the Regulation (EU) No575/2013.

The category "Other sectors" mainly consists of debt securities of supranational organisations.

The Group closely monitors developments in the international markets so that any measures needed are promptly taken to reduce credit risk.

Movement of Accumulated Expected Credit Losses:

	30 June 2019 €'000	31 December 2018 €'000
Balance 1 Janauary*	**529**	1.374
Movement of the period/year	**183**	(845)
Closing Balance	**712**	529

*The balance 1 January 2018 is adjusted according to the provisions of IFRS 9.

Debt securities are classified as Stage 1.

15. EQUITY AND OTHER SECURITIES AND COLLECTIVE INVESTMENT UNITS

	30 June 2019 €'000	31 December 2018 €'000
Equity and other secuirities at fair value through profit or loss		
Unlisted securities	**5.991**	4.527
Collective investment units	**24.278**	23.141
	30.269	27.668
Equity securities classified at fair value through other comprehensive income		
Listed securities	**1.421**	1.387
Unlisted securities	**5.583**	5.583
	7.004	6.970
	37.273	34.638

	30 June 2019 €'000	31 December 2018 €'000
Concentration by sector:		
Equity and other secuirities at fair value through profit or loss		
Other financial service activities, except insurance and pension funding	**5.991**	4.527
Collective investment units	**24.278**	23.141
	30.269	27.668
Equity securities classified at fair value through other comprehensive income		
Other financial service activities, except insurance and pension funding	**5.582**	5.583
Manufacture of bakery and farinaceous products	**1.064**	1.029
Manufacture of cement, lime and plaster	**4**	4
Hotels and similar accomodation	**350**	350
Other specialised wholesale	**4**	4
	7.004	6.970

Unlisted equity securities classified at fair value through other comprehensive income include investment in JCC Payment Systems Ltd of €5.363 thousand (31 December 2018: €5.363 thousand). In determining the fair value of the Bank's investment in the unlisted company JCC Payment Systems Ltd the Group takes into account, amongst others, the net asset position of the entity.

Equity and other secuirities at fair value through profit or loss include the Bank's stakeholding of Series C Visa Inc. shares convertible into Class A Common Stock which are valued based on the stock price of the underlying shares on each reporting date. Due to the conversion of the shares taking place on the twelfth anniversary of the closing date of the agreement (21 June 2016) after settling any unresolved and outstanding cover claims, it was considered appropriate to apply a haircut of 50% on the observable value of the shares. As at 30 June 2019, the value of the shares was estimated at €5.991 thousand (31 December 2018: €4.527 thousand).

During 2019, the Group continued investing in collective investments units which are shares/units in well diversified investments funds.

16. INVESTMENT IN ASSOCIATE COMPANY

Within the framework of the Bank's deleveraging strategy and the efforts of tackling assets quality, the Bank signed an agreement with APS Holding a.s (APS Holding) in January 2017 for the management of real estate assets and servicing of the NPEs portfolio. The agreement entailed the disposal of the operations of the Bank's Arrears Management Division (AMD) to APS Debt Servicing Cyprus Ltd (APS Cyprus), while the ownership of the real estate and loan portfolio remains with the Bank. The entity is owned 51% by APS Holding and 49% by Hellenic Bank. The completion of the transaction and the transfer of business was effected on 30 June 2017 while APS Cyprus commenced operations on 3 July 2017. By creating the first debt servicing and real estate asset management platform in the Cypriot market, the Bank is able to effectively deal with its non performing exposures (NPEs) in an accelerated and effective way through leveraging on the knowhow and expertise of APS Holding. Furthermore, it allows the Bank to better allocate its resources on managing and growing the performing loan book by using its excess liquidity to the benefit of the market.

APS Cyprus acquired the operations of the Bank's internal AMD, including the necessary resources to independently carry out the servicing of NPLs and REO portfolio. Simultaneously, the Bank has executed a 10 year service level agreement with APS Cyprus for the management of the Bank's NPLs and REO Portfolio. It is noted that the Bank retains the ownership of the said NPLs and REO portfolio. The contract was priced at arms' length basis following a two stage competitive auction process.

APS Cyprus has assumed all operating expenses associated with the management of the Bank's NPLs and REO portfolio including but not limited to the costs of payroll, IT licenses, processes, products, services and other operations related overheads 129 employees from the Bank's AMD moved to APS Cyprus while additional resources, expertise and knowhow were brought in as needed to further enhance the capabilities and capacity of the operation.

NPLs with a value of approximately €1,9 billion and REO portfolio with a market value of approximately €230 million are managed by APS Cyprus in consideration for an administration fee payable by the Bank. The administration fee paid to APS Cyprus comprises of both a fixed and a variable element. The level of fees payable to APS Cyprus varies according to the progress of collections with the majority of the fees being driven by the successful resolution of the portfolio. From the transaction a gain of €19,0 million was recognised in the income statement for the year ended 31 December 2017.

Deferred installments amounting in total to the nominal value of €6.863 thousand are been paid by APS Cyprus on an annual basis in equal installments of €980 thousand each, during a period of 7 years from the date of acquisition. Payments take place on the first business day of each twelfth month following the acquisition date.

For the calculation of the fair value of deferred consideration a discount rate of 2% p.a. was used. As at 30 June 2019 the carrying amount of the deferred consideration was €5.601 thousand (31 December 2018: €5.546 thousand).

Movement in the investment in associate company:

	The Group	
	30 June 2019	31 December 2018
	€'000	€'000
1 January	**8.997**	7.600
Dividend paid	**(1.715)**	(774)
Share of profit of investment in associate	**876**	2.171
30 June/31 December	**8.158**	8.997

16. INVESTMENT IN ASSOCIATE COMPANY (continued)

The financial statements of the associate company used in applying the equity method are as of the date that is the same with the Bank's reporting date.

The main financial highlights of the associate company are presented below:

	30 June 2019 €'000	31 December 2018 €'000
Total assets	**23.570**	25.264
Total liabilities	**(6.920)**	(6.902)
Net assets	**16.650**	18.362

Transactions between the associate company and the Group recognised in the income statement for the period ended:

	30 June 2019 €'000	30 June 2018 €'000
Servicer's administration fees (incl. VAT)	**(9.725)**	(11.534)
License to use services	**242**	233
Provision of support services to servicer	**-**	129

License to use services relate to the use of premises, parking spaces and services provided by the Bank to APS Cyprus.

Balances between associate company and the Group:

	30 June 2019 €'000	31 December 2018 €'000
Amounts receivable		
Deferred cash consideration receivable by the Bank	**5.601**	5.546
Other amounts receivable by the Bank (incl. VAT)	**143**	143
	5.744	5.689
Amounts payable		
Deposits held with the Bank	**(5.078)**	(4.936)
Servicer's administration fees payable by the Group (incl. VAT)	**(4.375)**	(5.550)
	(9.453)	(10.486)
Contingent liabilities in the form of unutilised limits	**(500)**	(504)

There are no restrictions on the ability of the associate company to transfer funds to the Bank in the form of cash dividends, or to repay loans made by the Bank.

As at 30 June 2019 there are no unrecognised share of losses of the associate company.

17. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES ASSETS

	Property, plant and equipment €'000	Intangible assets €'000
Net book value 1 January 2019	**101.489**	**46.546**
Transfer to investment property	**(6.091)**	**-**
Additions less disposals	**63.148**	**6.706**
Depreciation/amortisation	**(6.174)**	**(4.322)**
Net book value 30 June 2019	**152.372**	**48.930**

Property, plant and equipment includes right-of-use assets amounting to €7,8 million as at 30 June 2019. The corresponding amount as at 1 January 2019 amounted to €53,2 million, out of which €43,3 million related to properties which were acquired following the settlement of the receivable in pursuant to the BTA recognised as part of Debtors and Other Receivables as at 31 December 2018 (refer to Note 19).

For lease contracts under IFRS 16, instead of operating lease expense, the Group has recognised depreciation and interest costs. During the period ended 30 June 2019, the Group recognised €2,5 million of depreciation and €142 thousand of interest costs from these leases.

18. DEFERRED TAX ASSET/DEFERRED TAX LIABILITY

Deferred tax asset arises as follows:

	30 June 2019 €'000	31 December 2018 €'000
Temporary difference of negative goodwill	**1.864**	2.727
Tax losses	**9.198**	13.599
	11.062	16.326

Deferred tax liability arise as follows:

	30 June 2019 €'000	31 December 2018 €'000
Property revaluation differences and temporary difference between depreciation and capital allowances	**3.226**	2.825
Temporary difference of negative goodwill	**37.349**	41.632
	40.575	44.457

The applicable tax rate is 12,5%.The tax losses relate to the same jurisdiction with the deferred tax asset.

19. OTHER ASSETS

	30 June 2019 €'000	31 December 2018 €'000
Fair value of derivatives	**59**	567
Prepaid expenses	**4.496**	2.524
Assets held to cover liabilities of unit linked funds	**16.770**	15.863
Indemnification assets	**61.721**	71.003
Stock of properties	**158.872**	164.104
Investment property	**11.441**	5.350
Debtors and other receivables	**92.195**	149.087
	345.554	408.498

As at 30 June 2019, other assets amounting to €345.554 thousand (31 December 2018: €408.498 thousand) included among others:

Indemnification Assets

Indemnification assets were recognised as a result of the Acquisition. The movement of the carrying amount of the indemnification assets is analysed below:

	30 June 2019 €'000	31 December 2018 €'000
1 January	**71.011**	-
Initial recognition	**-**	78.435
Unwinding of discount	**827**	(286)
Charge for the period/year (refer to Note 8)	**(10.109)**	(7.138)
	61.729	71.011
Accumulated Expected Credit Losses	**(8)**	(8)
30 June 2019/31 December 2018	**61.721**	71.003
Estimated undiscounted amount	**65.276**	74.270

As at 30 June 2019, the APS indemnification asset amounted to €55.785 thousand (31 December 2018: €64.173 thousand) and is carried at amortised cost, reflecting re-measurement of the estimated future cash flows arising from claims to be made by the Bank to the RoC in the event of APS losses and the present value of fees payable from the Bank to the RoC both discounted at the original effective interest rate. The first claim is anticipated by the end of the year. Currently the Bank is establishing a procedure for making, verifying and approving such claims. Until this process and procedures are finalised, no receivable and no corresponding decrease in the indemnification asset have been recognised.

Stock of properties

The carrying amount of stock of properties as at 30 June 2019 amounted to €158.872 thousand (31 December 2018: €164.104 thousand).

The stock of properties includes houses, flats, offices and other commercial properties, industrial buildings and land (fields and plots). The Bank, establishes the fair value of the stock of properties owned through valuations carried out by independent qualified valuers on the basis of their current condition and use. As at 30 June 2019, the fair value of the properties owned amounted to €225.272 thousand (31 December 2018: €220.912 thousand).

19. OTHER ASSETS (continued)

The Bank, as part of its non performing exposures management, is entering into a number of debt to asset swap transactions or repossess asset through the foreclosure process. Repossessed assets are acquired either directly or indirectly through wholly owned Special Purpose Vehicles (SPVs) which are formed with the purpose of holding and managing these immovable properties. Until title deeds are issued in the name of the Bank/SPVs, the ownership is ensured via filing of the acquisition agreement in the Land Registry. As at 30 June 2019, stock of properties owned by the Bank indirectly through SPVs amounted to €49.836 thousand (31 December 2018: €59.327 thousand).

Stock of property includes an amount of €1.192 thousand (31 December 2018: €1.237 thousand) previously categorised under owner-occupied property which are no longer in use. The remaining relates to assets from customers' debt settlement and is presented below:

	Banking & Financial services €'000	Insurance Services €'000	**Total €'000**
1 January 2019	162.605	262	**162.867**
Additions	29.043	111	**29.154**
Disposals	(31.430)	(111)	**(31.541)**
Impairment losses	(2.800)	-	**(2.800)**
30 June 2019	157.418	262	**157.680**

	Banking & Financial services €'000	Insurance Services €'000	**Total €'000**
1 January 2018	146.057	730	**146.787**
Additions	49.228	54	**49.282**
Disposals	(32.679)	(521)	**(33.200)**
Impairment losses	(1)	(1)	**(2)**
31 December 2018	162.605	262	**162.867**

Debtors and other receivables

As at 31 December 2018, pursuant to the BTA and given that the Final Asset Value was less than the Target Asset Value, a receivable of €48,5 million was recognised as part of Debtors and Other Receivables and this was partly settled during the first quarter of 2019 in the form of immovable properties.

20. OTHER LIABILITIES

	30 June 2019 €'000	31 December 2018 €'000
Fair value of derivatives	**20.868**	7.981
Accrued expenses	**37.279**	32.186
Liabilities of unit linked funds	**16.770**	15.863
Financial guarantees and loan commitments issued	**31.234**	36.747
Provisions for pending litigations or complaints and/or claims	**7.791**	7.761
Lease liability	**7.986**	-
Other accounts payable	**122.725**	96.288
	244.653	196.826

20. OTHER LIABILITIES (continued)

Financial guarantees and loan commitments issued:

	30 June 2019 €'000	31 December 2018 €'000
1 January	**36.747**	11.503
Adjustment on initial application of IFRS 9	**-**	(78)
Restated balance at 1 January 2018	**36.747**	11.425
Off balance exposures recognised on Acquisition	**-**	25.081
(Release)/charge for the period/year (refer to Note 8)	**(2.227)**	2.298
Reversal of fair value of financial guarantees and loan commitments acquired (refer to Note 8)	**(3.288)**	(2.060)
Exchange difference	**2**	3
30 June 2019/31 December 2018	**31.234**	36.747

Provisions for pending litigations or complaints and/or claims:

	30 June 2019 €'000	31 December 2018 €'000
1 January	**7.761**	8.183
Charge/(release) for the period/the year (refer to Note 7)	**30**	(375)
Provision utilised	**-**	(47)
30 June 2019/31 December 2018	**7.791**	7.761

The amounts recognised as provisions are the best estimates of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the facts and circumstances of any pending litigations or complaints and/or claims. Any provision recognised does not constitute an admission of wrongdoing or legal liability.

Commission for the Protection of Competition

On 22 May 2017 the Commission for the Protection of Competition (CPC) announced its final decision in respect of the report submitted on 4 January 2010 by FBME Card Services Limited against the Bank and other banks as well as JCC Payment Systems Limited. In its decision CPC decided, among other, to impose a fine on the Bank of €1.569.989 for contravening section 6(1)(a) of the Protection of Competition Law 2014 and the corresponding article 102 of the Treaty on the Functioning of the European Union. In July 2017, the Bank filed a recourse before the Administrative Court in Cyprus for the annulment of the aforementioned CPC decision and on 16 May 2019 the Administrative Court issued judgment in favour of the Bank, that is annulling the CPC decision and payment of the fine. CPC filed an appeal to the Administrative Court judgment, on 24 June 2019.

21. LOAN CAPITAL

	30 June 2019 €'000	31 December 2018 €'000
Tier 1 Capital		
Convertible Capital Securities 1	**1.597**	1.597
Convertible Capital Securities 2	**128.070**	128.070
	129.667	129.667

Full details/terms of issue of the Bonds and Securities of the Bank are included in the Prospectus and the Supplementary Prospectuses of each issue.

22. SHARE CAPITAL

	30 June 2019 €'000	Number of shares (thousand)	31 December 2018 €'000	Number of shares (thousand)
Authorised				
1.032 million shares €0,50 each	**516.000**	**1.032.000**	516.000	1.032.000

	30 June 2019 €'000	Number of shares (thousand)	31 December 2018 €'000	Number of shares (thousand)
Issued				
Fully paid shares				
1 January	**99.237**	**198.475**	99.237	198.475
Issue of shares	**107.166**	**214.330**	-	-
Issued share capital	**206.403**	**412.805**	99.237	198.475

In March 2019 214.330.364 new ordinary shares with nominal value of €0,50 were issued as a result of the Bank's decision to increase its share capital. The trading of the above shares commence on 28 March 2019.

At 30 June 2019, 412.805.076 fully paid shares were in issue, with a nominal value of €0,50 each (31 December 2018: 198.474.712 shares with a nominal value €0,50 each).

The Bank is currently under a regulatory dividend distribution prohibition and therefore the Board of Directors of the Bank did not propose the payment of a dividend for the year ended 31 December 2018 at the shareholders' Annual General Meeting which was held in August 2019.

There are no restrictions on the transfer of the Bank's ordinary shares, other than the provisions of the Business of Credit Institutions Law of Cyprus which require the approval of the Central Bank of Cyprus (CBC) prior to acquiring shares of the Bank in excess of certain thresholds and the requirements of the EU Market Abuse Regulation.

The Bank does not have any shares in issue which carry special control rights.

22. SHARE CAPITAL (continued)

Reduction of share capital Reserve

The difference that emerged from the reduction of the nominal value of every ordinary share in 2013 (from €0,43 each to €0,01 each) was transferred from the share capital to a reserve under the name "reduction of share capital reserve" pursuant to the provisions of article 64(1)(e) of the Companies' Law (Chapter 113). There was no change in the balance of this reserve since then.

Share premium reserve

The difference between the issue price of share capital and its nominal value is recognised in the share premium reserve. During 2018 there was no movement in the share premium reserve. During 2019 an amount of €42,9 million was credited as a result of the new shares issued. More specifically 214.330.364 new shares were issued at the price of €0,70 per new ordinary share (nominal value per share €0,50). Also an amount of €5,1 million of expenses that directly related to the share issue were deducted from the Share premium reserve.

23. REVALUATION RESERVES

	30 June 2019 €'000	30 June 2018 €'000
Property revaluation reserve		
1 January	**36.556**	37.298
Deferred taxation on property revaluation	**36**	115
Transfer to revenue reserve due to excess depreciation	**(201)**	(203)
Transfer to revenue reserve due to disposal of immovable property	**-**	(396)
	36.391	36.814
Revaluation reserve of investments at fair value through other comprehensive income		
1 January	**18.756**	41.018
Adjustment on initial application of IFRS 9 net of taxation	**-**	1.987
Restated balance at 1 January 2018	**18.756**	43.005
Net revaluation surplus/(deficit) of investments in equity and other securities and collective investment units at fair value through other comprehensive income	**34**	(16)
Net revaluation surplus/(deficit) of investments in debt securities at fair value through other comprehensive income	**6.117**	(8.973)
Transfer to retained earnings reserve due to the disposal of investments in equity securities measured at fair value though other comprehensive income	**-**	(110)
Net revaluation deficit of investments in debt securities at fair value through other comprehensive income reclassified to income statement on disposal	**-**	(18.281)
	24.907	15.625
Total revaluation reserves 30 June	**61.298**	52.439

Any surplus arising on the revaluation of land and buildings is credited to the property revaluation reserve that is included in equity. If, after a revaluation, the depreciation charge is increased, then an amount equal to the increase (net of deferred taxation), is transferred annually from the property revaluation reserve to revenue reserve. Upon disposal of revalued property, any relevant accumulated revaluation surplus which remains in the property revaluation reserve is also transferred to revenue reserve. The balance of the revaluation reserves is not available for distribution to shareholders.

24. CONTINGENT LIABILITIES AND COMMITMENTS

Capital Commitments

At 30 June 2019, the Group's commitments for capital expenditure, not recognised in the statement of financial position, amounted to €12.854 thousand (31 December 2018: €8.939 thousand).

Contingent liabilities for pending litigations or complaints and/or claims

The Group is engaged in various legal proceedings and regulatory matters arising out of its normal business operations, where an obligation may be created for which an outflow of resources embodying economic benefits is possible. The existence of these obligations will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Group.

Hence the effect of the outcome of these matters cannot be predicted with certainty but may impact the Group's financial results. The Group is of the opinion that there are adequate defences in place for a successful outcome, in the course of the relevant proceedings. It is not practicable to provide an aggregate estimate of potential liability for such legal proceedings to be disclosed as a class of contingent liabilities.

Consumer Protection Service

On 12 October 2017, the Consumer Protection Service (the CPS) of the Ministry of Energy Commerce and Industry has issued, following a complaint from certain borrowers, a decision in relation to certain terms of the Bank's standard housing loan agreements that were used in the period 2007-2008. The CPS took the view that these agreements contain certain unfair/non-transparent terms and has invited the Bank to inform the CPS of any actions it intends to take in relation to its findings. Although the Bank does not share the views of the CPS and/or disputes the interpretation given by the CPS to the agreements, it has nevertheless discussed in good faith with the CPS and provided a list of certain actions that addressed certain of the CPS's concerns. Notwithstanding the above, it should be noted that the CPS has the right, pursuant to the provisions of the relevant law, to file an application to the competent court seeking a court order that will prevent the Bank from enforcing the terms that have been considered unfair against consumers. The Bank will dispute such an application.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and available for use balances with Central Banks and placements with other banks, with original maturities of less than three months as follows:

	30 June 2019 €'000	31 December 2018 €'000
Cash balances and non-obligatory balances with Central Banks	**3.831.143**	4.248.396
Placement with other banks with original maturity less than three months	**317.059**	183.712
Total cash and cash equivalents	**4.148.202**	4.432.108

25. CASH AND CASH EQUIVALENTS (continued)

Analysis of total cash and balances with Central Banks and Placements with other banks are presented below:

	30 June 2019 €'000	31 December 2018 €'000
Cash balances and non-obligatory balances with Central Banks	**3.831.143**	4.248.396
Non available for use balances with Central Banks	**143.977**	143.048
Total Cash and Balances with Central Banks	**3.975.120**	4.391.444
Placement with other banks with original maturity less than three months	**317.059**	183.712
Other placements with other banks	**135.740**	124.176
Total Placements with other banks	**452.799**	307.888

26. RELATED PARTY TRANSACTIONS

Members of the Board of Directors and connected persons

Connected persons include the spouse, the children, the parents and the companies in which Directors hold, directly or indirectly, at least 20% of the voting rights at a general meeting.

	30 June 2019 €'000	31 December 2018 €'000
Loans and advances	**411**	407
Collaterals	**389**	396
Deposits	**2.013**	2.260

Additionally, as at 30 June 2019, there were contingent liabilities and commitments in respect of Members of the Board of Directors and their connected persons in the form of documentary credits, guarantees and unused limits amounting to €54 thousand which did not exceed 1% of the Bank's net assets (31 December 2018: €67 thousand).

For the period ended 30 June 2019 interest income in relation to Members of the Board of Directors and their connected persons amounted to €5 thousand (30 June 2018: nil), while interest expense in respect of Members of the Board of Directors and their connected persons amounted to €2 thousand (30 June 2018: €3 thousand).

Emoluments and fees of Members of the Board of Directors

	30 June 2019 €'000	30 June 2018 €'000
Emoluments and fees of Members of the Board of Directors:		
Emoluments and benefits in executive capacity	**455**	474
Employer's contributions for social insurance, etc	**20**	14
Total emoluments for Executive Directors	**475**	488
Fees	**568**	532

26. RELATED PARTY TRANSACTIONS (continued)

Other transactions with Members of the Board of Directors and their connected persons

The sales of insurance policies for the period ended 30 June 2019 by the Group's subsidiary, Pancyprian Insurance Ltd, to Members of the Board and their connected persons as defined above, amounted to €7 thousand (30 June 2018: €7 thousand), while there were no significant sales of insurance policies by the Group's subsidiary, Hellenic Alico Life Insurance Company (30 June 2018: nil).

For the period ended 30 June 2019 non interest income which relates to Members of the Board of Directors and their connected persons was nil (30 June 2018: nil).

Key Management personnel who are not Directors and their connected persons

Key Management personnel are those persons who have the authority and the responsibility for the planning, management and control of the Banks' operations, directly or indirectly. The Group, according to the provisions of IAS 24 considers as Key Management personnel the General Managers of the Bank who were not Directors, the members of the Asset and Liability Committee (ALCO) as well as management personnel who refer directly to the Chief Executive Officer.

Connected persons include spouses, minor children and companies in which the Key Management personnel who were not Directors hold, directly or indirectly, at least 20% of the voting rights at a general meeting.

	30 June 2019 €'000	31 December 2018 €'000
Loans and advances	**1.141**	1.012
Collaterals	**1.007**	840
Deposits	**4.971**	4.553

Emoluments of Key Management personnel of the Group

The emoluments of Key Management personnel who were not Directors were:

	30 June 2019 €'000	30 June 2018 €'000
Emoluments of Key Management personnel who were not Directors:		
Salaries and other short term benefits	**1.016**	962
Employer's contributions for social insurance, etc	**90**	67
Retirement benefits	**85**	78
	1.191	1.107

The number of Key Management personnel as at 30 June 2019 was 16 (31 December 2018: 15).

As at 30 June 2019, there were contingent liabilities and commitments to Key Management personnel who were not Directors and their connected persons amounting to €397 thousand (31 December 2018: €351 thousand).

Interest income in relation to Key Management personnel and their connected persons for the period ended 30 June 2019 amounted to €6 thousand (30 June 2018: €6 thousand), while interest expense in relation to Key Management personnel and their connected persons amounted to €9 thousand (30 June 2018: €17 thousand).

26. RELATED PARTY TRANSACTIONS (continued)

The sales of insurance policies for the period ended 30 June 2019 by the Group's subsidiary, Pancyprian Insurance Ltd, to Key Management personnel and their connected persons, as defined above, amounted to €10 thousand (30 June 2018: €11 thousand) while the sales of insurance policies by the Group's subsidiary, Hellenic Alico Life Insurance Company amounted to €12 thousand (30 June 2018: €12 thousand).

Shareholders with significant influence and their connected persons

Pursuant to the provisions of IAS 24, related parties are considered, among others, the Shareholders who have significant influence to the Bank or/and hold directly or indirectly more than twenty percent (20%) of the nominal value of the issued capital of the Bank.

Connected persons include the entities controlled by Shareholders with significant influence as they are defined above.

	30 June 2019 €'000	31 December 2018 €'000
Loans and advances	**1**	1
Deposits	**23.406**	28.311

On 30 June 2019 there were collaterals held by Shareholders with significant influence and connected persons, for provision of guarantees amounting to €398 thousand (31 December 2018: €398 thousand).

On 30 June 2019, there were contingent liabilities and commitments in relation to Shareholders with significant influence and connected persons in the form of documentary credits, guarantees and unused limits amounting to €696 thousand (31 December 2018: €715 thousand).

Interest income in relation to Shareholders with significant influence and connected persons for the period ended 30 June 2019 amounted to nil (30 June 2018: nil) while the corresponding interest expense was €1 thousand (30 June 2018: €2 thousand).

Other transactions with Shareholders with significant influence and their connected persons

The sales of insurance policies by the Group's subsidiary, Pancyprian Insurance Ltd, to Shareholders with significant influence and their connected persons as defined above, amounted to €50 thousand (30 June 2018: €60 thousand).

For the period ended 30 June 2019 non-interest income amounting to €39 thousand (30 June 2018: €61 thousand) was received which relates to Shareholders with significant influence and their connected persons.

As at 30 June 2019, Shareholders with significant influence and their connected persons had in their possession CCS2 amounting to €8,0 million (31 December 2018: €8,0 million).

All transactions with Members of the Board of Directors, Key Management personnel, Shareholders with significant influence and their connected persons are at an arm's length basis. Regarding the Key Management personnel, facilities have been granted based on current terms as those applicable to the rest of the Group's personnel.

27. FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

The Group measures the fair value of an instrument using the quoted price in an active market, when available, for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the main factors that market participants would take into account in pricing a transaction.

Fair value of financial instruments

The table below presents the analysis of the Group's financial instruments measured at fair value on the basis of the three-level hierarchy by reference to the source of data used to derive the fair values. The levels of hierarchy of fair value are as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Data other than quoted prices included within level 1 that is observable for the asset or liability, either directly or indirectly.
- Level 3: Import data for the asset or liability that is not based on observable market data (non-observable import data).

For assets and liabilities recognised at fair value in the Consolidated Financial Statements, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

30 June 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	**Total €'000**
Financial assets				
Derivatives:				
Foreign currency forwards	-	1	-	**1**
Foreign currency swaps	-	58	-	**58**
	-	59	-	**59**
Other financial assets at fair value through profit or loss				
Equity and other securities and collective investment units	24.278	-	5.991	**30.269**
	24.278	-	5.991	**30.269**
Investments at fair value through other comprehensive income				
Debt securities:				
Government	204.972	-	-	**204.972**
Banks	99.822	-	-	**99.822**
Other issuers	230.843	5.167	-	**236.010**
Equity and other securities	1.421	-	5.583	**7.004**
	537.058	5.167	5.583	**547.808**
Total	**561.336**	**5.226**	**11.574**	**578.136**

27. FAIR VALUE MEASUREMENT (continued)

30 June 2019	Level 1 €'000	Level 2 €'000	Level 3 €'000	**Total** **€'000**
Financial liabilities				
Derivatives:				
Interest rate swaps	-	19.176	-	**19.176**
Foreign currency swaps	-	1.692	-	**1.692**
Total	**-**	**20.868**	**-**	**20.868**

31 December 2018	Level 1 €'000	Level 2 €'000	Level 3 €'000	**Total** **€'000**
Financial assets				
Derivatives:				
Foreign currency forwards	-	1	-	**1**
Foreign currency swaps	-	566	-	**566**
	-	567	-	**567**
Other financial assets at fair value through profit or loss				
Equity and other securities and collective investment units	23.141	-	4.527	**27.668**
	23.141	-	4.527	**27.668**
Investments available for sale				
Debt securities:				
Government	215.366	-	-	**215.366**
Banks	131.411	-	-	**131.411**
Other issuers	239.106	7.067	-	**246.173**
Equity and other securities and collective investment units	1.387	-	5.583	**6.970**
	587.270	7.067	5.583	**599.920**
Total	**610.411**	**7.634**	**10.110**	**628.155**

31 December 2018	Level 1 €'000	Level 2 €'000	Level 3 €'000	**Total** **€'000**
Financial liabilities				
Derivatives:				
Foreign currency forwards	-	20	-	**20**
Interest rate swaps	-	6.794	-	**6.794**
Foreign currency swaps	-	1.166	-	**1.166**
Total	**-**	**7.980**	**-**	**7.980**

27. FAIR VALUE MEASUREMENT (continued)

The tables below present the movement of fair value of financial instruments categorised at level 3 hierarchy:

	Investments at fair value through other comprehensive income €'000	Other financial assets at fair value through profit or loss €'000	**Total €'000**
1 January 2019	5.583	4.527	**10.110**
Gains recognised in consolidated income statement in the categories "Net income from fees, commissions, net gains on disposal and revaluation of foreign currencies and financial instruments and other income"	-	1.464	**1.464**
30 June 2019	5.583	5.991	**11.574**

	Investments at fair value through other comprehensive income €'000	Other financial assets at fair value through profit or loss €'000	**Total** €'000
1 January 2018	7.838	-	7.838
Reclassified	(2.531)	2.531	**-**
Gains recognised in consolidated income statement in the categories "Net income from fees, commissions, net gains on disposal and revaluation of foreign currencies and financial instruments and other income"	-	696	696
Gains recognised in consolidated statement of comprehensive income in the category "Surplus on revaluation of investments in equity & other securities & collective investment units and debt securities measured at fair value through other comprehensive income"	142	-	142
Losses recognised in consolidated statement of comprehensive income in the category "Surplus on revaluation of available for sale equity and debt securities"	(237)	-	**(237)**
30 June 2018	5.212	3.227	8.439

During the current period and the year 2018 there were no transfers between Level 1 and Level 2.

Valuation techniques of Level 2 investments in debt securities and derivatives measured at fair value through other comprehensive income and fair value through profit or loss

For the fair value of the investments in debt securities categorised under level 2 hierarchy, the Bank utilises the outstanding Cyprus Government European Medium Term Notes (EMTNs) and extrapolates the spread over the German sovereign curve at the valuation date to construct the yield curve used to fairly value these level 2 debt securities.

27. FAIR VALUE MEASUREMENT (continued)

Derivative financial instruments are valued using a valuation technique with observable market data, and these are mainly interest rate swaps, foreign exchange swaps, foreign exchange options, forward foreign exchange rate contracts and interest rate collars. The valuation techniques most frequently used include forward pricing and swap models, using present value calculations. The models use various inputs including foreign exchange spot and forward rates and interest rate curves. Furthermore it is essential to note that the vast majority of the Bank's derivative positions are performed with counterparties that the Bank has ISDA (International Swaps and Derivatives Association) and CSA (Credit Support Annex) agreements, exchanging cash collateral on a daily basis.

Valuation techniques of Level 3 investments in equity and other securities for financial assets at fair value through profit or loss

Equity and other securities at fair value through profit or loss include the Bank's stakeholding of Series C Visa Inc. shares convertible into Class A Common Stock which are valued based on the stock price of the underlying shares on each reporting date. Due to the conversion of the shares taking place on the twelfth anniversary of the closing date of the agreement (21 June 2016) after settling any unresolved and outstanding cover claims, it was considered appropriate to apply a haircut of 50% on the observable value of the shares. The significant unobservable input used above is considered to be the haircut on the calculated value of the shares. A change in the significant unobservable input by 15% would result in a change in the value of the equity and other securities by €899 thousand.

Valuation techniques of Level 3 investments in equity and other securities for financial assets at fair value through other comprehensive income

Equity and other securities categorised under Level 3 hierarchy include non-listed investments. For these investments, the Group uses models which are not based on observable market data and takes into account, amongst others, the net positions of the entities in which the investment has been made, as well as estimates of the Group's Management to reflect uncertainties in fair values resulting from the lack of data and significant adverse changes in technology, market, economic or legal environment in which the entity operates. The significant unobservable input used above is considered to be the net asset position of the entities. A change in the significant unobservable input by 15% would result in a change in the value of the equity and other securities by €1.051 thousand.

Fair Value of financial instruments not measured at fair value but for which fair value is disclosed

The fair value of the financial instruments classified and subsequently measured at amortised cost, including the identifiable assets and liabilities acquired as a result of the Acquisition, is disclosed below. The identifiable assets and liabilities acquired as a result of the Acquisition were initially recognised at fair value in accordance with IFRS 3, using valuation techniques as described in Note 49.8 of the last annual financial statements.

Debt securities classified at amortised cost

At 30 June 2019 the fair value of investments in debt securities at amortised cost amounted to €4.775.868 thousand. Based on the three-level hierarchy, an amount of fair value of €948.969 thousand (carrying amount: €924.092 thousand) would be classified as level 1, an amount of fair value of €3.781.861 thousand (carrying amount: €3.704.472 thousand) would be classified as level 2 and an amount of fair value of €45.038 thousand (carrying amount: €45.020 thousand) would be classified as level 3.

27. FAIR VALUE MEASUREMENT (continued)

For the calculation of the fair value of investments in debt securities that would be classified as level 1 the Group uses quoted prices in active markets. For the calculation of the fair value of investments in debt securities that would be classified as level 2 the Group utilises the outstanding Cyprus Government European Medium Term Notes (EMTNs) and extrapolates the spread over the German sovereign curve at the valuation date to construct the yield curve used to fairly value these level 2 debt securities.

At 31 December 2018 the fair value of investments in debt securities at amortised cost amounted to €3.994.773 thousand and in three-level hierarchy an amount of fair value of €279.825 thousand (carrying amount: €269.707 thousand) would be classified as level 1 and an amount of fair value of €3.714.948 thousand (carrying amount: €3.663.771 thousand) would be classified as level 2.

Loans and advances to customers

The fair value of loans and advances to customers is based on the present value of expected future cash flows.

The level of subjectivity and degree of management judgment required is significant in these discounted cash flow models given that management is required to exercise judgment in the selection and application of parameters and assumptions where some or all of the parameter inputs are less observable. Future cash flows have been based on the future expected loss rate per loan category, taking into account expectations in the credit quality of the borrowers. The discount rate includes components that capture: the funding cost, cost of capital and an adjustment for operational costs.

The fair value of loans and advances to customers as at 30 June 2019 amounted to €6.107 million (31 December 2018: €6.184 million) for the Group and would have been classified at level 3. For the loan portfolio acquired as part of the Acquisition, the fair value approximates its gross carrying amount.

Indemnification assets

As at 30 June 2019, the fair value of the indemnification assets was determined based on the Income Approach in line with the provisions of IFRS 13.

Asset Protection Scheme:

The fair value was estimated as the sum of:

a) The Present Value of claims to be made by the Bank to the Republic of Cyprus in the event of APS Losses. The claims and timing of these claims reflect the re measurement of the estimated future cash flows arising from claims to be made by the Bank to the RoC in the event of APS losses. All calculations are made on an asset by asset basis.

b) The Present Value of fees payable from the Bank to the Republic of Cyprus.

The present value of the APS indemnification asset has been discounted at the equivalent prevailing market interest rate as of 30 June 2019 of sovereign exposures with similar maturity.

The fair value of the APS indemnification asset as at 30 June 2019 amounted to €63.056 thousand (31 December 2018: €63.816 thousand) and would have been classified at level 3.

Off-balance sheet exposures:

The fair value was estimated on:

27. FAIR VALUE MEASUREMENT (continued)

a) The recovery as a result of the estimated losses arising from the off-balance sheet exposures without an on-balance sheet amount as at 31 December 2018.

b) The recovery as a result of the estimated losses arising from the off-balance exposures of credit cards with an on-balance sheet amount as at 31 December 2018.

The recovery as a result of the estimated losses of the above two elements have been discounted at the equivalent prevailing market interest rates as of 31 December 2018 of sovereign exposures with similar maturity.

Other key inputs involved in the fair value measurement of the indemnification assets relating to APS and off-balance sheet exposures include the estimates and parameters involved in the measurement of ECL of the underlying loans and off-balance sheet exposures. The sensitivity of this is presented in Note 4.

The fair value of the off balance sheet exposures as at 30 June 2019 amounted to €5.573 thousand (31 December 2018: €6.739 thousand) and would have been classified at level 3.

Loan Capital:

The value of the Loan Capital based on quoted prices (unadjusted) in the CSE as of 30 June 2019 was €70 million (31 December 2018: €71 million).

For the remaining financial assets and financial liabilities not described above the fair value approximates to their carrying amounts.

28. SEGMENTAL ANALYSIS

For management purposes, the Group is organised into two operating segments based on the provision of services, as follows:

- Banking and financial services segment - principally providing banking and financial services, including financing and investment services, custodian and factoring services as well as management and disposal of properties. Banking and financial services segment also includes the share of results of associate company.
- Insurance services segment - principally providing life and general insurance services.

The table below presents income, expenses, impairment losses and provisions to cover credit risk, profit/(loss) before share of results of associate company, share of results of associate company and taxation and information on assets, liabilities, equity-accounting investment in associate company and capital expenditure regarding the Group's operating segments.

28. SEGMENTAL ANALYSIS (continued)

	Banking & Financial services		Insurance Services		Intersegment transactions/balances		Total	
	Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June		Six-month period ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Turnover	**234.173**	126.247	**13.015**	9.086	**(2.965)**	(1.947)	**244.223**	133.386
Of which: Third parties revenue	***231.208***	*124.682*	***13.015***	*9.086*	**-**	-	***244.223***	*133.768*
Of which: Inter-segment revenue	***2.965***	*1.565*	**-**	-	***(2.965)***	*(1.947)*	**-**	*(382)*
Net interest income	**151.059**	57.544	**4**	98	**-**	-	**151.063**	57.642
Net fees and commission income/(expenses)	**30.193**	22.983	**(3.505)**	(1.571)	**(2.424)**	(673)	**24.264**	20.739
Net gains/(losses) on disposal and revaluation of foreign currencies and financial instruments	**4.776**	23.067	**575**	(58)	**-**	-	**5.351**	23.009
Other income/(expenses)	**7.585**	5.336	**11.506**	8.145	**(80)**	(112)	**19.011**	13.369
Total net income	**193.613**	108.930	**8.580**	6.614	**(2.504)**	(785)	**199.689**	114.759
Staff costs	**(56.569)**	(35.008)	**(2.445)**	(2.598)	**-**	-	**(59.014)**	(37.606)
Depreciation and amortisation	**(10.360)**	(4.570)	**(160)**	(106)	**24**	-	**(10.496)**	(4.676)
Administrative and other expenses	**(59.464)**	(41.934)	**(1.049)**	(801)	**56**	115	**(60.457)**	(42.620)
Total expenses	**(126.393)**	(81.512)	**(3.654)**	(3.505)	**80**	115	**(129.967)**	(84.902)
Profit/(loss) from ordinary operations before impairment losses and provisions to cover credit risk	**67.220**	27.418	**4.926**	3.109	**(2.424)**	(670)	**69.722**	29.857
(Impairment losses)/reversal of impairment losses and provisions to cover credit risk	**(9.913)**	7.419	**383**	-	**(73)**	-	**(9.603)**	7.419
Profit/(loss) before share of results of associate company	**57.307**	34.837	**5.309**	3.109	**(2.497)**	(670)	**60.119**	37.276
Share of results of associate company net of taxation	**876**	1.525	**-**	-	**-**	-	**876**	1.525
Profit/(loss) before taxation	**58.183**	36.362	**5.309**	3.109	**(2.497)**	(670)	**60.995**	38.801
Taxation	**(1.440)**	(3.185)	**(450)**	(359)	**-**	-	**(1.890)**	(3.544)
Profit/(loss) after taxation	**56.743**	33.177	**4.859**	2.750	**(2.497)**	(670)	**59.105**	35.257

28. SEGMENTAL ANALYSIS (continued)

	Banking & Financial services		Insurance Services		Intersegment transactions/balances		Total	
	30 June 2019	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018	**30 June 2019**	31 December 2018
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Total assets	**16.369.814**	16.045.251	**109.404**	92.373	**(12.529)**	(11.438)	**16.466.689**	16.126.186
Total liabilities	**15.350.990**	15.253.721	**90.635**	58.888	**(9.721)**	(10.970)	**15.431.904**	15.301.639
Equity-accounted investment in associate company	**8.158**	8.997	**-**	-	**-**	-	**8.158**	8.997
Capital expenditure on property, plant & equipment and computer software	**59.566**	11.412	**19**	203	**-**	-	**59.585**	11.615

29. ECONOMIC ENVIRONMENT

Economic Environment and Group operations in Cyprus
Cyprus has achieved an impressive turnaround following the 2013 economic crisis as the recovery continued strengthening for eighteen consecutive quarters. After four consecutive years of robust growth, the Cyprus economy grew an annual 3,2% in the first half of 2019.

From a sectoral point of view, growth in the first half of 2019 was mainly attributed to the sectors: Hotels and Restaurants, Retail and Wholesale Trade, Construction, Manufacturing, Professional, Scientific and Technical Activities and Administrative and Support Service Activities. Negative growth rate was recorded by the sector Financial and Insurance Activities. For the period of January – May 2019 revenue from tourism is estimated at €653 million compared to €677 million in the corresponding period of 2018, recording a decrease of 3,6%. For the period of January – July 2019 arrivals of tourists totaled 2.181 thousand compared to 2.184 thousand in the corresponding period of 2018, recording a decrease of 0,1%.

The course of the steady recovery path is reflected in the labor market, which tends to follow the recovery with a time lag. The gradual de-escalation of the unemployment rate in Cyprus is mainly due to the increased employment rate of the last year. In July 2019, the unemployment rate declined further to 7,0% of the labor force, recording a decrease compared to the same month of the previous year (8,3%). For the period January – July 2019, the inflation increased by 0,8% compared to the same period last year.

Public finances have been consolidated to a large extent to secure the sustainability of public debt. The preliminary General Government fiscal results for the period of January-July 2019 indicate a surplus of €696 million (3,2% of GDP), compared to a surplus of €488 million for the corresponding period of 2018 (2,4% of GDP).

The Cypriot banking sector downsized significantly during 2018 as a result of the Bank's acquisition of certain assets and liabilities of ex-CCB, the carve out of ex-CCB's non-performing portfolio and the sales of loan portfolios by Hellenic Bank, Alpha Bank Cyprus and Bank of Cyprus. At the same time, the banking regulatory and supervisory framework have been significantly strengthened. Banks are making progress in restructuring their non-performing loan portfolios. In March 2019, problem loans have been reduced by 63% to €10,1 billion from a peak of €27,3 billion, a circa €17 billion decrease, equivalent to around 85% of the country's GDP.

The housing market continued its adjustment during the third quarter of 2018 bringing the cumulative fall in prices since mid-2008 to approximately 30% (Central Bank of Cyprus's Residential Property Price Index (PPI)). In the fourth quarter of 2018, the PPI recorded a positive growth rate of 1,5%. According to data from the Department of Land and Surveys, property sales recorded a new increase during the first seven months of 2019. Specifically, sales contracts submitted increased to 6.456 versus 5.366 in the previous year, an annual increase of 20%.

The economic recovery along with the improved domestic financial conditions have created and maintained an environment of improved confidence in the Cypriot banking industry. International credit rating agencies have provided higher credit ratings for Cyprus and the country's largest domestic banks. In September 2018, Standard and Poor's upgraded Cyprus' long term credit rating "BBB ", placing the economy on an investment grade after six years. Subsequently, in October 2018, Fitch upgraded the rating for the Cyprus sovereign to "BBB " from "BB+", affirming in April 2019. In September 2019, Moody's Ratings affirmed the rating for Cyprus sovereign to "Ba2", two notches below investment grade, while changed the outlook from stable to positive.

29. ECONOMIC ENVIRONMENT (continued)

Cyprus' macroeconomic outlook is positive and is accompanied by a significant increase in real gross domestic product during 2018 and the first half of 2019, robust employment growth and further improvement in key domestic indicators. Growth is expected to be supported by private consumption and investment and by an improving and robust labour market. Public expenditure is also expected to contribute positively to growth through higher investment expenditures. In the medium-term, the outlook of the economy is positive and growth is expected to continue albeit at a slower pace near its long-term average.

Despite the important steps taken towards restoring the positive economic climate, some degree of uncertainty remains, as the country still has certain issues to resolve, such as the high level of NPEs, and high unemployment and the high private and public, which are however on a steady declining trend.

With regard to high public debt, the risks are mainly linked to the potential fiscal impact of Court rulings on past fiscal reforms and the financing needs of public hospitals during the first years of the national health system.

From an exogenous perspective, the economic outlook may be negatively influenced due to slower than expected growth in Europe and the global economy due to rising trade tensions between U.S.A and China and uncertainty effects of Brexit and a weaker pound. Also, increased geopolitical tensions in the Middle East and Eastern Mediterranean, could trigger adverse spillovers to economic confidence, tourism and consequently to the aggregate economic activity. At the same time, geopolitical tensions in neighboring countries render Cyprus a safer tourist destination and could therefore counterbalance, to some extent, any potential reduction in tourist traffic from the UK. Additionally, developments over a potential reunification of Cyprus along with the exploitation of Cyprus' natural resources are being closely monitored to assess potential prospects and risks as they are evolving.

According to the baseline macroeconomic scenario, growth is expected to be 3,4% in 2019 and 3,2% in 2020. The pick-up in domestic demand is expected to be reflected in improved labor market conditions with unemployment decreasing to 6,6% in 2019 and 5,8% in 2020. Inflation in 2019 is expected to remain at relatively low levels, at around 1,0% and 1,2% in 2020.

Consequences of the recent developments
The Cyprus banking sector has gone through a reformation phase and is now in a strengthened capital and liquidity position. Its size has been reduced to a moderate 2,5 times the GDP or about the EU average. Foreign exposures have been eliminated and domestic operations form the main focus. While decisive steps were taken and swift progress has been achieved throughout the banking sector, the high share of NPEs continues to impact banks' balance sheets. The Bank has managed to navigate successfully through the banking crisis. It has retained throughout the crisis its reputation for stability and confidence and is now focusing on strengthening and improving its market position within the Group's strategy of reorganizing and reforming its business model.

Bank's acquisition (Acquisition) of certain assets and liabilities of the Cyprus Cooperative Bank Ltd (CCB) is a strategic transaction intended to act as a catalyst for the sustainable profitability of the Bank, further enhancing its market position as a primary bank for its clients, while at the same time enhancing the stability of the financial system in Cyprus.

29. ECONOMIC ENVIRONMENT (continued)

The main pillars of the strategy is the reduction of NPEs, the expansion of new lending, thus increasing the Bank's market share, and the increase of its revenues through other banking activities. Through the creation of the first debt servicing platform in the Cypriot market, the Bank is continuing the efforts for effectively resolving its NPEs in an accelerated way and with higher recoveries, leveraging on the knowhow, proven expertise and technical experience of APS Holding. Furthermore, the debt servicing platform allows the Bank to better allocate its resources on managing and growing the performing loan portfolio, by using its excess liquidity to the benefit of the market, as well as on continuing its digital transformation journey, the optimisation of corporate governance and the adaptation to the expanding compliance framework.

The Bank maintains sufficient liquidity which allows the exploitation of opportunities, maintaining its focus on organic growth. The focus of new loans will be to companies that increase the competitiveness and productivity of the country, such as in the sectors of retail and commercial activities, education, health, manufacturing, tourism and shipping by targeting specific customer profiles. At the same time, loans to the retail sector will be geared toward mortgages, small loans to new customers and supporting current customers who are deemed viable.

Recent developments in the Euro Area
Euro area real GDP increased by 0,2%, quarter on quarter, in the second quarter of 2019, following a rise of 0,4% in the previous quarter. Incoming economic data and survey information point to a more protracted than expected slowdown of the Eurozone economy. This slowdown mainly reflects the prevailing weakness of international trade in an environment of prolonged global uncertainties, which are particularly affecting the euro area manufacturing sector. In addition, inflation remained generally muted. Euro area annual HICP inflation was 1,0% in August 2019.

As a result, on 12 September 2019, the European Central Bank has unveiled a major stimulus package as it seeks to revive Eurozone economy. The Governing Council (GC) of the ECB announced that it will i) cut the deposit facility rate by 10bp to -0,5%, ii) restart net asset purchases at a monthly pace of €20 billion from 1 November, iii) maintain its reinvestment strategy, iv) offer slightly more generous terms in its new targeted long-term liquidity operations (TLTROs), v) introduce a two-tier system for reserve remuneration, starting 30 October, with six times banks' minimum reserve requirements to be remunerated at an annual rate of 0%.

30. CAPITAL BASE AND ADEQUACY

The proforma Capital Adequacy Ratios[1] of the Group under Pillar I, which are above the minimum regulatory requirements, were as follows:

	Group (transitional basis)[2]			Group (fully loaded basis)[2]		Minimum regulatory capital requirements (Phase-in)
Capital Adequacy Ratios	**30.06.2019[1]**	**31.12.2018[3]**	**Δ**	**30.06.2019[1]**	**31.12.2018[3]**	**2019[4]**
Capital Adequacy Ratio (%)	20,97%	18,53%	+244 bps	20,49%	18,00%	14,075%
Tier 1 Ratio (%)	20,97%	18,53%	+244 bps	20,49%	18,00%	12,075%
Common Equity Tier 1 (CET 1) Ratio (%)	18,49%	15,82%	+267 bps	17,99%	15,26%	10,575%
Common Equity Tier 1 capital (€million)	966	760	+27%	933	723	N/A
Risk Weighted Assets (RWAs) (€million)	5.223	4.800	+9%	5.187	4.737	N/A

1. Including first half of 2019 unaudited profits.

30. CAPITAL BASE AND ADEQUACY (continued)

2. As per regulation (EU) 2017/2395 of the European Parliament and Council of 12 December 2017 issued amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS9, a portion of the impact of expected credit losses provisions is added back to CET 1 capital allowing for a transitional period of five years until full impact on 2023.
3. Including fourth quarter 2018 profits, after obtaining AGM approval of year-end profits on 28 August 2019.
4. Excluding Pillar II capital guidance and based on 2018 SREP with reference date 31 December 2017, effective from 1 June 2019.
5. Calculated in accordance with the Regulation (EU) No 2015/62 of the European Parliament and Council dated 10 October 2014.
6. Based on the final decision received, on 22 May 2019, of ECB's intention to adopt a decision establishing prudential requirements pursuant to Article 16 of Council Regulation (EU) No 1024/2013.
7. As per revised CBC circular dated 25 October 2018, the fully loaded O-SII buffer increases from 1% to 1,5%.

The increase of 267 basis points in CET 1 ratio[1] (transitional basis) compared to 31 December 2018[3], was mainly the result of the following:

(i) overall increase in CET1 capital, mainly due to:
- current period profits (effect of 118 basis points increase),
- the capital raise of €145 million net off expenses directly related to the share issue (effect of 302 basis points increase),

(ii) overall increase in RWAs, mainly due to the increase in net funded exposures due to new lending and the acquisitions of debt securities (effect of 163 basis points decrease).

The corresponding capital ratios[1] of the Bank for 30 June 2019 were as follows:

Capital Adequacy Ratio (%)	**Transitional basis[2]**	**Fully loaded basis[2]**
Capital Adequacy Ratio (%)	20,92%	20,43%
Tier 1 Ratio (%)	20,92%	20,43%
Common Equity Tier 1 (CET 1) Ratio (%)	18,44%	17,94%
Common Equity Tier 1 capital (€million)	964	931
Risk Weighted Assets (RWAs) (€million)	5.226	5.190

As at 30 June 2019 the Leverage Ratio[1, 5] for the Group was formed at 6,55% (Bank: 6,54%) compared to 5,42% (Bank: 5,40%) as at 31 December 2018[3]. The Leverage Ratio[1, 5] on a fully loaded basis for the Group was formed at 6,37% (Bank: 6,35%) compared to 5,20% (Bank: 5,19%) as at 31 December 2018[3].

Supervisory Review and Evaluation Process 2018 (SREP 2018)

Following ECB's final decision,[6] in establishing prudential requirements, which was based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013 with reference date 31 December 2017, and also having regard to other relevant information received thereafter, the Bank is required to maintain for 2019, effective from 1 June 2019, on a consolidated basis, a phase-in Capital Adequacy Ratio of 14,075%, which includes:

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of Regulation (EU) No 575/2013 (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital),

- an own funds Pillar II requirement of 3,2% required to be held in excess of the minimum own funds requirement (to be made up entirely of CET 1 Capital), and

30. CAPITAL BASE AND ADEQUACY (continued)

- a phased-in combined buffer requirement which for 2019 includes the fully loaded capital conservation buffer of 2,5%, which has to be made up with CET 1 capital and the O SII buffer of 0,375%[7], with application starting from 1 January 2019 which is phased-in over a period of four years.

Additionally, applicable for Hellenic Bank, the combined buffer requirement includes:

- a Counter-Cyclical Capital Buffer (CCyB) for which the CBC has set the level at 0% for exposures located in Cyprus for the first half of 2019 (the institution specific CCyB rate for 2019 was 0%),

- Systemic Risk Buffer (currently applicable only for exposures located in Estonia of credit institutions authorised in Cyprus, for which the CBC reciprocated the Estonian macroprudential measure. For Hellenic Bank these exposures are immaterial. As per CBC circular dated 24 June 2019, this measure has been terminated as of 30 May 2019.)

The final 2018 SREP decision applies from 1 June 2019.

Based on the final SREP letter the Pillar II requirement which is applicable as from 1 June 2019 has remained the same as in 2018 at 3,2%. Furthermore, the Bank shall refrain from making distributions to its shareholders.

Taking into account the above, the Group's minimum CET 1 and Tier 1 ratios effective as from 1 June 2019 are set at 10,575% and 12,075% respectively.

In addition to the above, the ECB has provided on a consolidated basis, a revised Pillar II capital guidance to be made up entirely of CET 1 capital, which has remained the same as in 2018.

31. EVENTS AFTER THE REPORTING PERIOD

Integration update
After the Acquisition, a full scale plan for the integration of the acquired Business was launched and completed with the assistance of international specialised advisors. The integration planning and governance entailed the design of a detailed IT integration plan, the planning of systems and data migration, the set-up of a fully Operational Integration Governance involving specialised work streams such as Integration Management Office, IT Steering Committee, Executive Integration Steering Committee and Board Integration Committee as well as the set-up of Post Go-Live Support and Incident Reporting Governance for incidents that may arise on Day 1.

During the execution phase, infrastructure was expanded and tested to ensure that systems perform well given the anticipated increased volume and four Go-Live Rehearsals and three Full Dress Rehearsals were completed. The successful migration of customer data, account and transaction data was completed by 15 September and the electronic channels opened on the same afternoon. The integration was completed on 16 September 2019 where the branches opened to the public with no major problems. All customers can now be served from any branch.

Prospective disposal of NPE portfolio
During the first half of 2019 the Bank has embarked on a preparation phase to review the feasibility of different NPE reduction structures with the aim of identifying the option that best meets the Bank's strategic objectives. The preparation phase involved definition of the NPE portfolio, evaluation of real estate collaterals, data remediation and enhancement of data tapes, preparation of borrower information memorandums, legal due diligence and transaction structuring options. For the purposes of completing the workstreams outlined above and in order to conclude on the best possible structure, the Bank has engaged international advisors, and proceeded to engage in discussions via the signing of confidentiality agreements and sharing of information with third parties that may be interested in pursuing a possible collaboration with the Bank.

2020 ECB SREP Stress Test
The Bank has been selected to participate in the ECB SREP stress test of 2020. As in 2016 and in 2018, in execution of its mandate and in close cooperation with the national competent authorities, the ECB will run two stress-testing exercises in 2020 – the EBA EU-wide stress test and the ECB SREP stress test – the results of which will be factored into its overall assessment within the 2020 Supervisory Review and Evaluation Process (SREP). The scope of the 2020 ECB SREP stress test will complement the 2020 EBA EU-wide stress test in order to address those ECB supervised entities which are not included in the 2020 EBA EU-wide stress test and the exercise is expected to be launched at the beginning of 2020 and to be concluded by mid-year.

Other events
Pursuant to Article 172 of the Cyprus Stock Exchange and Securities Law, the Bank announced on the 9 July 2019 the change in the holding in its share capital, of SENVEST MASTER FUND,L.P. and SENVEST GLOBAL (KY), L.P. from 4,64% to 5,07%.

Pursuant to Article 172 of the Cyprus Stock Exchange and Securities Law, the Bank announced on the 31 July 2019 the change in the holding in its share capital, of 7Q INVEST LTD MULTI OPPORTUNITIES from 8,79% to 2,53%.

Pursuant to Article 172 of the Cyprus Stock Exchange and Securities Law, the Bank announced on the 31 July 2019 the change in the holding in its share capital, of the PROVIDENT FUND OF THE CYPRUS BANK'S EMPLOYEES (ΤΑΜΕΙΟ ΠΡΟΝΟΙΑΣ ΤΡΑΠΕΖΙΚΩΝ ΥΠΑΛΛΗΛΩΝ) from 0,00% to 6,26%.

On the 28 August 2019 the Bank's Annual General Meeting was held along with an Extraordinary General Meeting. Resolutions and decisions that were considered and approved are posted on the Bank's website www.hellenicbank.com (Investor Relations / Announcements to CSE and CySEC).

31. EVENTS AFTER THE REPORTING PERIOD (continued)

Recent developments on the Estia Scheme are explained in Note 13.

32. APPROVAL OF FINANCIAL STATEMENTS

The Condensed Consolidated six-month Financial Statements were approved by the Board of Directors on 26 September 2019.

INTERIM MANAGEMENT REPORT FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

On 3 September 2018 the Bank announced the completion of the acquisition (“Acquisition”) of certain assets and liabilities of the Cyprus Cooperative Bank Ltd (“CCB”), referred to as Cooperative Asset Management Company Ltd (the “ex-CCB”), with effect from 1 September 2018. Hence the financial results of the CCB business acquired are fully consolidated as from that date. Due to the above, the financial results of the Group for the six-month period ended 30 June 2019 are not comparable with financial results prior to 1 September 2018.

Results Overview

The Group’s profit before taxation for the six-month period ended 30 June 2019 amounted to €61,0 million, compared to a profit before taxation of €38,8 million for the six-month period ended 30 June 2018.

Profit attributable to the Bank’s shareholders for the six-month period ended 30 June 2019 amounted to €58,3 million compared to a profit of €34,7 million for the six-month period ended 30 June 2018.

Income Statement Analysis

Net interest income

Net interest income for the six-month period ended 30 June 2019 was €151,1 million, increased by 162% compared to €57,6 million for the six-month period ended 30 June 2018, mainly due to the impact of the Acquisition on interest income from loans and advances to customers and on interest income from debt securities. The Group’s net interest margin (NIM) for the six-month period ended 30 June 2019 amounted to 193 bps (31 December 2018: 196 bps, 30 June 2018:181 bps).

Non-interest income

Total non-interest income for the six-month period ended 30 June 2019 amounted to €48,6 million, down by 15% compared to €57,1 million for the six-month period ended 30 June 2018. The decrease was mainly due to the lower net gains on disposal and revaluation of foreign currencies and financial instruments, which were partly offset by the higher net fee and commission income and other income. Net gains on disposal and revaluation of foreign currencies and financial instruments amounted to €5,4 million for the six-month period ended 30 June 2019 and were down by 77%, due to the gain of €18,3 million from the disposal of Cyprus Government Bonds (CGBs) during the first quarter of 2018.

Net fee and commission income for the six-month period ended 30 June 2019 was €24,3 million, up by 17% compared to the €20,7 million for the six-month period ended 30 June 2018, as it was largely affected by the impact of the Acquisition.

Other income for the six-month ended 30 June 2019 amounted to €19,0 million, up by 42% compared to the €13,4 million for the six-month ended 30 June 2018, mainly due to gains on disposal of stock of properties and increased income from insurance operations as a result of the Acquisition.

Expenses

Total expenses for the six-month period ended 30 June 2019 amounted to €130,0 million, up by 53% compared to the €84,9 million for the six-month period ended 30 June 2018 mainly due to the impact of the Acquisition.

Staff costs

Staff costs for the six-month period ended 30 June 2019 amounted to €59,0 million and accounted for 45% (30 June 2018: 44%) of the Group’s total expenses. Compared to €37,6 million for the six-month period ended 30 June 2018, the six-month period ended 30 June 2019 staff costs recorded an increase of 57%, with the main driver being the staff onboarded as part of the Acquisition with effect from 1 September 2018.

Total depreciation and amortization

Total depreciation and amortization for the six-month period ended 30 June 2019 amounted to €10,5 million and recorded an increase of 124% compared to the six-month period ended 30 June 2018. The main drivers of the increase were the impact of the Acquisition and the impact of IFRS 16 initially applied at 1 January 2019. During the six-month period ended 30 June 2019, the Group has recognised depreciation of the right-of-use asset and interest costs on the corresponding lease liability, instead of operating lease expense as a result of the IFRS 16 application. The depreciation charge amounted to €2,5 million and interest costs from these leases amounted to €0,1 million for the six-month ended 30 June 2019.

Administrative and other expenses

Total administrative and other expenses for the six-month ended 30 June 2019 amounted to €60,5 million with 42% increase compared to €42,6 million for the six-month ended 30 June 2018 reflecting the impact of the Acquisition and the integration. The total integration cost is estimated to reach approximately €71 million by the end of the integration period. It should be noted that the integration cost is expensed or capitalised as it is incurred.

The cost to income ratio for the six-month period ended 30 June 2019 was 65,1%, compared to the 74,0% for the six-month period ended 30 June 2018.

Impairment losses and provisions to cover credit risk

The charge for impairment losses and provisions to cover credit risk, amounted to €9,6 million for the six-month period ended 30 June 2019 with an increase of 230% compared to a reversal of €7,4 million for the six-month period ended 30 June 2018. The charge for the six-month ended 30 June 2019 consisted of €5,2 million due to restaging of certain exposures across the loan portfolio, €4,9 million of net modification losses, and €0,5 million reversal relating to gains on derecognition of purchased credit impaired facilities and financial guarantees and loan commitments acquired partly offset by the amortisation of indemnification asset.

The cost of risk (annualised) for the six-month period ended 30 June 2019 amounted to 0,2% (30 June 2018: -0,6%).

Share of results in associate net of taxation

Share of results of associate company net of taxation, amounted to €0,9 million profit for the six-month period ended 30 June 2019 compared to €1,5 million profit for the six-month period ended 30 June 2018.

Taxation

Taxation for the six-month period ended 30 June 2019 amounted to a tax charge of €1,9 million (30 June 2018: €3,5 million tax charge).

Statement of Financial Position Analysis

As at 30 June 2019, the Group's total assets amounted to €16,5 billion, and recorded an increase of 2% compared to €16,1 billion as at 31 December 2018, mostly due to the increase in the investment assets.

Deposits

Customer deposits amounted to €14,8 billion as at 30 June 2019 (31 December 2018: €14,7 billion). They comprised of €13,8 billion deposits in Euro (31 December 2018: €13,7 billion) and €1,0 billion deposits in foreign currencies (31 December 2018: €1,0 billion), mostly in US Dollars.

The Bank's deposits market share as at 30 June 2019 stood at 30,7% (31 December 2018: 30,9%).

Loans

Total new lending approved during the six-month period ended 30 June 2019 reached €387,6 million (31 December 2018: €594,4 million). The Bank continued providing lending to creditworthy businesses and households while examining other growth opportunities. Gross loans as at 30 June 2019 amounted to €7.460 million, slightly down compared to €7.636 million as at 31 December 2018. During the six-month period ended 30 June 2019 exposures of €172,4 million were written off (31 December 2018: €149,0 million) out of which €127,5 million related to non-contractual write-offs. The Bank's loan market share as at 30 June 2019 reached 21,7% (31 December 2018: 19,5%).

The net loans to deposits ratio stood at 42,0% as at 30 June 2019 (31 December 2018: 42,7%).

Loan Portfolio Quality

As part of the Bank's deleveraging strategy and following the successful completion of the disposal of a non-performing loan portfolio in June 2018 and the Acquisition in September 2018, the Bank during the first half of 2019 has embarked on a preparation phase to review the feasibility of different NPE reduction structures with the aim of identifying the option that best meets the Bank's strategic objectives. The preparation phase involved definition of the NPE portfolio, evaluation of real estate collaterals, data remediation and enhancement of data tapes, borrower information memorandums, legal due diligence and transaction structuring options. For the purposes of completing the workstreams outlined above and in order to conclude on the best possible structure, the Bank has engaged international advisors, and proceeded to engage in discussions via the signing of confidentiality agreements and sharing of information with various third parties that may be interested in pursuing a possible collaboration with the Bank.

NPEs amounted to €2.343 million as at 30 June 2019 and recorded a decrease of 5% compared to €2.474 million as at 31 December 2018. The NPEs reduction was mostly due to the write offs effected during the six-month period ended 30 June 2019 and it mainly reflects the finalisation of the recovery strategy per each NPE exposure and the estimated recoverable balance for each exposure, based on the estimated recovery rate at the time. Terminated loans included in NPEs amounted to €1.460 million as at 30 June 2019. Gross loans with forbearance measures as at 30 June 2019 amounted to €1.378 million (31 December 2018: €1.612 million).

The stock of properties, which are mostly from customers' debt settlement, amounted to €158,9 million as at 30 June 2019 (31 December 2018: €164,1 million). The movement in the balance of stock of properties from customers' debt settlement for the six-month period ended 30 June 2019 included an amount of €29,2 million of additions and an amount of €31,5 million of disposals.

The NPEs to gross loans ratio as at 30 June 2019 was 31,4% (31 December 2018: 32,4%). The corresponding ratio excluding the NPEs covered by the APS agreement, is revised to 25,2% (31 December 2018: 26,5%) . The net NPEs to total assets ratio as at 30 June 2019 stood at 6,7% (4,1% excluding APS-NPEs) compared to 7,0% as at 31 December 2018.

Total accumulated impairment losses, amounted to €1.240 million as at 30 June 2019 (31 December 2018 €1.352 million) and represented 16,6% of the total gross loans (31 December 2018: 17,7%). Total accumulated impairment losses over gross loans excluding the loans covered by the APS was 22,1% (31 December 2018: 24,3%). The NPEs provision coverage ratio stood at 52,9% as at 30 June 2019 (31 December 2018: 54,6%), while excluding the NPEs covered by the APS agreement is adjusted to 64,0% (31 December 2018: 65,4%). Taking into account tangible collaterals the net NPEs collateral coverage ratio stood at 126,6% (31 December 2018: 132,4%) as at 30 June 2019, while excluding the NPEs covered by the APS and the corresponding tangible collateral and provisions of the NPEs covered by the APS, the ratio is adjusted to 140,4% (31 December 2018: 150,2%).

Investment Assets

The carrying value of investment assets amounted to €9,7 billion as at 30 June 2019 (31 December 2018: €9,3 billion) and represented 58,8% of the total assets of the Group (31 December 2018: 57,5%). Investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities, investments in shares and other securities and collective investment units and investment in associate. Total investment assets increased by 5% compared to 31 December 2018, mostly due to the increase in the investments in debt securities.

The Group's cash and placements with other banks and Central Banks amounted to €4,4 billion as at 30 June 2019 (31 December 2018: €4,7 billion). Most foreign currency placements were with P-1 rated banks .

The Group's investments in debt securities amounted to €5,2 billion as at 30 June 2019 (31 December 2018: €4,5 billion) and represented 31,7% of the total assets of the Group (31 December 2018: 28,1%). In comparison with 31 December 2018 there was an increase of 15%, mainly due to acquisitions during the six-month period ended 30 June 2019. The Group's investments in debt securities comprised mainly of CGBs and supranational organisations debt securities.

The CGBs held by the Group at 30 June 2019 amounted to €4.164 million (31 December 2018: €4.136 million) of which €1.244 million will mature within a period of less than 1 year, €2.757 million within 1 and 5 years and the remaining €163 million will mature within 5 and 10 years.

The Group's investment in associate as at 30 June 2019 amounted to €8,2 million (31 December 2018: €9,0 million) and represented the Bank's retained interest in APS Holding a.s. and the corresponding share of profits.

Share Capital Increase

On 15 March 2019 the Bank announced the successful completion of the share capital increase. The raising of €150 million of shareholders' equity consisted of €100 million through an underwritten Rights Issue and €50 million through a Private Placement. The new ordinary shares arising from the share capital increase, totaling 214.330.364, were listed on the CSE on 28 March 2019.

As a result of the share capital increase the Bank's capital position is now significantly strengthened following the Acquisition. Furthermore, it supports the Bank's business plan to further build its franchise and provides optionality for a faster resolution of non-performing exposures. It also facilitates improved access to the capital markets and enhances stakeholders' confidence in the Bank.

Capital Base and Adequacy

The Capital Adequacy Ratios of the Group and the Bank under Pillar I are above the minimum regulatory requirements and are further described in Note 30 to these Condensed Consolidated Interim Financial Statements.

Details for the capital management of the Group for the year 2018 are disclosed in Note 51 to the Annual Financial Statements for the year ended 31 December 2018.

Related party transactions

Related party transactions for the six-month period ended 30 June 2019 are presented in Note 26 to these Condensed Consolidated Interim Financial Statements.

Risk Management

The main risks to which the Group is exposed and how they are monitored and managed are presented in Note 51 to the Annual Financial Statements for the year ended 31 December 2018.

In addition, the accounting policies that are deemed critical to the Group's results and financial position and which involve significant estimates and judgements are set out in Note 4 to these Condensed Consolidated Interim Financial Statements.

Adoption of new international Financial Reporting Standard

IFRS 16 "Leases" has an effective date for annual periods beginning on or after 1 January 2019 and replaces relevant leases guidance including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new standard results in lessees accounting for most leases within the scope of the standard in a manner similar to the way in which finance leases were accounted for under IAS 17 "Leases" and includes all contracts that convey the right to use an asset for a period of time in exchange for consideration.

Details of the IFRS 16 requirements and impact are disclosed in Note 3 to these Condensed Consolidated Interim Financial Statements.

Strategic Targets and Outlook

In delivering its strategic plans, Hellenic Bank remains committed to being a strong bank that meets the expectations of the investors and shareholders as well as those of the economy and society. During the course of the crisis, the Bank has retained its reputation for stability and confidence and is now focusing on strengthening and improving its market position.

The Bank's strategy focuses on two aspects: deleveraging the NPEs portfolio and focused growth through strengthening of customer relationships and new lending. The Bank intends to continue to carry out its role in supporting the local economy while safeguarding its shareholders' value through prudent policies and in line with the target risk profile. At the same time, the Bank is continuing repositioning its International Banking strategy reflecting the changing regulatory environment with specific focus on anti-money laundering issues. The Bank's strategy also includes advancements in technology, digital transformation and enhancement of the customer service as well as simplification of procedures and processes.

The Bank, advancing towards decisive actions to tackle its loan portfolio quality, disposed the operations of the Arrears Management Division, to APS Debt Servicing Cyprus Ltd ("APS Cyprus") which commenced operations in July 2017. Through the creation of the first debt servicing platform in the Cypriot market, the Bank is able to effectively tackle its NPEs in an accelerated way and with higher recoveries, leveraging on the know-how, proven expertise and technical experience of APS Holding. Moreover, the Bank remains focused to accelerate the de-risking of its non-performing exposures through portfolio disposals; hence, in June 2018 the Bank has completed its first sale of a non-performing loan portfolio of predominantly non-retail unsecured exposures to B2Kapital Cyprus Ltd, a wholly-owned subsidiary of B2Holding ASA, a Norwegian corporation listed on the Oslo Stock Exchange.

Aiming to facilitate the growth strategy, the Bank completed the Acquisition of certain assets and liabilities of CCB in September 2018. The Acquisition is expected to accelerate the Bank's strategy of growth and strengthen its banking franchise across Cyprus with an enlarged and diversified customer base and is expected to improve the financial profile of the Bank. The Bank has a significant exposure to CGB and plans to maintain the bonds until maturity. The Bank's capital position, following the execution of the capital plan, is sufficient to satisfy the regulatory capital requirements for such exposure to CGB.

Following the Acquisition, the Bank aims to continue its pivotal role in the recovery of the real economy supporting creditworthy Cypriot businesses and households with a comprehensive range of quality banking services. The Acquisition perimeter is complementary to the Bank's existing business model, diversifying its loan portfolio from its current focus on corporate clients to establish an enlarged retail presence. The Bank expects to achieve significant synergies following the Acquisition, reflecting the complementary characteristics of the combined businesses.

The Bank has maintained sufficient liquidity following the Acquisition allowing the exploitation of opportunities in various sectors of the economy and maintaining its focus on organic growth. Exploiting the benefits from the Acquisition, the focus of new loans will continue to be to companies that increase the competitiveness and productivity of the country, such as in the sectors of retail and commercial activities, manufacturing and tourism. At the same time, loans to private sector are geared toward mortgages, small loans to new customers and supporting current clients who are deemed viable.

Through the Acquisition, the Bank continues the implementation of its strategy. At the same time, the operating environment remains challenging and the Bank aims to remain vigilant of developments and to turn these challenges into opportunities.

Events after the reporting period

Integration update
After the Acquisition, a full scale plan for the integration of the acquired Business was launched and completed with the assistance of international specialised advisors. The integration planning and governance entailed the design of a detailed IT integration plan, the planning of systems and data migration, the set-up of a fully Operational Integration Governance involving specialised work streams such as Integration Management Office, IT Steering Committee, Executive Integration Steering Committee and Board Integration Committee as well as the set-up of Post Go-Live Support and Incident Reporting Governance for incidents that may arise on Day 1.

During the execution phase, infrastructure was expanded and tested to ensure that systems perform well given the anticipated increased volume and four Go-Live Rehearsals and three Full Dress Rehearsals were completed. The successful migration of customer data, account and transaction data was completed by 15th September and the electronic channels opened on the same afternoon. The integration was completed on 16 September 2019 where the branches opened to the public with no major problems. All customers can now be served from any branch.

Other events after the reporting period of 30 June 2019 are presented in Note 31 to these Condensed Consolidated Interim Financial Statements.

DECLARATION BY THE MEMBERS OF THE BOARD OF DIRECTORS AND THE BANK OFFICIALS RESPONSIBLE FOR THE DRAFTING OF THE FINANCIAL STATEMENTS

In accordance with article 10(3)(c) and (7) of the 2007 Law (L190(i)/2007) on Transparency Requirements (Securities Listed for Trading on a Regulated Market), we the Members of the Board of Directors and the Bank officials responsible for the drafting of the Financial Statements of Hellenic Bank Public Company Ltd (the Bank) for the period ended 30 June 2019, confirm that to the best of ourknowledge:

(a) the interim Financial Statements presented in pages 1 to 70

- (i) have been prepared in accordance with the IAS 34 "Interim Financial Reporting" as adopted by the European Union and the provisions of article (9), paragraph (4) of the Cyprus Companies Law, and
- (ii) give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Hellenic Bank Public Company Ltd and of the entities included in the Consolidated Financial Statements, as a whole and

(b) the Management Report provides a fair review of the developments and performance of the business as well as the position of Hellenic Bank Public Company Ltd and of the entities included in the Interim Consolidated Financial Statements, as a whole, together with a description of the major risks and uncertainties that they face.

Members of the Board of Directors:

Dr Evripides A. Polykarpou	Non-Executive Chairman of the Board..........................
Andrew Charles Wynn	Non-Executive Vice Chairman..........................
Stephen John Albutt	Non-Executive Member of the Board..........................
Irena A. Georgiadou	Non-Executive Member of the Board..........................
Marianna Pantelidou Neophytou	Non-Executive Member of the Board..........................
David Whalen Bonanno	Non-Executive Member of the Board..........................
Kristofer Richard Kraus	Non-Executive Member of the Board..........................
Marco Comastri	Non-Executive Member of the Board..........................
Andreas Christofides	Non-Executive Member of the Board..........................
Demetrios Efstathiou	Non-Executive Member of the Board..........................
Marios Maratheftis	Non-Executive Member of the Board..........................
Ioannis A. Matsis	Executive Member of the Board..........................
Lars Kramer	Executive Member of the Board..........................

Company official responsible for the drafting of the Financial Statements

Lars Kramer, Chief Financial Officer..............................

Nicosia, 26 September 2019

COMMENTARY

Group Financial Results for the six-month period ended 30 June 2019

26 September 2019

Note regarding the Group Financial Results for the six-month period ended 30 June 2019
On 3 September 2018 the Bank announced the completion of the acquisition ("Acquisition") of certain assets and liabilities of the Cyprus Cooperative Bank Ltd ("CCB"), referred to as Cooperative Asset Management Company Ltd (the "ex-CCB"), with effect from 1 September 2018. Hence the financial results of the CCB business acquired are fully consolidated as from that date. Due to the above, the financial results of the Group for the 6M2019 are not comparable with financial results prior to 1 September 2018.

Hellenic Bank Public Company Ltd ("Hellenic Bank") profile
Headquartered in Nicosia (Cyprus), Hellenic Bank is the second largest financial institution in Cyprus and offers a wide range of banking and financial services, including financing, investment, insurance services, as well as custodian and factoring services. Its network includes 108 branches in Cyprus as well as 4 representative offices. At 30 June 2019, Hellenic Bank had total assets and shareholders' equity of €16,5 billion and €1.030 million, respectively.

HIGHLIGHTS – 6M2019 GROUP FINANCIAL RESULTS

CAPITAL

- **CET1 ratio of 18,49%[1] and Capital adequacy ratio of 20,97%**[1]
- Capital ratios significantly above minimum capital requirements and compare favorably with EU average, **underpinning the Bank's business plan and providing optionality for NPE resolution**

LOAN PORTFOLIO QUALITY

- **NPEs ratio (excl. APS-NPEs) at 25,2%** (or 31,4% incl. APS-NPEs)
- Net NPEs[2] to Assets (excl. APS-NPEs) at 4,1% (or 6,7% incl. APS-NPEs)
- Texas ratio[3] (excl. APS-NPEs) reduced to 84,2%
- Major program to enhance organic and develop non-organic options for resolving NPEs

LIQUIDITY AND FUNDING

- **Robust liquidity position**, with a Liquidity Coverage Ratio of 585%
- Loans to deposits ratio of 42,0%, enabling business expansion
- Substantial deposit base, comprising 89,9% of total balance sheet

PERFORMANCE

- **2Q2019 Net interest income of €75,8 million** (up by 1% QoQ)
- **2Q2019 Profit after taxation of €44,2 million; 6M2019 Profit after taxation of €59,1 million**
- **6M2019: NIM of 193 bps,** Cost to income ratio of 65,1% and ROTE of 13,3%
- **6M2019 EPS of 18,4 cents and Tangible Net Asset Value per share (TNAV) of €2,38 as at 30 June 2019**

STRENGTHENED FRANCHISE IN A GROWING ECONOMY

- **Leading retail bank**, with the largest branch network and with market shares of 38,9% and 30,1% in household deposits and loans, respectively
- A **significantly strengthened franchise**, with an enlarged and diversified customer base, a more balanced loan portfolio and a significantly de-risked, well capitalized balance sheet – credit rating upgrades by major international credit rating agencies
- **Successful integration of the acquired CCB business on 16 September 2019**
- **Well positioned** for future challenges and opportunities in a growing economy; Cypriot economy expected to grow by 3,2% during 2019

[1] On a transitional basis, including 6M2019 unaudited profits
[2] Net NPEs = NPEs minus Accumulated impairment losses.
[3] Texas ratio = NPEs / (Shareholders' equity plus Accumulated impairment losses).

CEO STATEMENT

Commenting on the Group's financial results, **Mr. Yannis Matsis, the Group's Chief Executive Officer**, stated:

"Our six-month results reflect part of the benefits from the acquisition of the ex-CCB operations. A significantly de-risked balance sheet, enhanced and sustained profitability and a strong capital position with a CET1 ratio of 18,49% prove that the enlarged Hellenic Bank has a solid, viable, long term business model, that safeguards our depositors and creates shareholder value.

The biggest achievement for 2019 is the successful, on time and on budget, completion of the ex-CCB system data and client accounts integration process that started one year ago. The completion of this project, a strategic priority for the Bank that absorbed most of our focus and resources during 2018 and 2019, would have not been possible without the hard work, commitment and professionalism of our staff. Therefore, I would like to sincerely thank them for their work towards reaching this milestone.

As a well-capitalised and fully integrated Bank, we can now focus on our growth strategy, which relies on a customer-centric approach. We continue financing the growth of the real economy, by supporting all our viable clients, individuals, households and businesses alike. Also, we are intensively working on improving the quality of balance sheet through resolving and deleveraging our NPE exposures.

To achieve our goals, we rely on four major pillars:

1. *Our staff, which is the driving force of the Bank.*
2. *Investment on technology, aiming to boost our clients digital experience and simplify their interaction with the Bank.*
3. *Simplify further the Bank's procedures, thus creating a seamless and simultaneously pleasant customer journey.*
4. *Comply with rules and regulations within a framework of prudent risk taking, always in close cooperation with our supervisory authority.*

Finally, I would like to sincerely thank our shareholders for their continuous support, empowerment and confidence shown to us, and assure them, that the whole team at Hellenic Bank remains fully committed to turning and maintaining the Bank as the leading financial institution of the country."

PERFORMANCE HIGHLIGHTS

Income Statement highlights (€million)	6M2019	6M2018	Δ YoY	2Q2019	1Q2019	Δ QoQ
Profit from ordinary operations before impairment losses and provisions to cover credit risk	69,7	29,9	+134%	33,8	35,9	-6%
(Impairment losses)/Reversal of impairment losses and provisions to cover credit risk	(9,6)	7,4	-230%	10,5	(20,1)	-152%
Share of results of associate company net of taxation	0,9	1,5	-43%	0,4	0,5	-6%
Taxation	(1,9)	(3,5)	-47%	(0,5)	(1,4)	-62%
Profit for the period	59,1	35,3	+68%	44,2	14,9	+197%
Profit attributable to the shareholders of the parent company	58,3	34,7	+68%	44,0	14,3	+208%

Alternative Performance Indicators (APIs)	6M2019	6M2018	Δ YoY	2Q2019	1Q2019	Δ QoQ
Net Interest Margin (bps)	193	181	+13 bps	193	194	-1 bps
Cost to income ratio (%)	65,1%	74,0%	-8,9 p.p.	66,3%	63,9%	+2,4 p.p.
Cost of risk (%)	0,2%	-0,6%	+0,8 p.p.	-0,3%	0,7%	-0,9 p.p.
Return on equity (%)	12,6%	12,7%	-0,1 p.p.	17,5%	6,4%	+11,2 p.p.
Earnings per share (cent €)	18,43	16,43[4]	2,01	13,91	6,56	7,35

Financial Position highlights (€million)	30.06.2019	31.12.2018	Δ
Gross loans	7.460	7.636	-2%
Gross Non-Performing Loans	2.343	2.474	-5%
Gross Performing Loans	5.117	5.161	-1%
Loans (net of provisions for impairment)	6.221	6.283	-1%
Investment assets	9.688	9.269	+5%
Total assets	16.467	16.126	+2%
Deposits	14.809	14.709	+1%
Shareholders' Funds	1.030	820	+26%
Risk Weighted Assets (RWAs)	5.223	4.800	+9%

Alternative Performance Indicators (APIs)	30.06.2019	31.12.2018	Δ
CET 1 Ratio (%)	18,49%[5]	15,82%[6]	+267 bps
Capital Adequacy Ratio (%)	20,97%[5]	18,53%[6]	+244 bps
NPEs to gross loans (%)	31,4%	32,4%	-1,0 p.p.
Net NPEs to total assets (%)	6,7%	7,0%	-0,3 p.p.
NPEs provision coverage (%)	52,9%	54,6%	-1,7 p.p.
Net loans to deposits ratio (%)	42,0%	42,7%	-0,7 p.p.
Tangible Net Asset Value per share (€)	2,38	2,24[7]	0,14

p.p. = percentage points, bps = basis points, 100 basis points (bps) = 1 percentage point

For definitions of APIs refer to Appendix 2.

[4] Restated as per IAS 33 to account for the increase in the number of shares as a result of the capital raise.
[5] On a transitional basis, including 6M2019 unaudited profits.
[6] Including 4Q2018 profits, after obtaining AGM approval of year-end profits on 28 August 2019.
[7] Restated based on pro forma for Capital Raise.

1. ANALYSIS OF THE FINANCIAL RESULTS FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2019

1.1 Income Statement Analysis

Net interest income for 6M2019 was €151,1 million, increased by 162% compared to €57,6 million for 6M2018, mainly due to the impact of the Acquisition on interest income from loans and advances to customers and on interest income from debt securities. 2Q2019 **net interest income** amounted to €75,8 million, and remained at similar levels compared to €75,3 million in 1Q2019. The Group's **net interest margin (NIM)** for 6M2019 amounted to 193 bps (FY2018: 196 bps, 6M2018:181 bps).

Total non-interest income for 6M2019 amounted to €48,6 million, down by 15% compared to €57,1 million for 6M2018. The decrease was mainly due to the lower **net gains on disposal and revaluation of foreign currencies and financial instruments**, which were partly offset by the higher net fee and commission income and other income. **Net gains on disposal and revaluation of foreign currencies and financial instruments** amounted to €5,4 million for 6M2019 and were down by 77%, due to the gain of €18,3 million from the disposal of Cyprus Government Bonds (CGBs) during 1Q2018. **Net fee and commission income** for 6M2019 was €24,3 million, up by 17% compared to the €20,7 million for 6M2018, as it was largely affected by the impact of the Acquisition. **Other income** for 6M2019 amounted to €19,0 million, up by 42% compared to the €13,4 million for 6M2018, mainly due to gains on disposal of stock of properties and increased income from insurance operations as a result of the Acquisition. **Total non-interest income** for 2Q2019 amounted to €24,5 million and remained at the same levels compared to 1Q2019.

Total expenses for 6M2019 amounted to €130,0 million, up by 53% compared to the €84,9 million for 6M2018 mainly due to the impact of the Acquisition. On a quarterly basis, **total expenses** amounted to €66,4 million and recorded an increase of 5% compared to the previous quarter mostly due to administrative and other expenses.

Staff costs for 6M2019 amounted to €59,0 million and accounted for 45% (6M2018: 44%) of the Group's total expenses. Compared to €37,6 million in 6M2018, the 6M2019 staff costs recorded an increase of 57%, with the main driver being the staff onboarded as part of the Acquisition with effect from 1 September 2018. **Staff costs** for 2Q2019 amounted to €29,8 million and were up by 2%, compared to €29,2 million for 1Q2019 mainly due to the additional contributions as a result of the introduction of the General Healthcare System (GHS) in March 2019.

Total depreciation and amortization for 6M2019 amounted to €10,5 million and recorded an increase of 124% compared to 6M2018. The main drivers of the increase were the impact of the Acquisition and the impact of IFRS 16[8] initially applied at 1 January 2019. During 6M2019, the Group has recognised depreciation of the right-of-use asset and interest costs on the corresponding lease liability, instead of operating lease expense as a result of the IFRS 16 application. The depreciation charge amounted to €2,5 million and interest costs from these leases amounted to €0,1 million for 6M2019. QoQ **total depreciation and amortization** increased by 6%.

Total administrative and other expenses for 6M2019 amounted to €60,5 million with 42% increase compared to €42,6 million in 6M2018 reflecting the impact of the Acquisition and the integration. The total integration cost is estimated to reach c. €71 million by the end of the integration period. It should be noted that the integration cost is expensed or capitalised as it is incurred. The 2Q2019 **total administrative and other expenses** amounted to €31,2 million and were up by 7% compared to the €29,2 million in 1Q2019, mainly due to the impairment losses on stock of properties held for sale[9].

The cost to income ratio for 6M2019 was 65,1%, compared to the 74,0% for 6M2018. On a quarterly basis the cost to income ratio was 66,3% and 63,9% for 2Q2019 and 1Q2019 respectively.

[8] The Group has initially applied IFRS 16 Leases at 1 January 2019, using the modified retrospective approach, under which comparative information is not restated.
[9] During 6M2019 an impairment loss was charged in the income statement as a result of the illiquidity discount applied on stock of properties held for sale, based the holding period of each property.

The charge for impairment losses and provisions to cover credit risk, amounted to €9,6 million for 6M2019 with an increase of 230% compared to a reversal of €7,4 million for 6M2018. The charge for 6M2019 consisted of €5,2 million due to restaging of certain exposures across the loan portfolio, €4,9 million of net modification losses[10], and €0,5 million reversal relating to gains on derecognition of purchased credit impaired facilities and financial guarantees and loan commitments acquired partly offset by the amortisation of indemnification asset. For 2Q2019, a reversal of impairment losses and provisions to cover credit risk was recorded as a result of improvement of the quality of the loan portfolio. The **cost of risk (annualised)** for 6M2019 amounted to 0,2% (6M2018: -0,6%).

Share of results of associate company net of taxation, amounted to €0,9 million profit for 6M2019 compared to €1,5 million profit for 6M2018 (2Q2019: €0,4 million profit, 1Q2019: €0,5 million profit).

Profit before taxation for 6M2019 amounted to €61,0 million, compared to a profit before taxation of €38,8 million for 6M2018. On a quarterly basis, 2Q2019 profit before taxation amounted to €44,7 million and was up by 175% compared to 1Q2019 mainly due to the reversal of impairment losses and provisions to cover credit risk in 2Q2019.

Taxation for 6M2019 amounted to a tax charge of €1,9 million (6M2018: €3,5 million tax charge).

Profit for 6M2019 amounted to €59,1 million compared to a profit for 6M2018 of €35,3 million.

Profit attributable to the Bank's shareholders for 6M2019 amounted to €58,3 million compared to a profit of €34,7 million in 6M2018.

1.2 Statement of Financial Position Analysis

As at 30 June 2019, the Group's **total assets** amounted to €16,5 billion, and recorded an increase of 2% compared to €16,1 billion as at 31 December 2018, mostly due to the increase in the investment assets.

1.2.1 Deposits and Loans

Customer deposits amounted to €14,8 billion as at 30 June 2019 (31 December 2018: €14,7 billion). They comprised of €13,8 billion deposits in Euro (31 December 2018: €13,7 billion) and €1,0 billion deposits in foreign currencies (31 December 2018: €1,0 billion), mostly in US Dollars.

The Bank's **deposits market share[11]** as at 30 June 2019 stood at 30,7% (31 December 2018: 30,9%).

Total new lending approved during 6M2019 reached €387,6 million (FY2018: €594,4 million). The Bank continued providing lending to creditworthy businesses and households while examining other growth opportunities. **Gross loans** as at 30 June 2019 amounted to €7.460 million, slightly down compared to €7.636 million as at 31 December 2018. During 6M2019 exposures of €172,4 million were written off[12] (FY2018: €149,0 million) out of which €127,5 million related to non-contractual write-offs. The Bank's **loan market share**[11] as at 30 June 2019 reached 21,7% (31 December 2018: 19,5%).

The net loans to deposits ratio stood at 42,0% as at 30 June 2019 (31 December 2018: 42,7%).

1.2.2 Loan Portfolio Quality

As part of the Bank's deleveraging strategy and following the successful completion of the disposal of a non-performing loan portfolio in June 2018 and the Acquisition in September 2018, the Bank during the first half of 2019 has embarked on a preparation phase to review the feasibility of different NPE reduction structures with

[10] As per IFRS9, when a loan is restructured the Bank recalculates the gross carrying amount of the financial asset and recognises a modification gain/loss in the Income Statement. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate and is compared to the gross carrying amount of the original loan.
[11] Source: Central Bank of Cyprus (CBC) and Hellenic Bank.
[12] Write-offs: The Group reduces, either partially or in full, the carrying amount of a financial asset when there is no reasonable expectation of recovery.

the aim of identifying the option that best meets the Bank's strategic objectives. The preparation phase involved definition of the NPE portfolio, evaluation of real estate collaterals, data remediation and enhancement of data tapes, borrower information memorandums, legal due diligence and transaction structuring options. For the purposes of completing the workstreams outlined above and in order to conclude on the best possible structure, the Bank has engaged international advisors, and proceeded to engage in discussions via the signing of confidentiality agreements and sharing of information with various third parties that may be interested in pursuing a possible collaboration with the Bank.

NPEs[13] amounted to €2.343 million as at 30 June 2019 and recorded a decrease of 5% compared to €2.474 million as at 31 December 2018. The NPEs reduction was mostly due to the write offs effected during 6M2019 and it mainly reflects the finalisation of the recovery strategy per each NPE exposure and the estimated recoverable balance for each exposure, based on the estimated recovery rate at the time. Terminated loans included in NPEs amounted to €1.460 million as at 30 June 2019. Gross loans with forbearance measures as at 30 June 2019 amounted to €1.378 million (31 December 2018: €1.612 million).

The stock of properties, which are mostly from customers' debt settlement, amounted to €158,9 million as at 30 June 2019 (31 December 2018: €164,1 million). The movement in the balance of stock of properties from customers' debt settlement for 6M2019 included an amount of €29,2 million[14] of additions and an amount of €31,5 million[14] of disposals.

The NPEs to gross loans ratio as at 30 June 2019 was 31,4% (31 December 2018: 32,4%). The corresponding ratio excluding the NPEs covered by the APS agreement, is revised to 25,2% (31 December 2018: 26,5%). The **net NPEs to total assets ratio** as at 30 June 2019 stood at 6,7% (4,1% excluding APS-NPEs) compared to 7,0% as at 31 December 2018.

Total accumulated impairment losses, amounted to €1.240 million as at 30 June 2019 (31 December 2018 €1.352 million) and represented 16,6% of the total gross loans (31 December 2018: 17,7%). Total accumulated impairment losses over gross loans excluding the loans covered by the APS was 22,1% (31 December 2018: 24,3%). **The NPEs provision coverage ratio** stood at 52,9% as at 30 June 2019 (31 December 2018: 54,6%), while excluding the NPEs covered by the APS agreement is adjusted to 64,0% (31 December 2018: 65,4%). Taking into account tangible collaterals[15] the **net NPEs collateral coverage ratio** stood at 126,6% (31 December 2018: 132,4%) as at 30 June 2019, while excluding the NPEs covered by the APS and the corresponding tangible collateral and provisions of the NPEs covered by the APS, the ratio is adjusted to 140,4% (31 December 2018: 150,2%).

1.2.3 Investment Assets

The carrying value of investment assets amounted to €9,7 billion as at 30 June 2019 (31 December 2018: €9,3 billion) and represented 58,8% of the total assets of the Group (31 December 2018: 57,5%). Investment assets comprise of cash and balances with Central Banks, placements with other banks, investments in debt securities, investments in shares and other securities and collective investment units and investment in associate. Total investment assets increased by 5% compared to 31 December 2018, mostly due to the increase in the investments in debt securities.

The Group's cash and placements with other banks and Central Banks amounted to €4,4 billion as at 30 June 2019 (31 December 2018: €4,7 billion). Most foreign currency placements were with P-1 rated banks[16].

The Group's investments in debt securities amounted to €5,2 billion as at 30 June 2019 (31 December 2018: €4,5 billion) and represented 31,7% of the total assets of the Group (31 December 2018: 28,1%). In comparison with 31 December 2018 there was an increase of 15%, mainly due to acquisitions during 6M2019. The Group's investments in debt securities comprised mainly of CGBs and supranational organisations debt securities.

[13] Gross carrying amount, including the contractual interest on impaired loans. The acquired NPEs were initially recognised at fair value and are subsequently measured at amortised cost.
[14] Book value.
[15] Based on open market values (capped at client exposure).
[16] Prime-1 short term rating by Moody's.

The CGBs[17] held by the Group at 30 June 2019 amounted to €4.164 million (31 December 2018: €4.136 million) of which €1.244 million will mature within a period of less than 1 year, €2.757 million within 1 and 5 years and the remaining €163 million will mature within 5 and 10 years.

The Group's investment in associate as at 30 June 2019 amounted to €8,2 million (31 December 2018: €9,0 million) and represented the Bank's retained interest in APS Holding a.s. and the corresponding share of profits.

1.2.4 Share Capital Increase

On 15 March 2019 the Bank announced the successful completion of the share capital increase. The raising of €150 million of shareholders' equity consisted of €100 million through an underwritten Rights Issue and €50 million through a Private Placement. The new ordinary shares arising from the share capital increase, totaling 214.330.364, were listed on the CSE on 28 March 2019.

As a result of the share capital increase the Bank's capital position is now significantly strengthened following the Acquisition. Furthermore, it supports the Bank's business plan to further build its franchise and provides optionality for a faster resolution of non-performing exposures. It also facilitates improved access to the capital markets and enhances stakeholders' confidence in the Bank.

[17] Republic of Cyprus is currently being rated as Ba2 by Moody's, BBB- by Fitch, BBB- by S&P.

1.2.5 Capital Base and Adequacy

The pro-forma Capital Adequacy Ratios[18] of the Group under Pillar I, **which are above the minimum regulatory requirements**, were as follows:

Capital Adequacy Ratios	Group (transitional basis)[19]			Group (fully loaded basis)[19]		Minimum regulatory capital requirements (Phase-in)
	30.06.2019[18]	31.12.2018[20]	Δ	30.06.2019[18]	31.12.2018[20]	2019[21]
Capital Adequacy Ratio (%)	20,97%	18,53%	+244 bps	20,49%	18,00%	14,075%
Tier 1 Ratio (%)	20,97%	18,53%	+244 bps	20,49%	18,00%	12,075%
Common Equity Tier 1 (CET 1) Ratio (%)	18,49%	15,82%	+267 bps	17,99%	15,26%	10,575%
Common Equity Tier 1 capital (€million)	966	760	+27%	933	723	n/a
Risk Weighted Assets (RWAs) (€million)	5.223	4.800	+9%	5.187	4.737	n/a

The increase of 267 basis points in CET 1 ratio[18] (transitional basis) compared to 31 December 2018[20], was mainly the result of the following:

i) overall increase in CET1 capital, mainly due to:
  - current period profits (effect of 118 basis points increase),
  - the capital raise of €145 million net off expenses directly related to the share issue (effect of 302 basis points increase),

ii) overall increase in RWAs, mainly due to the increase in net funded exposures due to new lending and the acquisitions of debt securities (effect of 163 basis points decrease).

The corresponding capital ratios[18] of the Bank for 30 June 2019 were as follows:

Capital Adequacy Ratios	Transitional basis[19]	Fully loaded basis IFRS 9[19]
Capital Adequacy Ratio (%)	20,92%	20,43%
Tier 1 Ratio (%)	20,92%	20,43%
Common Equity Tier 1 (CET 1) Ratio (%)	18,44%	17,94%
Common Equity Tier 1 capital (€million)	964	931
Risk Weighted Assets (RWAs) (€million)	5.226	5.190

As at 30 June 2019 the Leverage Ratio[18,22] for the Group was formed at 6,55% (Bank: 6,54%) compared to 5,42% (Bank: 5,40%) as at 31 December 2018[20]**.** The Leverage Ratio[18,22] on a fully loaded basis for the Group was formed at 6,37% (Bank: 6,35%) compared to 5,20% (Bank: 5,19%) as at 31 December 2018[20].

Supervisory Review and Evaluation Process 2018 (SREP 2018)

Following ECB's final[23] decision, in establishing prudential requirements, which was based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013 with **reference date 31 December 2017**, and also having regard to **other relevant information received thereafter**, the Bank is required to maintain **for 2019,** effective from 1 June 2019, on a consolidated basis, **a phase-in Capital Adequacy Ratio of 14,075%**, which includes:

[18] Including 6M2019 unaudited profits.
[19] As per regulation (EU) 2017/2395 of the European Parliament and Council of 12 December 2017 issued amending Regulation (EU) No 575/2013 as regards transitional arrangements for mitigating the impact of the introduction of IFRS9, a portion of the impact of expected credit losses provisions is added back to CET 1 capital allowing for a transitional period of five years until full impact on 2023.
[20] Including 4Q2018 profits, after obtaining AGM approval of year-end profits on 28 August 2019.
[21] Excluding Pillar II capital guidance and based on 2018 SREP with reference date 31 December 2017, effective from 1 June 2019.
[22] Calculated in accordance with the Regulation (EU) No 2015/62 of the European Parliament and Council dated 10th of October 2014.
[23] Based on the final decision received, on 22 May 2019, of ECB's intention to adopt a decision establishing prudential requirements pursuant to Article 16 of Council Regulation (EU) No 1024/2013.

- the minimum Pillar I own funds requirements of 8% in accordance with Article 92(1) of Regulation (EU) No 575/2013 (of which up to 1,5% can be met with Additional Tier 1 Capital and up to 2% with Tier 2 Capital),
- an own funds Pillar II requirement of 3,2% required to be held in excess of the minimum own funds requirement (to be made up entirely of CET 1 Capital), and
- a phased-in combined buffer requirement which for 2019 includes the fully loaded capital conservation buffer of 2,5%, which has to be made up with CET 1 capital and the O-SII buffer of 0,375%[24], with application starting from 1 January 2019 which is phased-in over a period of four years

Additionally, applicable for Hellenic Bank, the combined buffer requirement includes:

- a Counter-Cyclical Capital Buffer (CCyB) for which the CBC has set the level at 0% for exposures located in Cyprus for 2019 (the institution specific CCyB rate for 2019 was 0%),
- Systemic Risk Buffer (currently applicable only for exposures located in Estonia of credit institutions authorised in Cyprus, for which the CBC reciprocated the Estonian macroprudential measure. For Hellenic Bank these exposures are immaterial. As per CBC circular dated 24 June 2019, this measure has been terminated as of 30 May 2019.)

The final 2018 SREP decision applies from 1 June 2019.

Based on the final SREP letter the Pillar II requirement which is applicable as from 1 June 2019 has remained the same as in 2018 at 3,2%. Furthermore, the Bank shall refrain from making distributions to its shareholders.

Taking into account the above, **the Group's minimum CET 1 and Tier 1 ratios effective as from 1 June 2019 are set at 10,575% and 12,075% respectively**.

In addition to the above, the ECB has provided on a consolidated basis, a revised Pillar II capital guidance to be made up entirely of CET 1 capital, which has remained the same as in 2018.

[24] As per revised CBC circular dated 25 October 2018, the fully loaded O-SII buffer increases from 1% to 1,5%.

2. STRATEGIC TARGETS AND OUTLOOK

In delivering its strategic plans, Hellenic Bank remains committed to being a strong bank that meets the expectations of the investors and shareholders as well as those of the economy and society. During the course of the crisis, the Bank has retained its reputation for stability and confidence and is now focusing on strengthening and improving its market position.

The Bank's strategy focuses on two aspects: deleveraging the NPEs portfolio and focused growth through strengthening of customer relationships and new lending. The Bank intends to continue to carry out its role in supporting the local economy while safeguarding its shareholders' value through prudent policies and in line with the target risk profile. At the same time, the Bank is continuing repositioning its International Banking strategy reflecting the changing regulatory environment with specific focus on anti-money laundering issues. The Bank's strategy also includes advancements in technology, digital transformation and enhancement of the customer service as well as simplification of procedures and processes.

The Bank, advancing towards decisive actions to tackle its loan portfolio quality, disposed the operations of the Arrears Management Division, to APS Debt Servicing Cyprus Ltd ("APS Cyprus") which commenced operations in July 2017. Through the creation of the first debt servicing platform in the Cypriot market, the Bank is able to effectively tackle its NPEs in an accelerated way and with higher recoveries, leveraging on the know-how, proven expertise and technical experience of APS Holding. Moreover, the Bank remains focused to accelerate the de-risking of its non-performing exposures through portfolio disposals; hence, in June 2018 the Bank has completed its first sale of a non-performing loan portfolio of predominantly non-retail unsecured exposures to B2Kapital Cyprus Ltd, a wholly-owned subsidiary of B2Holding ASA, a Norwegian corporation listed on the Oslo Stock Exchange.

Aiming to facilitate the growth strategy, the Bank completed the Acquisition of certain assets and liabilities of CCB in September 2018. The Acquisition is expected to accelerate the Bank's strategy of growth and strengthen its banking franchise across Cyprus with an enlarged and diversified customer base and is expected to improve the financial profile of the Bank. The Bank has a significant exposure to CGB and plans to maintain the bonds until maturity. The Bank's capital position, following the execution of the capital plan, is sufficient to satisfy the regulatory capital requirements for such exposure to CGB.

Following the Acquisition, the Bank aims to continue its pivotal role in the recovery of the real economy supporting creditworthy Cypriot businesses and households with a comprehensive range of quality banking services. The Acquisition perimeter is complementary to the Bank's existing business model, diversifying its loan portfolio from its current focus on corporate clients to establish an enlarged retail presence. The Bank expects to achieve significant synergies following the Acquisition, reflecting the complementary characteristics of the combined businesses.

The Bank has maintained sufficient liquidity following the Acquisition allowing the exploitation of opportunities in various sectors of the economy and maintaining its focus on organic growth. Exploiting the benefits from the Acquisition, the focus of new loans will continue to be to companies that increase the competitiveness and productivity of the country, such as in the sectors of retail and commercial activities, manufacturing and tourism. At the same time, loans to private sector are geared toward mortgages, small loans to new customers and supporting current clients who are deemed viable.

Through the Acquisition the Bank continues the implementation of its strategy. At the same time, the operating environment remains challenging and the Bank aims to remain vigilant of developments and to turn these challenges into opportunities.

3. APPENDIX 1

GROUP INCOME STATEMENT (€million)	6M2019	6M2018	Δ YoY	2Q2019	1Q2019	Δ QoQ
Interest income	191,8	73,5	+161%	93,8	98,0	-4%
Interest expense (Note 2)	(40,7)	(15,8)	+158%	(18,0)	(22,7)	-20%
Net interest income	**151,1**	**57,6**	**+162%**	**75,8**	**75,3**	**+1%**
Fee and commission income	28,1	23,6	+19%	15,2	12,8	+19%
Fee and commission expense	(3,8)	(2,8)	+36%	(1,7)	(2,1)	-19%
Net fee and commission income	**24,3**	**20,7**	**+17%**	**13,5**	**10,7**	**+26%**
Net gains on disposal and revaluation of foreign currencies and financial instruments	5,4	23,0	-77%	2,9	2,5	+18%
Other income	19,0	13,4	+42%	8,0	11,0	-27%
Total net income	**199,7**	**114,8**	**+74%**	**100,2**	**99,4**	**+1%**
Staff costs	(59,0)	(37,6)	+57%	(29,8)	(29,2)	+2%
Depreciation and amortisation (Note 2)	(10,5)	(4,7)	+124%	(5,4)	(5,1)	+6%
Administrative and other expenses	(60,5)	(42,6)	+42%	(31,2)	(29,2)	+7%
Total expenses	**(130,0)**	**(84,9)**	**+53%**	**(66,4)**	**(63,5)**	**+5%**
Profit from ordinary operations before impairment losses and provisions to cover credit risk	**69,7**	**29,9**	**+134%**	**33,8**	**35,9**	**-6%**
(Impairment losses)/Reversal of impairment losses and provisions to cover credit risk	(9,6)	7,4	-230%	10,5	(20,1)	-152%
Profit before share of results of associate company	**60,1**	**37,3**	**+61%**	**44,3**	**15,8**	**+180%**
Share of results of associate company net of taxation	0,9	1,5	-43%	0,4	0,5	-6%
Profit before taxation	**61,0**	**38,8**	**+57%**	**44,7**	**16,3**	**+175%**
Taxation	(1,9)	(3,5)	-47%	(0,5)	(1,4)	-62%
Profit for the period	**59,1**	**35,3**	**+68%**	**44,2**	**14,9**	**+197%**
Non-controlling interest	(0,8)	(0,6)	+36%	(0,2)	(0,6)	-67%
Profit attributable to the shareholders of the parent company	**58,3**	**34,7**	**+68%**	**44,0**	**14,3**	**+208%**

Note 1: Numbers may not add up due to rounding

Note 2: The Group has initially applied IFRS 16 Leases at 1 January 2019, using the modified retrospective approach, under which comparative information is not restated. During 6M2019, the Group has recognised depreciation of the right-of-use asset and interest costs on the corresponding lease liability, instead of operating lease expense. The depreciation charge amounted to €2,5 million and interest costs from these leases amounted to €142 thousand.

3. APPENDIX 1

GROUP STATEMENT OF FINANCIAL POSITION (€million)	30.06.2019	31.12.2018	Δ
Cash and balances with Central Banks	3.975	4.391	-9%
Placements with other banks	453	308	+47%
Loans and advances to customers	6.221	6.283	-1%
Debt securities	5.214	4.526	+15%
Equity & Other securities & Collective Investment Units	37	35	+8%
Investment in associate company	8	9	-9%
Property, plant and equipment (Note 4)	152	101	+50%
Intangible assets	49	47	+5%
Tax receivable	1	0	+6%
Deferred tax asset	11	16	-32%
Other assets	346	408	-15%
Total assets	**16.467**	**16.126**	**+2%**
Deposits by banks	202	216	-7%
Customer deposits and other customer accounts	14.809	14.709	+1%
Tax payable	6	5	+3%
Deferred tax liability	41	44	-9%
Other liabilities (Note 4)	245	197	+24%
Loan capital	130	130	0%
Total liabilities	**15.432**	**15.302**	**+1%**
Share capital	206	99	108%
Reserves	823	721	+14%
Shareholder's equity	**1.030**	**820**	**+26%**
Non-controlling interest	5	4	+18%
Total liabilities and equity	**16.467**	**16.126**	**+2%**
Contingent liabilities and commitments	1.349	1.366	-1%

Note 3: Numbers may not add up due to rounding

Note 4: The Group has initially applied IFRS 16 Leases at 1 January 2019, using the modified retrospective approach, under which comparative information is not restated. The impact that the application of IFRS 16 had on the financial statements of the Group as of 1 January 2019 was an increase in assets of €53,2 million and a corresponding lease liability of €53,2 million, with no impact on the retained earnings or equity of the Group.

Notes to the Commentary for the Group Financial Results for the six-month period ended 30 June 2019:
The Commentary report is neither reviewed or audited by the external auditors. The Commentary should be read in conjunction with the Condensed Consolidated Financial Statements & the Presentation and neither the Commentary or Presentation constitute statutory financial statements prepared in accordance with International Financial Reporting Standards.

***The Condensed Consolidated Financial Statements** have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union and should be read in conjunction with the Audited Consolidated Financial Statements for the year ended 31 December 2018.*

***The Condensed Consolidated Financial Statements** for the six-month period ended 30 June 2019 have not been audited by the external auditors of the Group.*

The independent auditors of the Group have conducted a review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity" issued by the International Auditing Assurance Standards Board.

***The Consolidated Financial Statements and the presentation of the financial results** for the six-month period ended 30 June 2019 have been posted on the Group's website www.hellenicbank.com (Investor Relations).*

4. APPENDIX 2

Glossary and Definitions

APS	*Asset Protection Scheme*
APS Cyprus	*APS Debt Servicing Cyprus Ltd*
CBC	*Central Bank of Cyprus*
CET 1 ratio	*Common Equity Tier 1 capital divided by Risk Weighted Assets*
CGBs	*Cyprus Government Bonds*
Cost of risk ratio	*Impairment losses (excluding any modification gain/losses, any APS claims and reversals of fair value of purchased credit impaired facilities) on the value of loans and advances divided by gross loans at the end of the period (annualised).*
Cost to income ratio	*Total expenses over total net income*
Earnings/(loss) per share	*Profit/(loss) divided by the number of shares issued*
EBA	*European Banking Authority*
ECB	*European Central Bank*
ECL	*Expected Credit Losses*
FY	*Financial year*
Interest-bearing assets	*Consist of Cash and balances with Central Banks, placements with other banks, loans and advances to customers, investments in debt securities and indemnification assets. For calculating the average of the interest-bearing assets, the Bank uses the arithmetic average of total interest-bearing assets at each reporting date from the beginning of the year.*
Leverage ratio	*Capital measure divided by the total on- and off- balance sheet items (Tier 1/total exposure measure)*
Liquidity Coverage ratio (LCR)	*Is the sum of high quality liquid assets over the expected net liquidity outflows during the next 30 days, as these net outflows are specified under a stress scenario. At times of stress, institutions may use their liquid assets to cover their net liquidity outflows.*
Net Interest Margin ratio (NIM)	*Net interest income divided by the average interest-bearing assets, annualised*
Net loans	*Loans and advances to customers net of accumulated impairment losses*
Net loans to deposits ratio	*Net loans and advances to customers divided by customer deposits and other customer accounts*
Net NPE ratio	*NPEs less accumulated impairment losses divided by Net Loans*
Net NPE to assets ratio	*NPEs less accumulated impairment losses divided by total assets*
Net NPEs collateral coverage ratio	*NPEs Collateral (taking into account tangible collateral, based on open market values, capped at client exposure) divided by NPEs net of accumulated impairment losses*
NPEs	*On-Balance sheet non-performing exposures*
NPEs provision coverage ratio	*Accumulated impairment losses divided by gross non-performing exposures*
NPEs ratio	*Gross non-performing exposures (EBA definition) divided by gross loans*
NPEs ratio excl. APS-NPEs	*Gross non-performing exposures (EBA definition) excluding NPEs covered by the APS, divided by gross loans*
O-SII	*Other Systemically important institution*
QoQ	*Quarter on quarter*
Return on Equity (ROE)	*Profit attributable to shareholders of the parent company (annualized) divided by average equity attributable to shareholders of the parent company*
Return on Tangible Equity (ROTE)	*Profit attributable to shareholders of the parent company (annualized) divided by average tangible equity attributable to shareholders of the parent company*
RWAs	*Risk Weighted Assets*
SREP	*Supervisory Review and Evaluation Process*
Tangible Equity	*Shareholders' equity minus Intangible assets*
Tangible Net Asset value (TNAV)	*Tangible Net Asset Value*
Texas ratio	*NPEs / (Equity attributable to shareholders of the parent company plus Accumulated impairment losses)*
YoY	*Year on year*

Leading retail bank with strong capital position

- **6M 2019 Profit after tax of €59,1 million**
- **Leading Retail Bank on the island** with the largest branch network and with market shares of **38,9%** and **30,1%** in household deposits and loans, respectively
- **Successful integration** of around 400.000 customers on Hellenic Bank systems
- **Strong Capital Position: CET1 ratio of 18,5**[1] and **Capital adequacy ratio of 21,0%**[1], well above minimum regulatory requirements
- **Following the acquisition, balance sheet is significantly de-risked:** NPEs ratio at **25,2%** (or 31,4% incl. the APS[2]-NPEs), and Net NPEs[3] to Assets ratio at **4,1%** (or 6,7% incl. the APS[2]-NPEs)

Statement by CEO Yannis Matsis:

Our six-month results reflect part of the benefits from the acquisition of the ex CCB operations. A significantly de risked balance sheet, enhanced and sustained profitability and a strong capital position with a CET1 ratio of 18,5% prove that the enlarged Hellenic Bank has a solid, viable, long term business model, that safeguards our depositors and creates shareholder value.

The biggest achievement for 2019 is the successful, on time and on budget, completion of the ex CCB system data and client accounts integration process that started 1 year ago. The completion of this project, a strategic priority for the Bank that absorbed most of our focus and resources during 2018 and 2019, would have not been possible without the hard work, commitment and professionalism of our staff. Therefore, I would like to sincerely thank them for their work towards reaching this milestone.

As a well-capitalized and fully integrated Bank, we can now focus on our growth strategy, which relies on a customer-centric approach. We continue financing the growth of the real economy, by supporting all our viable clients, individuals, households and businesses alike. Also, we are intensively working on improving the quality of balance sheet through resolving and deleveraging our NPE exposures.

To achieve our goals, we rely on 4 major pillars:

1. Our staff, which is the driving force of the Bank.

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[1] On a transitional basis, including 6M2019 unaudited profits
[2] Asset Protection Scheme
[3] Net NPEs = NPEs minus Accumulated impairment losses.
[4] Texas ratio = NPEs / (Shareholders' equity plus Accumulated impairment losses)

2. Investment on technology, aiming to boost our clients digital experience and simplify their interaction with the Bank.

3. Simplify further the Bank's procedures, thus creating a seamless and simultaneously pleasant customer journey.

4. Comply with rules and regulations within a framework of prudent risk taking, always in close cooperation with our supervisory authority.

Finally, I would like to sincerely thank our shareholders for their continuous support, empowerment and confidence shown to us, and assure them, that the whole team at Hellenic Bank remains fully committed to turning and maintaining the Bank as the leading financial institution of the country.

Other key highlights:

- **2Q2019** Profit before provisions of **€33,8 million** and 2Q2019 Profit after taxation of **€44,2 million**
- **Total new lending** approved during 6M2019 reached **€387,6 million**
- NPEs provision coverage ratio at **64,0%** as at 30 June 2019, (or **52,9%** including the APS-NPEs)
- Texas ratio[4] (excl. APS-NPEs) reduced to **84,2%**
- The **cost to income ratio** for 6M2019 stood at **65,1%**
- **Robust liquidity position**, with a Liquidity Coverage Ratio of **585%** - Deposit funded, with deposits accounting for **89,9%** of total assets
- Loans to deposits ratio of **42,0%,** enabling further business expansion

Smooth integration procedure – Focus on financing growth of the real economy:

Integration of the former CCB business was completed thanks to our staff dedication and efforts. The swift and seamless transition to the new era, as well as the successful integration of the acquired CCB business was our strategic priority. A full-scale integration plan was meticulously and successfully implemented.

As the biggest retail bank on the island, our mission is to provide an excellent service as well as competitive products and solutions to our enlarged customer base and to also continue financing the growth of the real economy. The journey is a challenging one, but we strive every day to build a stronger Bank for all our stakeholders and to create sustainable value for our shareholders.

Nicosia,

27th September 2019

[1] On a transitional basis, including 6M2019 unaudited profits
[2] Asset Protection Scheme
[3] Net NPEs = NPEs minus Accumulated impairment losses.
[4] Texas ratio = NPEs / (Shareholders' equity plus Accumulated impairment losses)

HELLENIC BANK

Group Financial Results for the six-month period ended 30 June 2019

26 September 2019

Notes:

1. On 3 September 2018 the Bank announced the completion of the acquisition ("Acquisition") of certain assets and liabilities of the Cyprus Cooperative Bank Ltd ("CCB"). Hence the financial results of the CCB business acquired are fully consolidated as from that date. Due to the above, the Group's financial results for 6M19 are not comparable with financial results prior to 1 September 2018
2. This Presentation is neither reviewed or audited by the external auditors
3. The Presentation should be read in conjunction with the Condensed Consolidated Financial Statements & Commentary and neither the Presentation or Commentary constitute statutory financial statements prepared in accordance with International Financial Reporting Standards
4. Numbers may not add up due to rounding

HELLENIC BANK

6M19 Key messages

On track for NPEs resolution through organic & non-organic options

- NPEs ratio (exc. APS-NPEs) at 25,2% and Net NPEs ratio (exc. APS-NPEs) at 11%
- Net NPEs to Assets (exc. APS-NPEs) at 4%

CET1[1] ratio (Trans.) of 18,5% and CAR[1] (Trans.) of 21,0%

- Significantly above minimum capital requirements and compare favorably with EU average, underpinning the Bank's strategic plan and providing optionality regarding NPEs resolution

Leading retail bank and second largest bank in a growing economy

- New lending of €388 m during 6M19
- A solid, more stable, deposit franchise, with low ratio of loans to deposits enabling business expansion

Positioned for sustainable profitability

- 6M19: NIM of 193 bps, Cost to income ratio of 65% and ROTE of 13,3%; 2Q19 NII up by 1% q-o-q
- 6M19: Profit after tax of €59 m and EPS of 18,4 cents
- TNAV/share of €2,38

Net NPEs[2]
4%

CET1 ratio[1]
18,5%

Texas Ratio[3]
84%

NIM
193 bps

Cost to Income
65%

ROTE
13,3%

A significantly strengthened franchise, with an enlarged and diversified customer base, a more balanced loan portfolio and a significantly de-risked, well capitalized balance sheet

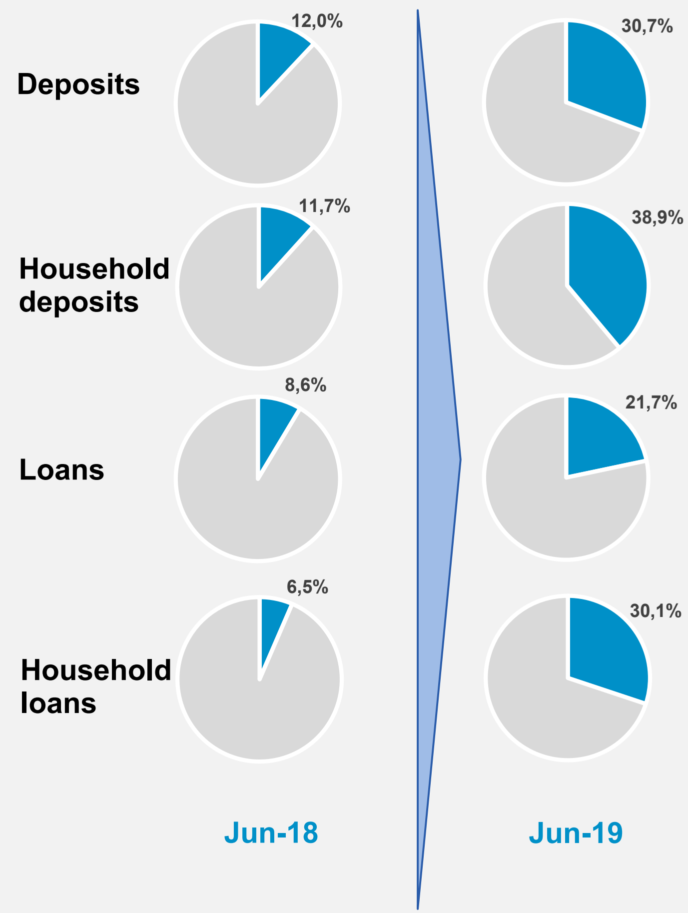
1) On a transitional basis, including 6M19 unaudited profits 2) As a percentage of Total Assets 3) Excluding APS-NPEs, For more information on the Asset Protection Scheme (APS), please refer to slide 35
For a list of definitions and abbreviations, please refer to Glossary in slides 51-53

A strengthened franchise following the CCB business acquisition

	Jun-18	Dec-18	Jun-19
Balance sheet highlights (€ m)			
Total assets	6.890	16.126	**16.467**
Net loans	2.779	6.283	**6.221**
CGBs	496	4.136	**4.164**
Deposits	5.947	14.709	**14.809**
Shareholders' equity	533	820	**1.030**
Key indicators highlights			
NPEs ratio (exc. APS-NPEs)	51,6%	26,5%	**25,2%**
Texas ratio (exc. APS-NPEs)	115%	94%	**84%**
Loans to deposits ratio	46,7%	42,7%	**42,0%**
CET1 ratio	13,7%	15,8%	**18,5%**[1]
Capital adequacy ratio	17,4%	18,5%	**21,0%**[1]
Headcount and Branches			
Employees	1.404	2.507	**2.512**
Branches (exc. cash offices)	44	129	**108**
ATMs	67	179	**167**

Significant strengthening of franchise

Hellenic Bank's market shares



1) On a transitional basis, including 6M19 unaudited profits

Successful completion of acquired CCB business

A. INTEGRATION PLANNING AND GOVERNANCE

1. A full-scale plan for integrating the acquired Business launched with the assistance of international specialized advisors
2. A detailed IT integration designed, with systems and data migration planned and executed on 16 September 2019
3. A strong project management governance and clear communication channels set within the Bank for the identification, prioritization and resolution of issues arising
4. Fully Operational Integration Governance involving specialised work streams, Integration Management Office, IT Steering Committee, Executive Integration Steering Committee and Board Integration Committee
5. Post Go-Live Support and Incident Reporting Governance is in place to effectively handle any incidents which may arise on or post Day 1

B. OPERATIONAL EFFECTIVENESS

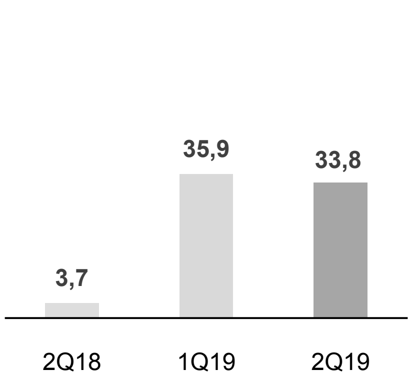
- All Operations departments have been centralized and some services have been outsourced
- The Meeter-greeter (concierge) service is in place at selected branches facilitating customer service and onboarding of customers to cards and digital channels
- All branches in the HB network now serve both ex-CCB and HB customers
- 96 new ATMs have been deployed to branches. 100 ATMs to be replaced in total

C. INTEGRATION EXECUTION

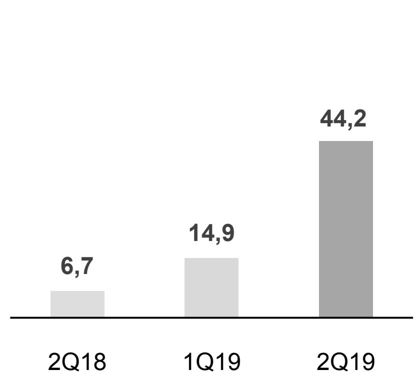
- ✓ Infrastructure has been expanded and tested to ensure that systems perform well given the anticipated increased volume
- ✓ Four Go-Live Rehearsals and three Full Dress Rehearsals have been completed
- ✓ Customer data has been successfully migrated during CIF Rollout weekend which took place between the 6th and 8th of September
- ✓ Account, transaction and card data have been successfully migrated during the Main Roll-out weekend which took place on 13-15 September 2019
- ✓ The branches opened to the public on 16 September and no major problems were encountered. All customers can now be served from any branch.
- ✓ The electronic channels were available from Sunday afternoon, 15 September 2019

Performance across key indicators

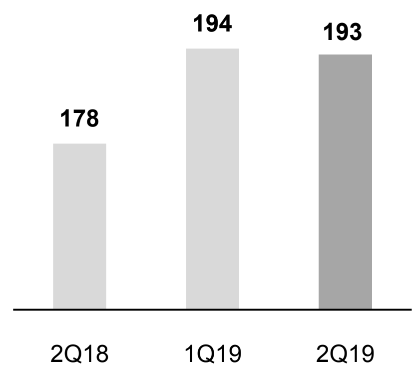
Profit before provisions (€ m)



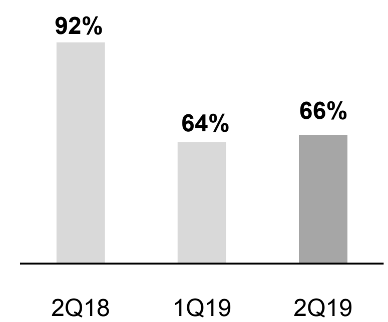
Profit after tax (€ m)



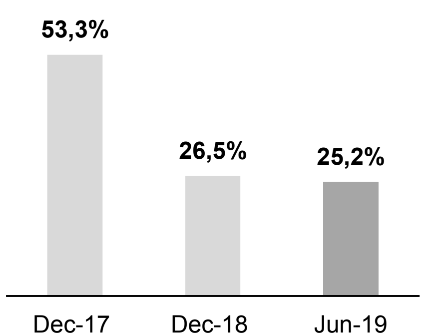
NIM (bps)



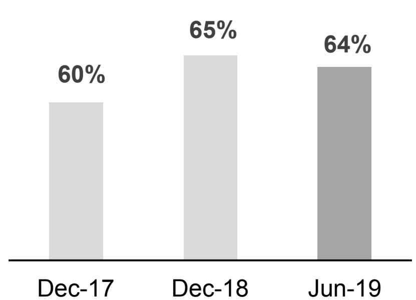
Cost to income ratio



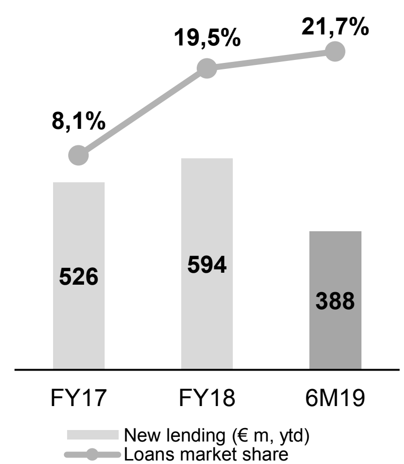
NPEs ratio[1]



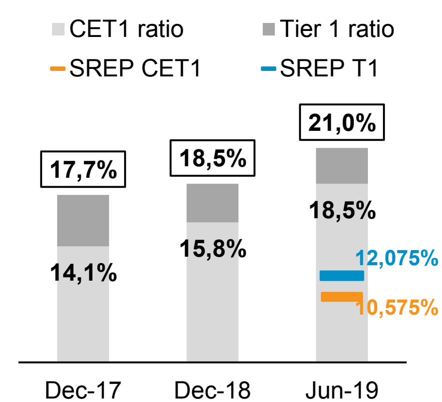
NPEs provision coverage[1]



New lending and Loans market share[2]



Capital ratios (trans)[3]

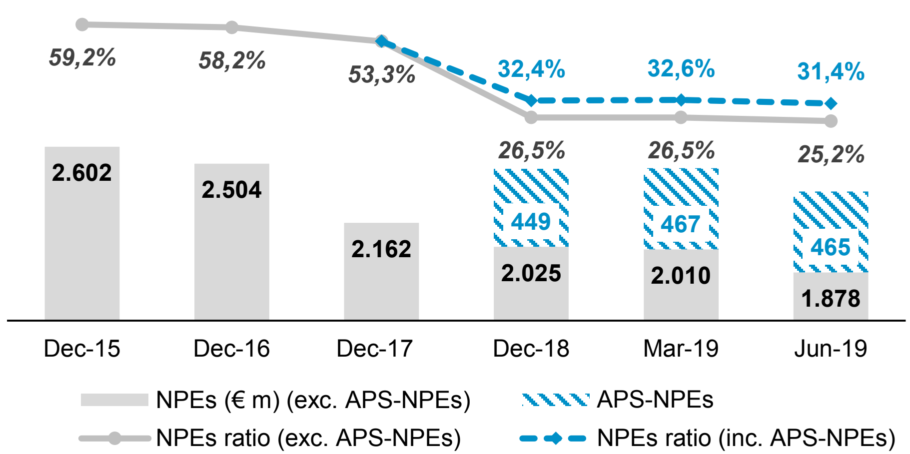


1) Excluding APS-NPEs 2) The market share is as at June 2019 and is based on CBC data 3) Including 6M19 unaudited profits.

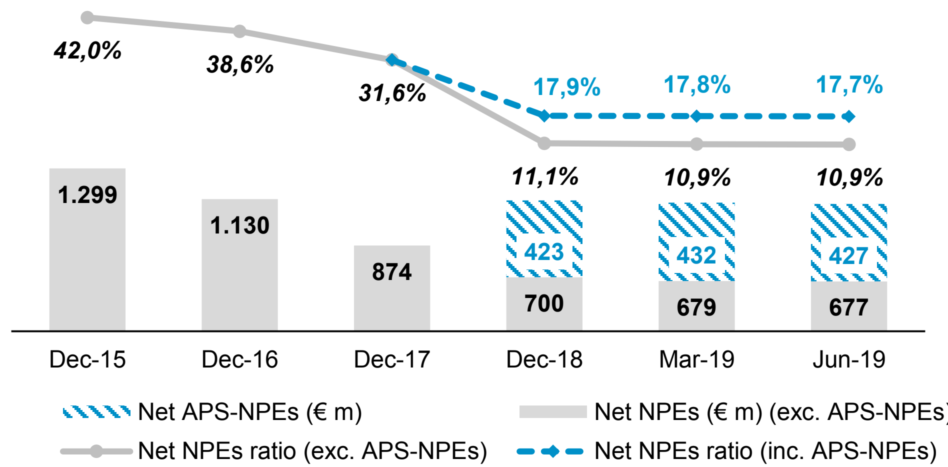
Loan portfolio quality trends

A significantly reduced NPEs ratio compared to 2015; Best-in-class provisioning coverage

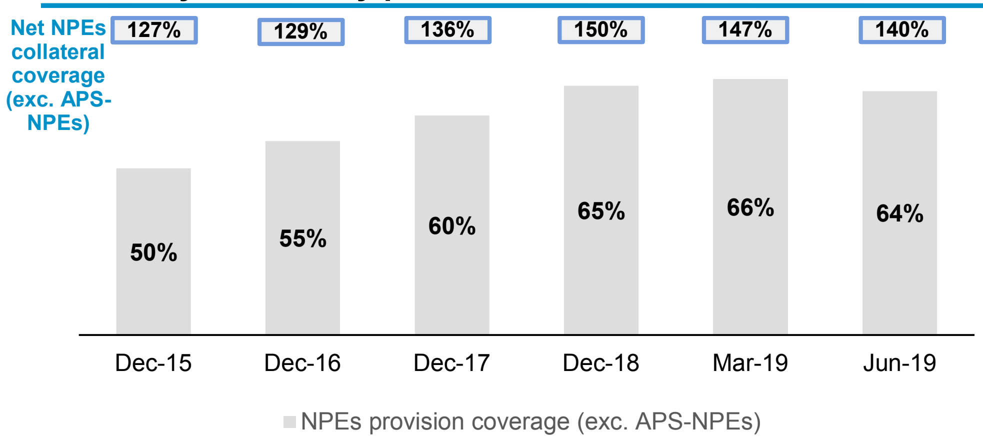
NPEs ratio (exc. APS-NPEs) at 25,2%



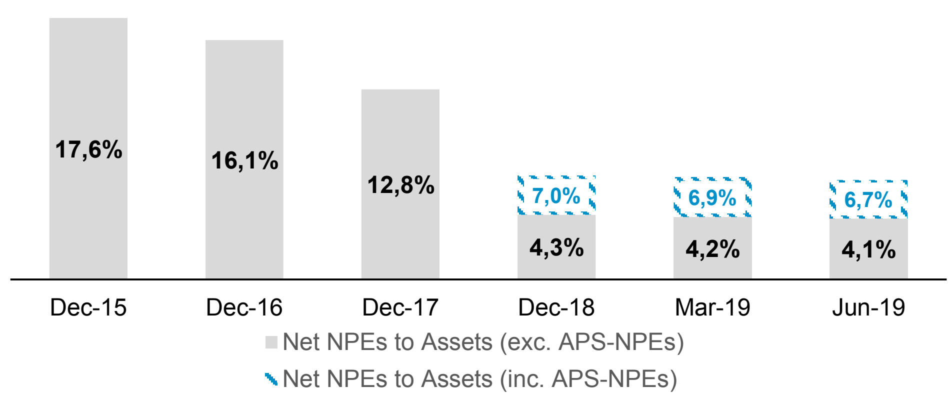
Net NPEs ratio (exc. APS-NPEs) at 10,9%



NPEs fully covered by provisions and collateral

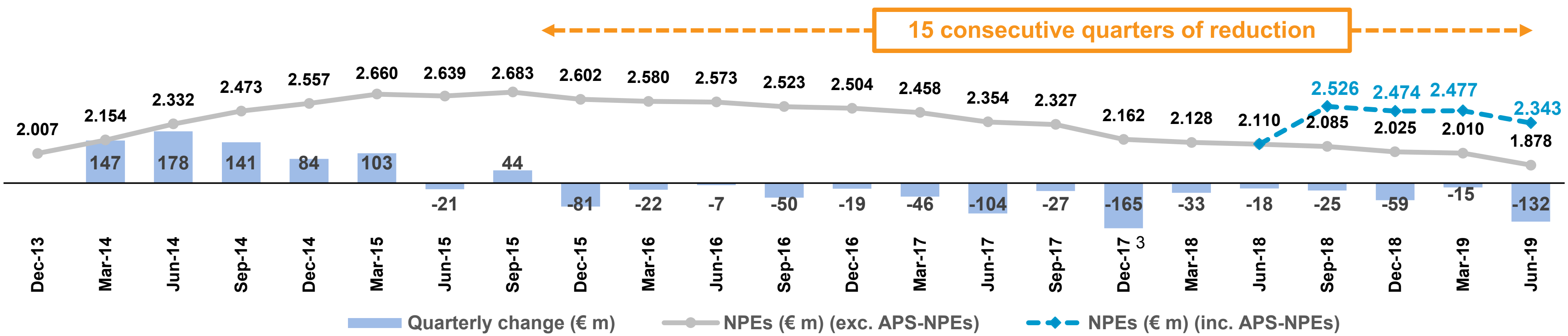


Net NPEs to Assets at 4,1%

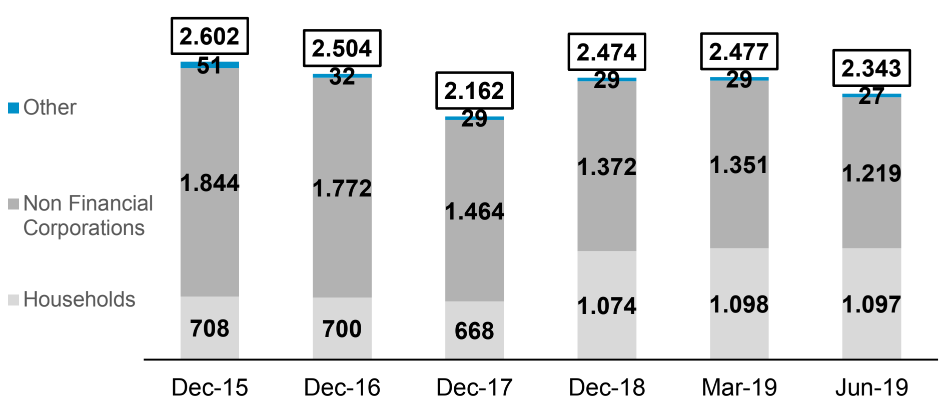


Evolution of NPEs
Ongoing reduction of NPEs – 15 consecutive quarterly reductions

NPEs formation[1]



NPEs by segment[2] (€ m)



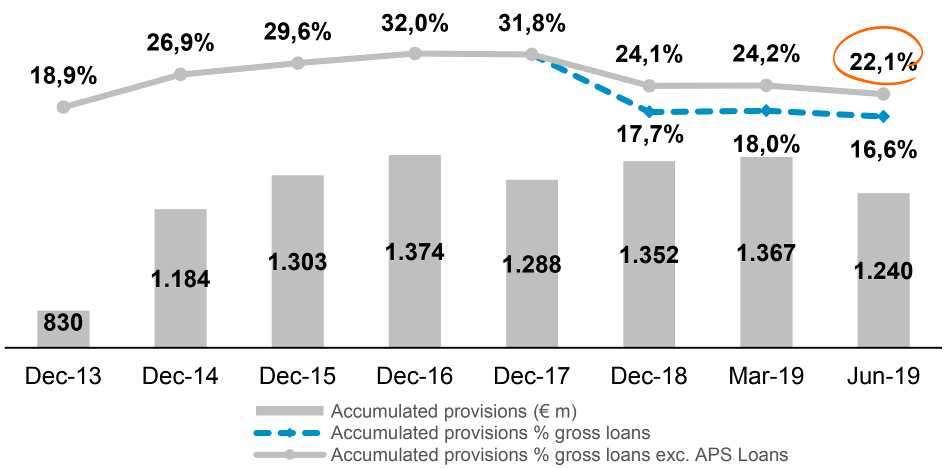
- NPEs (exc. APS-NPEs) reduced to €1.878 m, the lowest level since December 2013 and down by 30% since peak (15 consecutive quarterly reductions)
- NPEs (inc. APS-NPEs) at €2.343 m due to €465 m of APS-NPEs
- 2Q19 NPE reduction primarily reflects about €128 million of non-contractual write-offs, following the finalization of the recovery strategy per each NPE exposure and thus the estimated recoverable balance for each exposure, based on the estimated recovery rate at the time
- Most of the NPE reduction experienced in non-financial corporations lending (exc. APS-NPEs)
- NPE portfolio sale of €144 m in June 2018[3] to B2Kapital Cyprus Ltd, the 1st NPE trade in Cyprus, shows the way for more NPE trades

1) NPE values up to September 2014 are based on CBC's definition 2) Classification as per table Analysis of loan portfolio according to the counterparty sector as at 30 June 2019
3) The NPE portfolio sale was agreed in January 2018 and relates to gross contractual outstanding balance.

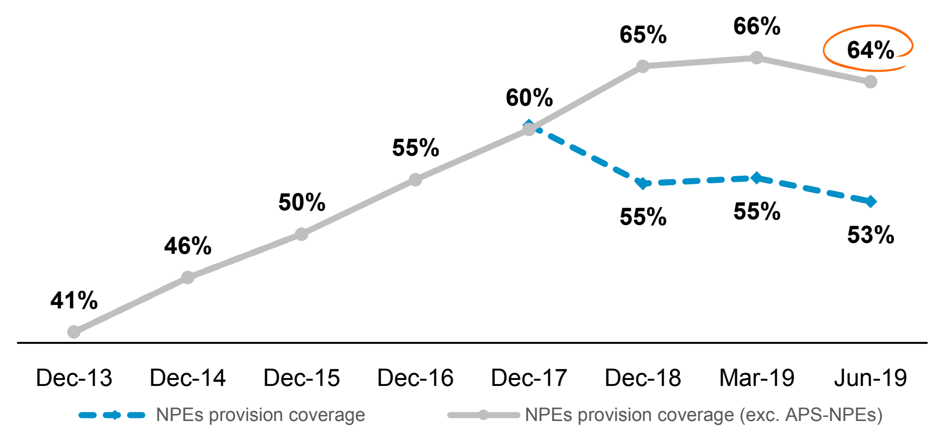
High problem loans coverage

Best among peers provisioning coverage

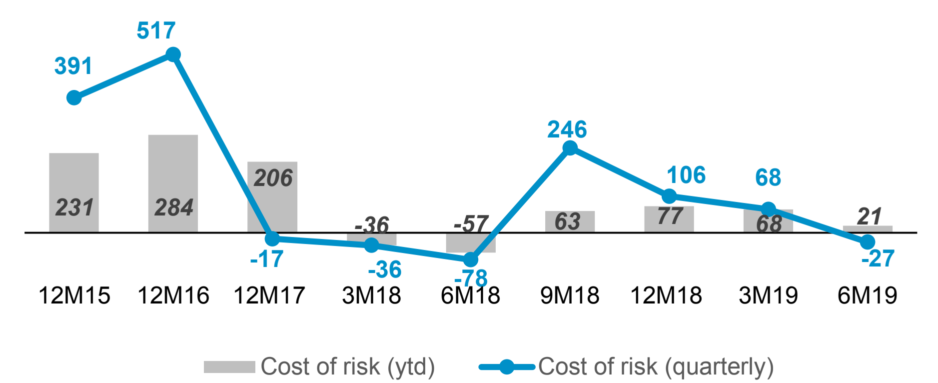
Accumulated provisions for impairments



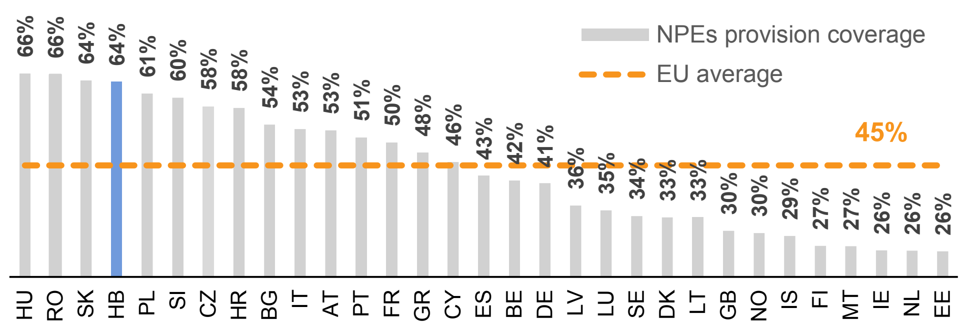
Provision coverage



Cost of risk (bps)[1]



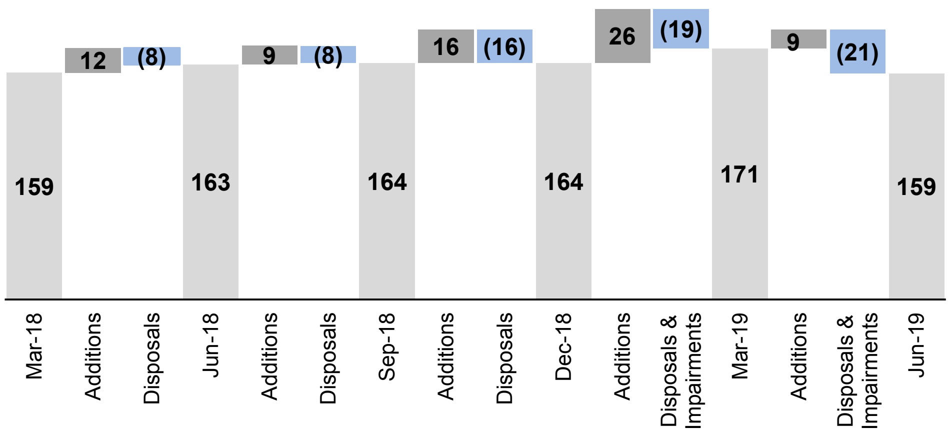
NPEs provision coverage compared to EU average[2]



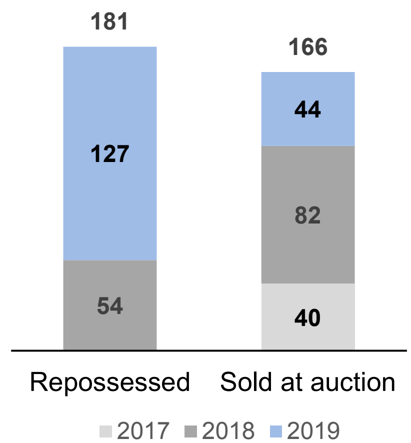
1) Includes impairment losses (excluding any modification gain/losses, any APS claims and reversals of fair value of purchased credit impaired facilities)
2) As per EBA Risk Dashboard 1Q2019

REOs management

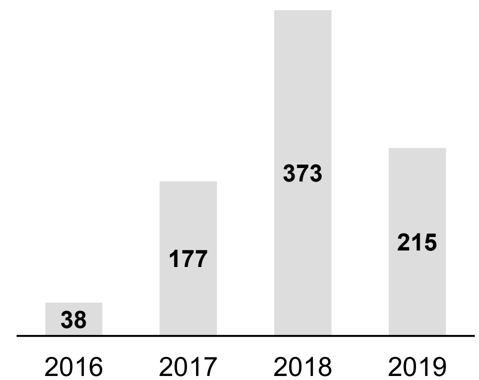
Movement of property stock (€ m)[1]



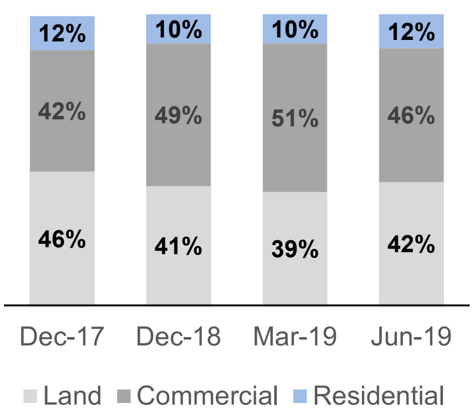
Properties Repossessed[3] or Sold at Auction



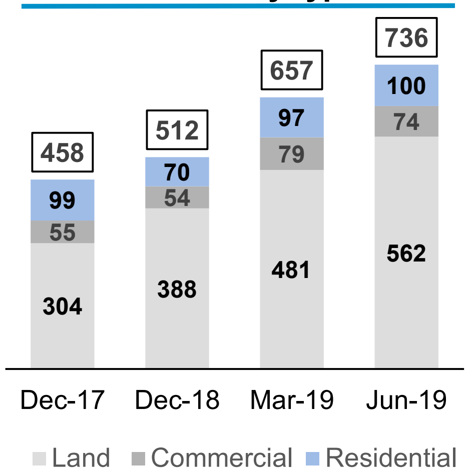
Auctions held for 803 properties



REOs value by type[1]



REO numbers by type



- Stock of properties of €159 m compared to €171 m at Mar-19
- 13 SPAs[2] signed (€3,7 m) post 2Q19 and 21 offers accepted with SPAs in process (€6,7 m)
- More than 70% of active borrowers with terminated exposures as of June 2019 have at least 1 property where the foreclosure process has been initiated
- Successful sale rate at auctions exceeds c. 20%[1]
- The amendment of the foreclosure legal framework (July 2018) is visible through the increase in both foreclosure repossessions and conducted auctions

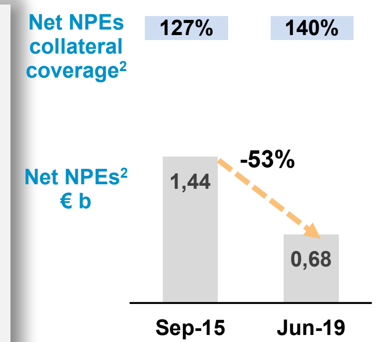
1) Book Value. 2Q19 Disposals include an impairment charge of €3 m 2) Sale Purchase Agreement 3) Relate to foreclosures

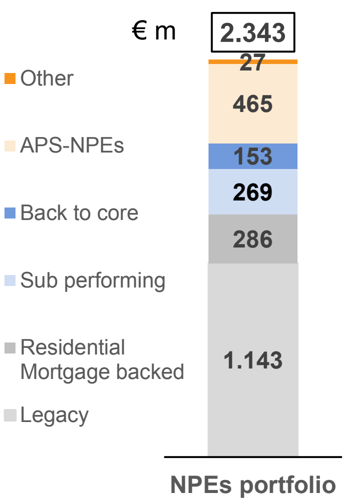
NPE resolution progress

Well positioned to achieve NPE deleveraging through organic and non-organic options

Resolving NPEs

- **Net NPEs reduced by** 53%[1] since peak; Net NPEs collateral coverage[2] at 140%, allowing optionality for future strategies including NPE sales and settlements
- **Decisive contribution of APS Cyprus:** APS Debt Servicing Cyprus ("APS Cyprus") has been instrumental in assisting the Bank to take decisive actions on its NPL portfolio:
  - Cumulative cash collection KPIs have been consistently above targets in 2019
  - Increasing pace of REO sales executed at an overall profit for the Bank, with average haircuts below provision levels
  - c.80% of the NPL portfolio has been terminated (excluding the ex-CCB portfolio), paving the way for faster deleveraging through solutions such as foreclosures and receiverships
  - APS Cyprus' operational independence has allowed it to continue working on Hellenic Bank's deleveraging plan uninterrupted from the Bank's multiple value-generating activities
- Major program to enhance organic and develop **non-organic options for resolving NPEs**





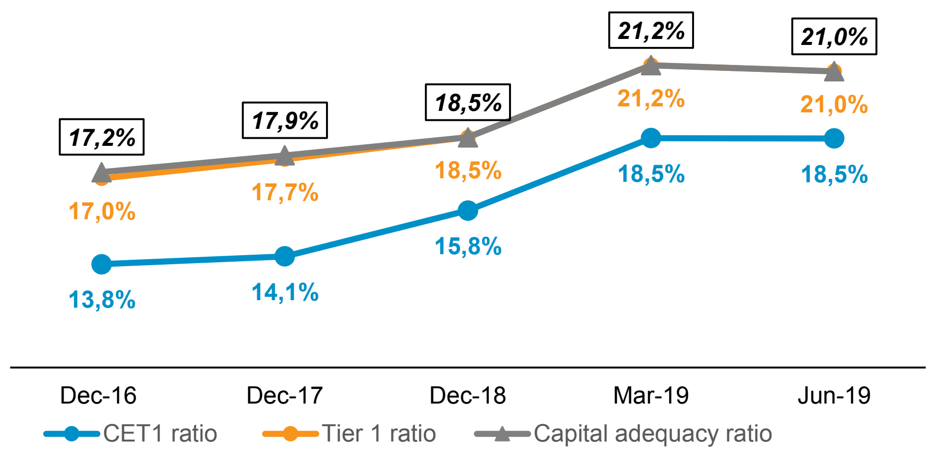
Portfolio	Provision coverage	Collateral / Net NPEs	Resolution strategy
Back to core	27%	164%	Clients with the majority of their accounts exhibiting less than 30dpd and with satisfactory cash payments received during last years
Sub-performing	41%	190%	Clients with significant arrears post economic recession and with lower than average LTVs. Strategies include restructurings or D2As
Residential mortgage backed	65%	177%	Foreclosure strategy may be pursued if clients remain uncooperative, though efforts to reach consensual agreements are pursued. Out of this category a balance of c.€240 m appear eligible for ESTIA scheme participation (preliminary estimates)[3]
Legacy	71%	173%	Exposures in significant arrears with less room for possible restructurings or consensual agreements. Provisions facilitate potential NPL transactions, while litigation & foreclosure strategies against non-cooperative borrowers will be pursued. Some exposures are backed by memos or personal guarantees, with APS Cyprus expected to yield improved results.

1) Excluding APS-NPEs and NPEs provisions under APS 2) Excluding the NPEs covered by the APS and the corresponding tangible collateral and provisions of the NPEs covered by the APS
3) See slide 43

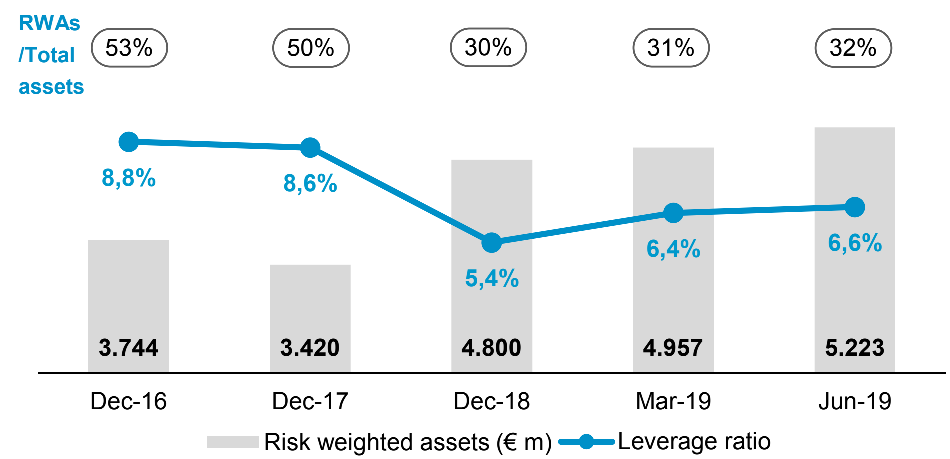
Solid capital position, comparing favorably with EU average

Capital position benefited from acquiring a low RWA density business, negative goodwill and the completed €150 m CR

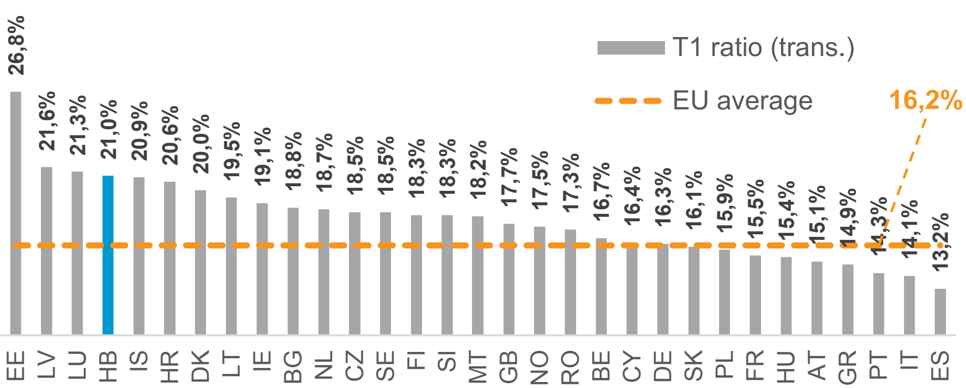
Capital ratios[1]



Leverage Ratio[1]



Capital ratios compare well to EU average[2]

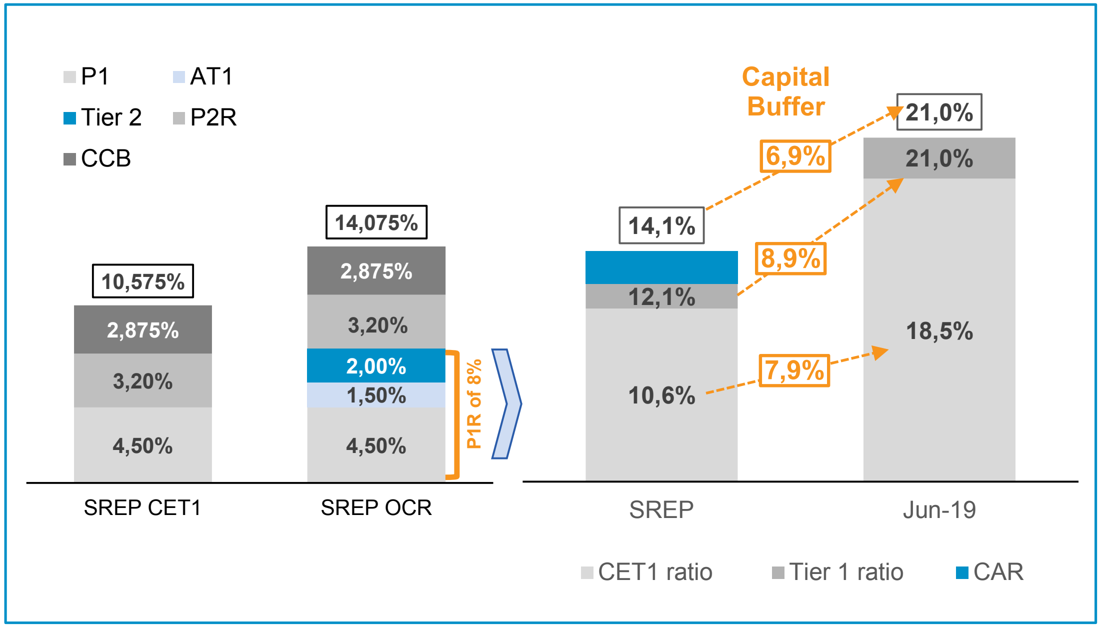


- CET1 ratio of 18,5%[1] and Capital adequacy ratio of 21,0%[1], benefiting from acquiring a low RWA density business, the negative goodwill in relation to the Acquisition and the successfully completed €150 m CR
- 2Q19 increase in RWAs driven by the growth in the bond and loan portfolios
- Successful completion of CR on 15 March 2019 following an underwritten €100 m Rights Issue and a €50 m Private Placement to Poppy Sarl; Listing of 214 m New Ordinary Shares on 28 March 2019
- Fully loaded[3] CET 1 and Capital Adequacy ratios of 18,0% and 20,5%

1) On a transitional basis and including 6M19 unaudited profits 2) As per EBA Risk Dashboard 1Q2019 3) Including 6M19 unaudited profits

Capital ratios significantly above minimum regulatory requirements

Underpinning the Bank's strategy and providing optionality for NPEs resolution



Prudential capital requirements[1]

Minimum required CET1 and T1 ratios of 10,575% and 12,075%, respectively, based on ECB's latest decision on SREP. The Group is required to maintain an OCR of 14,075% (trans.), including:

- P1R of 8% (of which, up to 1,5% in AT1 capital and up to 2% in T2 capital),
- P2R of 3,2% (unchanged from last year) in CET1 capital
- and a phased-in combined buffer requirement which includes the fully loaded capital conservation buffer (CaCB) of 2,5% (made up of CET1 capital) and the revised O-SII buffer of 0,375%, with application starting from 1/1/2019[2&3]

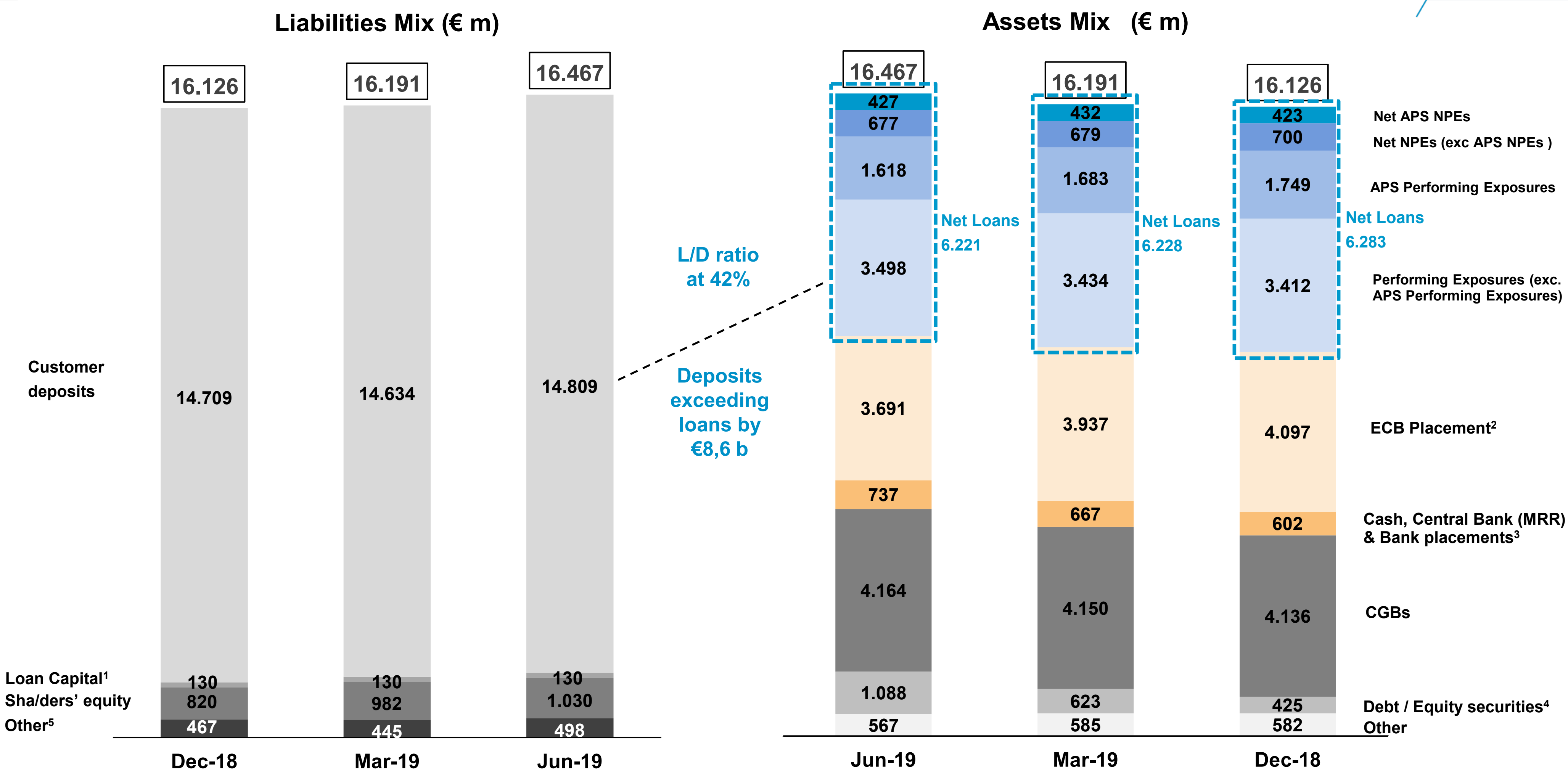
The ECB has set an unchanged, non-public, P2 guidance in CET1 capital and has maintained the distribution restriction.

Based on the above, the **minimum regulatory requirements are 10,575% for CET 1 ratio, 12,075% for Tier 1 ratio and 14,075% for Capital adequacy ratio**

Capital ratios of CET1 of 18,5%, of Tier 1 of 21,0% and of Capital Adequacy of 21,0% well above minimum capital requirements, underpinning the Bank's business plan and providing optionality for resolving the NPEs

1) Based on ECB's decision for SREP effective 1 June 2019 (with reference date 31 December 2017 and other relevant information received thereafter) 2) The Bank must maintain an O-SII buffer of 1,5% fully loaded, phased in over a period of four years starting from 1 January 2019 (as per revised CBC circular dated 25 October 2018). A Counter-Cyclical Capital Buffer (CCyB) for which the CBC has set the level at 0% for exposures located in Cyprus for 2017 and 2018 and for the first half of 2019 (the institution specific CCyB for 2017 and 2018 was 0%). 3) In February 2017, the Cypriot Parliament voted for an amendment to the Business of Credit Institutions Law allowing the gradual phase-in of the CaCB, starting 2016. Accordingly, the CaCB for 2016 was set at 0,625%, for 2017 at 1,25%, for 2018 at 1,875% and for 2019 at 2,5%

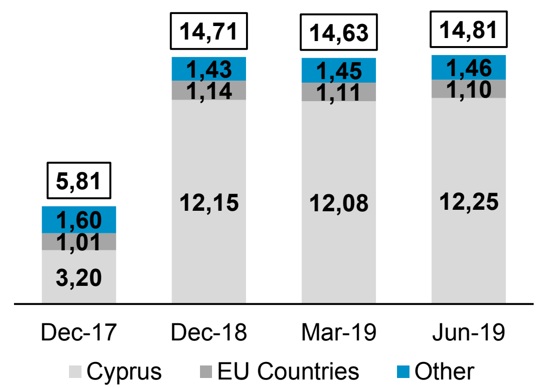
A deposit-funded balance sheet



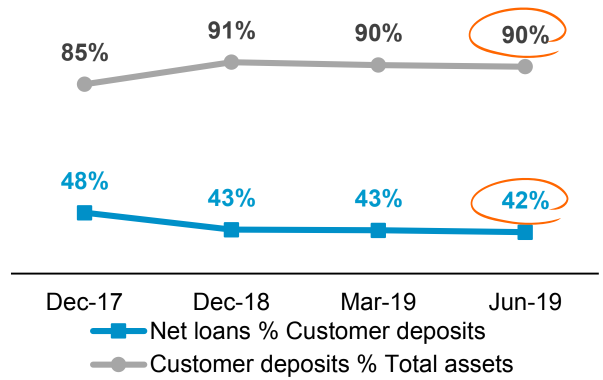
1) €130 m of Convertible Capital Securities (CCSs) constitute additional loss absorbing buffer and are treated as Additional Tier 1 capital
2) ECB placement at -40bps. 3) Most foreign currency placements with banks rated Prime-1 short term rating by Moody's (P-1)
4) Deployment of liquidity in interest bearing assets. 5) Includes Deposits by banks

Acquisition enhances deposit base stability and quality

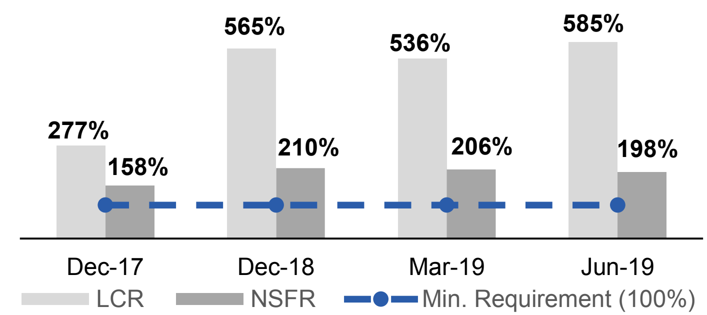
Customer deposits (€ b)



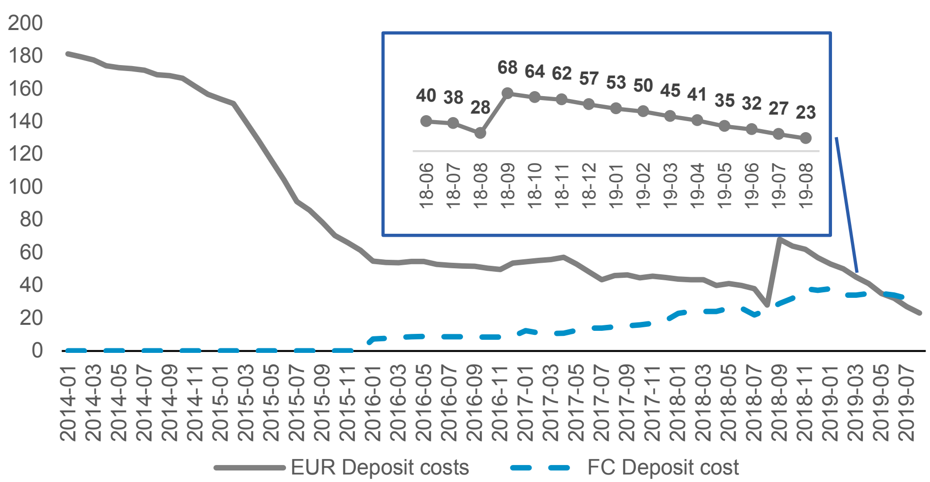
Stable funding structure



LCR and NSFR exceeding minimum requirement



Cost of Deposits (bps)

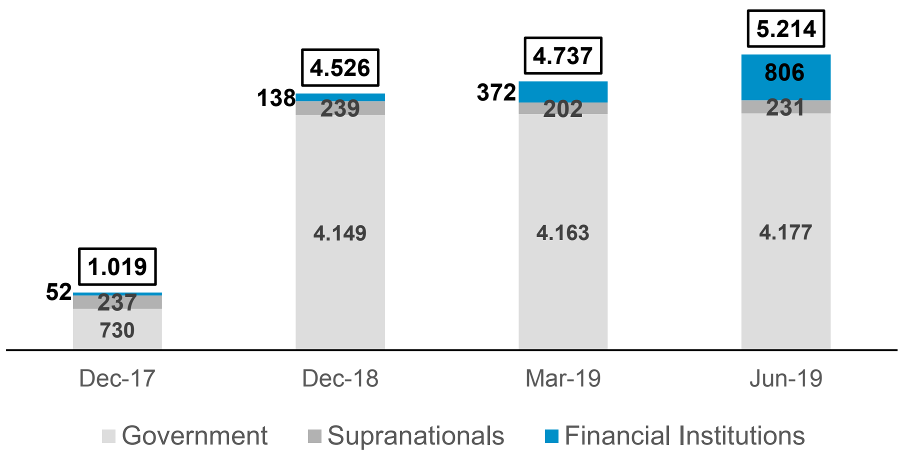


- Customer deposits increased to €14,8 b at Jun-19, despite the significant reduction in deposit rates offered
- Acquisition reduced significantly the reliance on non-Cypriot deposits, improving the deposit base stability and quality. Cyprus deposits accounted for 83% of total deposits at Jun-19, up from 57% at Jun-18
- A deposit funding structure, with a loans to deposits ratio of 42% (compared to an average of 122% for EU banks)[1]; Funding structure enables business expansion
- Ongoing efforts to reduce the deposits cost, with the average cost of Euro deposits at 23bps in August 2019, compared to 68% in September 2018

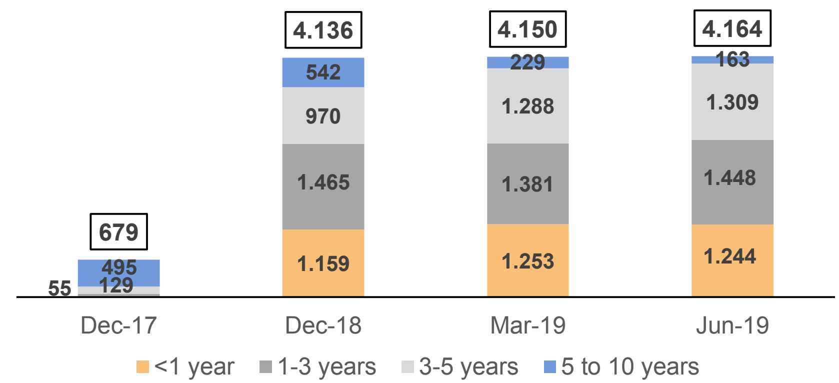
1) As per EBA Risk Dashboard 1Q2019

Ongoing efforts to diversify high CGBs exposure

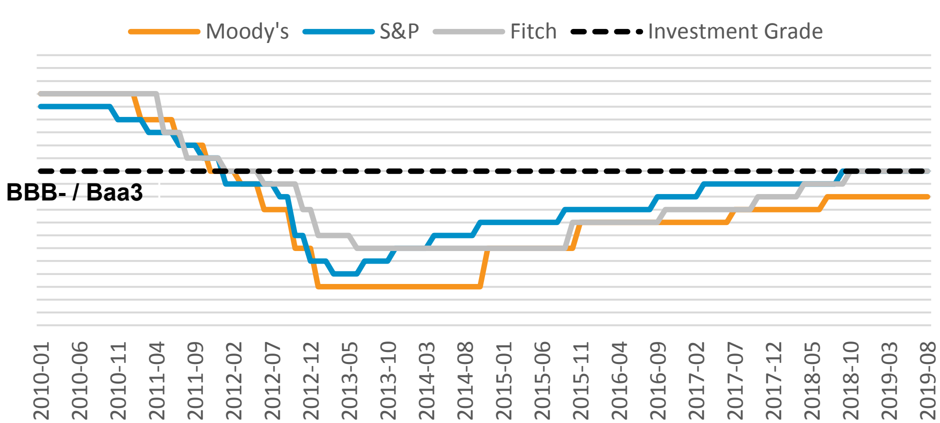
Total debt securities by issuer (€ m)



CGBs by maturity (€ m)



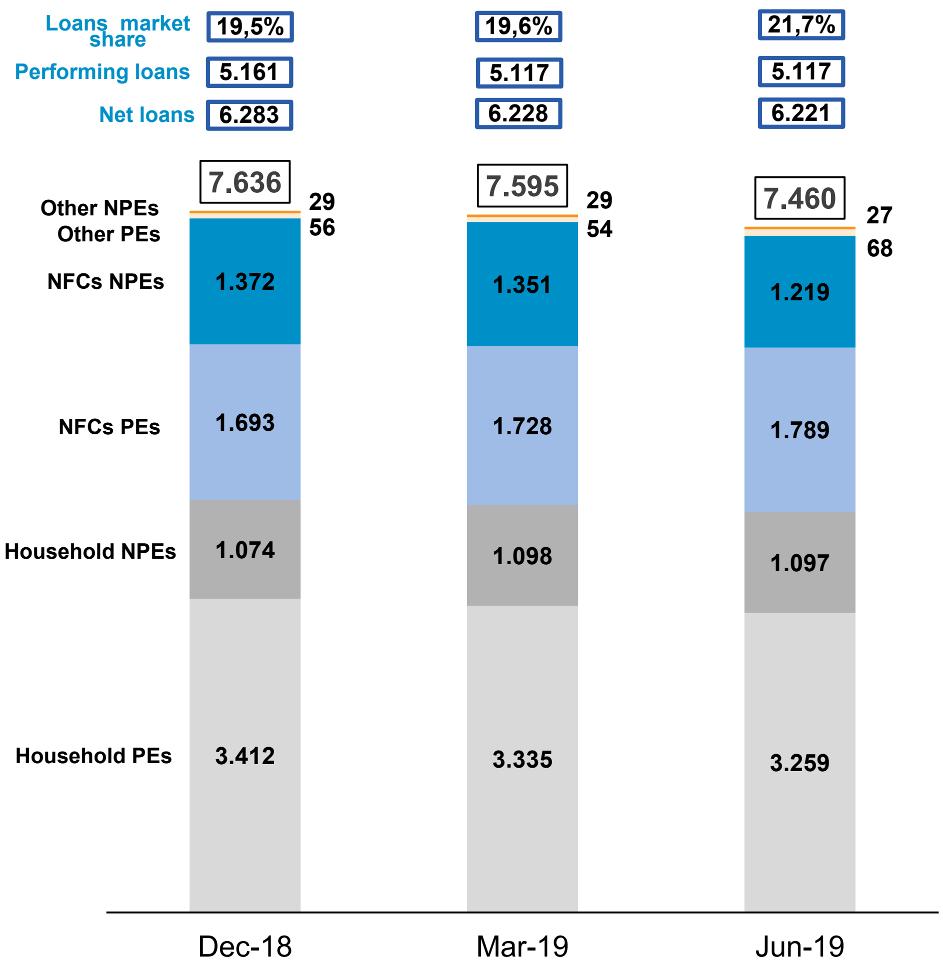
Sovereign ratings assigned to Republic of Cyprus



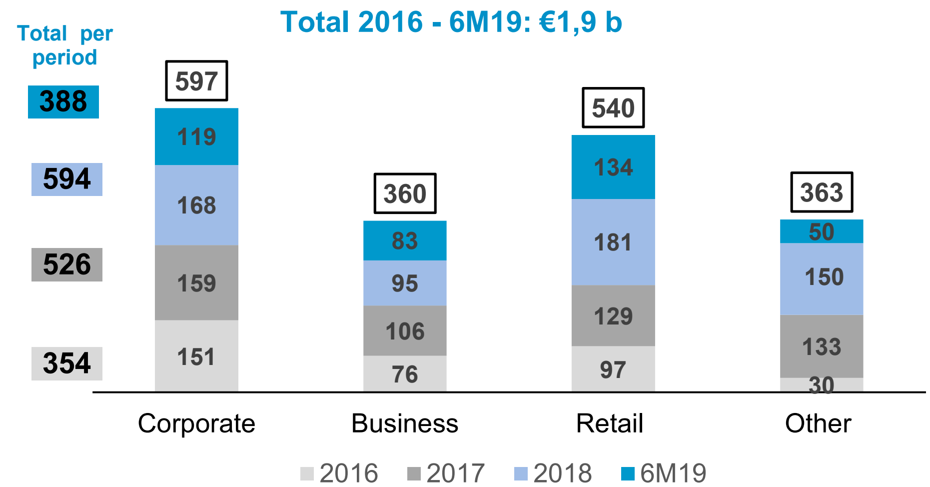
- 80% of the portfolio are investments in CGBs; The Republic of Cyprus is currently being rated: BBB- by S&P, BBB- by Fitch, BBB(low) by DBRS and Ba2 by Moody's
- 2Q19 increase in the securities portfolio is driven by investments in financial institutions debt securities. The majority of the portfolio is rated A1 and higher
- Market value of CGBs of €4.260 m at 30 June 2019, compared to a book value of €4.164 m

High lending momentum

Gross loans composition (€ m)[1] and lending market share[2]



New lending (€ m)



- Gross loans totaled €7.460 m at Jun-19
- Net loans reduction arrested during 2Q19
- New lending of €388 m during 6M19; Total new lending of €1,9 b post 31 December 2015, as part of the Bank's focused growth plan
- New retail lending totaled €134 m for 6M19, accounting for 35% of total new lending (compared to 27% during FY16)

1) Category classification based on Table Analysis of loan portfolio according to counterparty sector. Amount of Total Gross Loans as per note Loans and Advances to Customers.
NFCs = Non Financial Corporations
2) Source for system data: CBC

Income Statement highlights

€ m	6M19	6M18	y-o-y	2Q19	1Q19	q-o-q
Interest income	191,8	73,5	161%	93,8	98,0	(4%)
Interest expense[1]	(40,7)	(15,8)	158%	(18,0)	(22,7)	(20%)
Net interest income	**151,1**	**57,6**	**162%**	**75,8**	**75,3**	**1%**
Net Fee & commission income	24,3	20,7	17%	13,5	10,7	26%
Other non interest income	24,4	36,4	(33%)	10,9	13,5	(19%)
Total net income	**199,7**	**114,8**	**74%**	**100,2**	**99,4**	**1%**
Staff costs	(59,0)	(37,6)	57%	(29,8)	(29,2)	2%
Depreciation and amortisation	(10,5)	(4,7)	124%	(5,4)	(5,1)	6%
Admin. & other expenses	(60,5)	(42,6)	42%	(31,2)	(29,2)	7%
Total expenses	**(130,0)**	**(84,9)**	**53%**	**(66,4)**	**(63,5)**	**5%**
Profit before provisions	**69,7**	**29,9**	**134%**	**33,8**	**35,9**	**(6%)**
Impairment losses	(9,6)	7,4	(230%)	10,5	(20,1)	180%
Share of results of associate	0,9	1,5	(43%)	0,4	0,5	(6%)
Profit before taxation	**61,0**	**38,8**	**57%**	**44,7**	**16,3**	**175%**
Taxation	(1,9)	(3,5)	(47%)	0,5	(1,4)	(62%)
Profit for the period	**59,1**	**35,3**	**68%**	**44,2**	**14,9**	**197%**
Net interest margin (bps)	193	181	12	193	194	(1)
Cost to income ratio (%)	65	74	(9)	66	64	2
Return on Equity (%)	12,6	12,7	(0,1)	17,5	6,4	11.1
Earnings per share (€ cent)	18,43	16,43	2	13,91	6,56	7,35

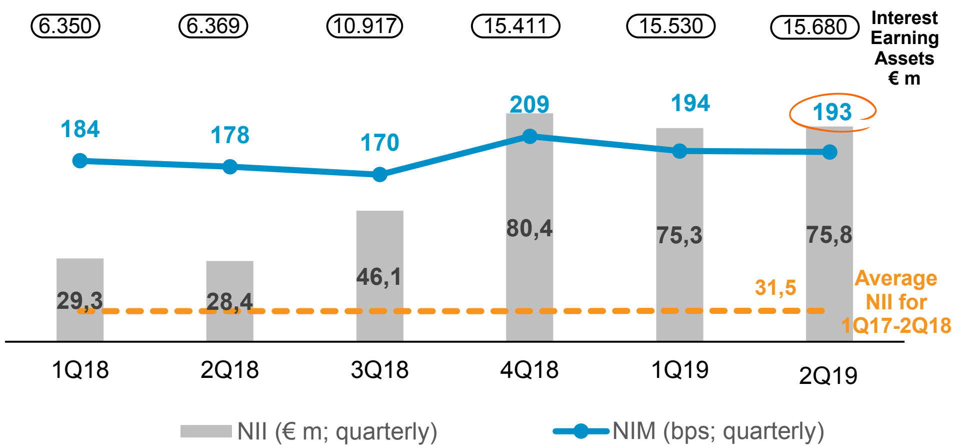
Highlights

- **2Q19 NII up 1% q-o-q,** driven by a 4% reduction in interest income and a higher reduction of 20% in interest expense. Interest income was negatively affected by lower income on performing loans due to the reduction in lending base rates and net deleveraging. Interest expense benefited from the ongoing reductions in the average cost of deposits. **2Q19 NIM at 193 bps**, compared to 194 bps for 1Q19. The ECB's decision on 12 September 2019 for the introduction of the two tier system for reserve remuneration counterbalances the additional cost from the increase in the negative interest rates from -0,4% to -0,5%, ceteris paribus
- **Increased FCI** q-o-q, reflecting mainly higher fees from increased lending activities and seasonality relating to ex-CCB clients
- **2Q19 Other income of €10,9 m (down by 19% q-o-q)**, reflecting lower REO disposal gains compared to 1Q19
- **Higher staff costs q-o-q** mainly due to contributions to the new General Health System which commenced in Mar-19
- **2Q19 Admin & other expenses** up by 7% % q-o-q, mainly due to impairment losses on REOs reflecting a higher illiquidity discount based on the holding period of each property
- **2Q19 Profit before provisions of €33,8 m**
- **A €10,5 m reversal of impairment losses**, reflecting an improved loan portfolio quality and increased IFRS 9 staging volatility
- **2Q19 profit for the period of €44,2 m,** compared to a profit of €14,9 m for 1Q19; **6M19 profit for the period of €59,1 m**

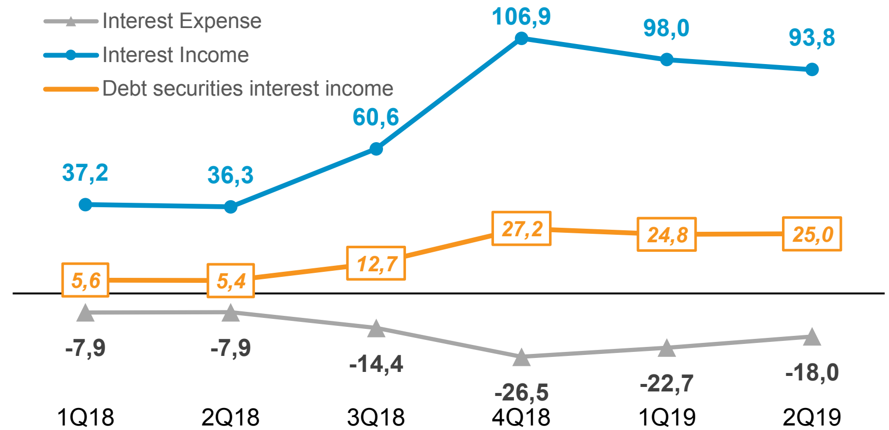
1) IFRS 16 was initially applied on 1 January 2019, using the modified retrospective approach, under which comparative information is not restated. During 6M19, the Group has recognised depreciation and interest costs, instead of operating lease expense. The depreciation charges amounted to €2,5 m and interest costs from these leases amounted to €0,14 m. 2) As per IFRS9, when a loan is restructured the Bank recalculates the gross carrying amount of the financial asset and recognises a modification gain/loss in income statement. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate and is compared to the gross carrying amount of the original loan.

NII to benefit from asset reallocation to higher yielding assets and rationalization of funding costs

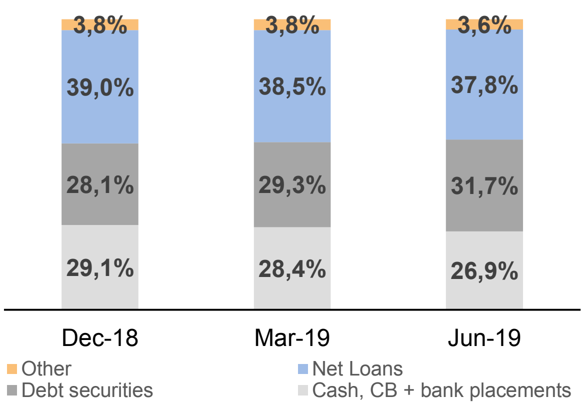
Evolution of NII and NIM; Interest Earning Assets[1]



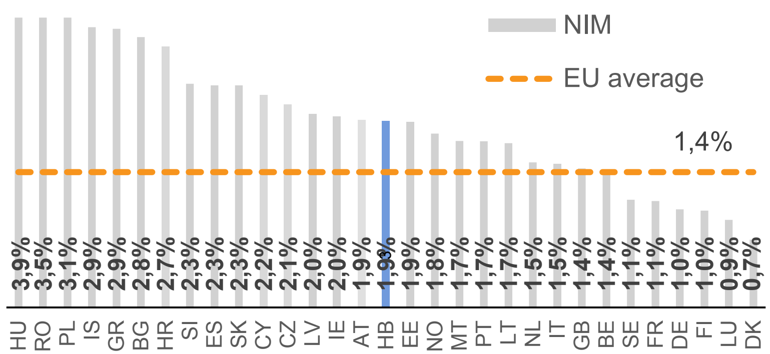
Components of NII (€ m)



NIM reflects current balance structure



NIM compared to EU average[2]

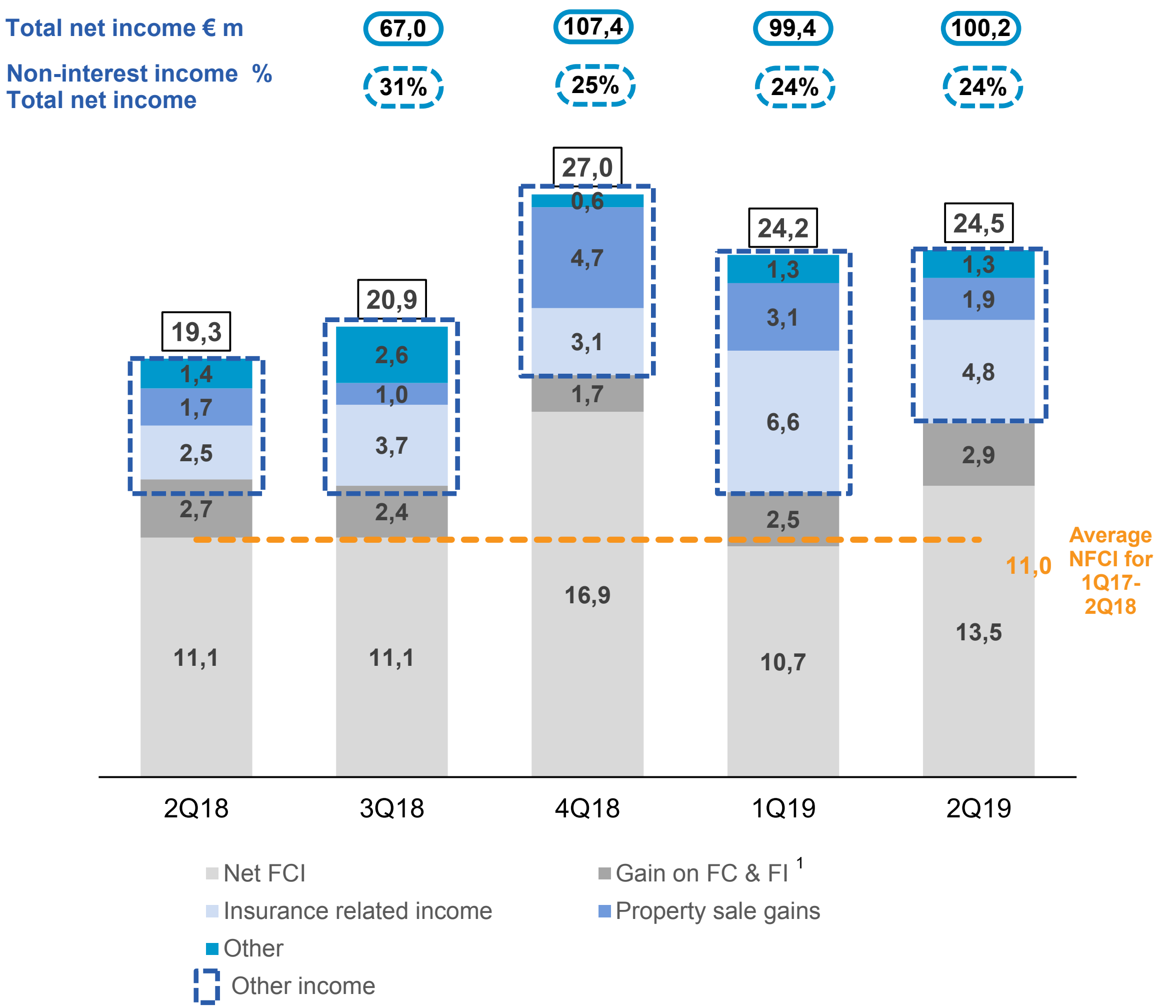


- 2Q19 NII of €75,8 m, up by 1% q-o-q, driven by a 4% reduction in interest income and a 20% reduction in interest expense. About €25 m of interest income relates to debt securities, of which about €23 m is from CGBs
- NIM reflects a highly liquid balance sheet (net loans at 38% of total assets compared to an average of 48% for Cypriot and 63% for EU banks)[2]; Going forward, NII and NIM to benefit from a higher proportion of balance sheet invested in interest earning asset and funding costs rationalization

1) Quarterly average 2) As per EBA Risk Dashboard 1Q2019 and with the NIM of HB being 2Q19

Increased fee and commission income driven by increased lending activity and seasonality

Breakdown of non-interest income (€ m)

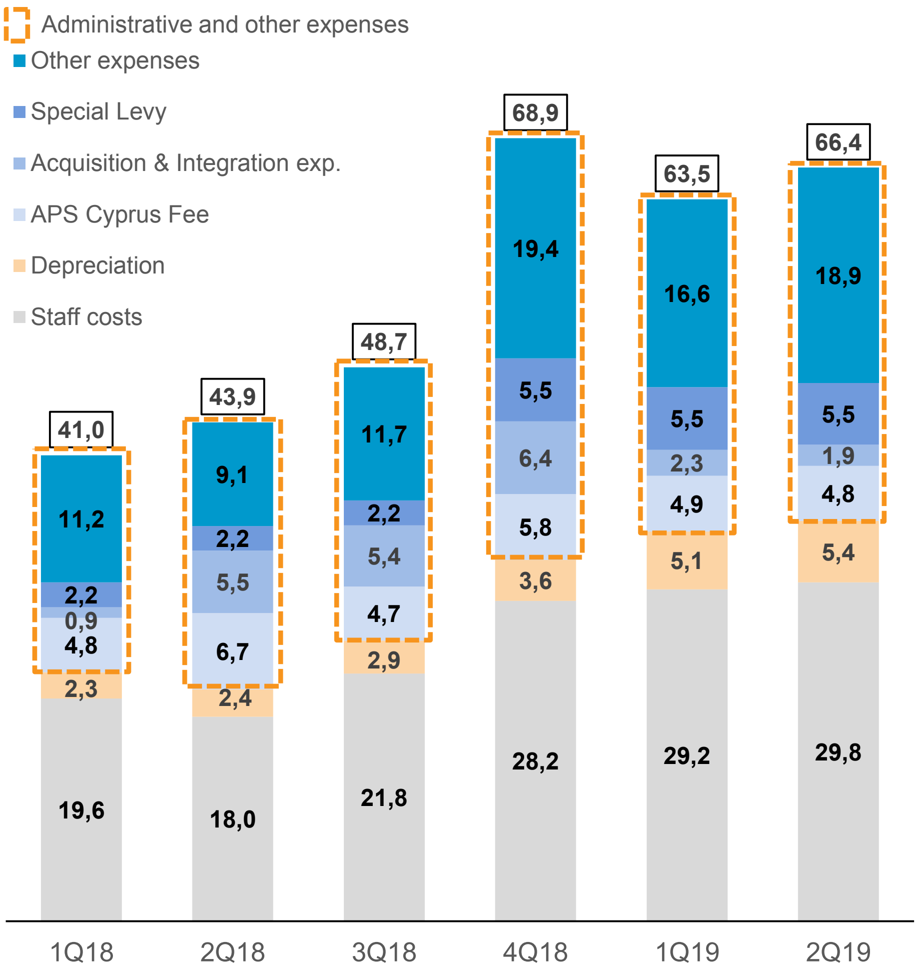


- 2Q19 Net FCI of €13,5 m, up by 26% q-o-q, reflecting mainly higher fees from increased lending activities and seasonality relating to ex-CCB clients
- 2Q19 Other income of €8,0 m compared to €11,0 m for 1Q19, due to lower insurance related income and reduced REO disposal gains
- Focus on growing fees through primary relationship banking and cross selling initiatives. Efforts to intensify post integration of systems and data

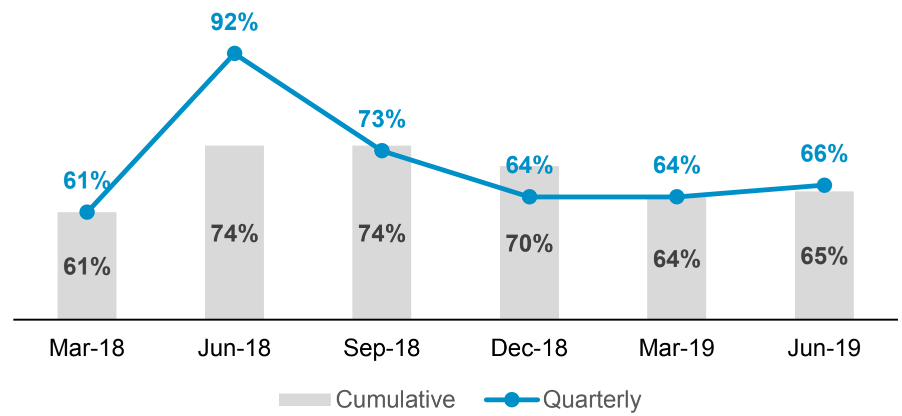
1) Net gains on disposal and revaluation of foreign currencies and financial instruments

Cost to income ratio benefits from acquisition related synergies

Total expenses evolution (€ m)



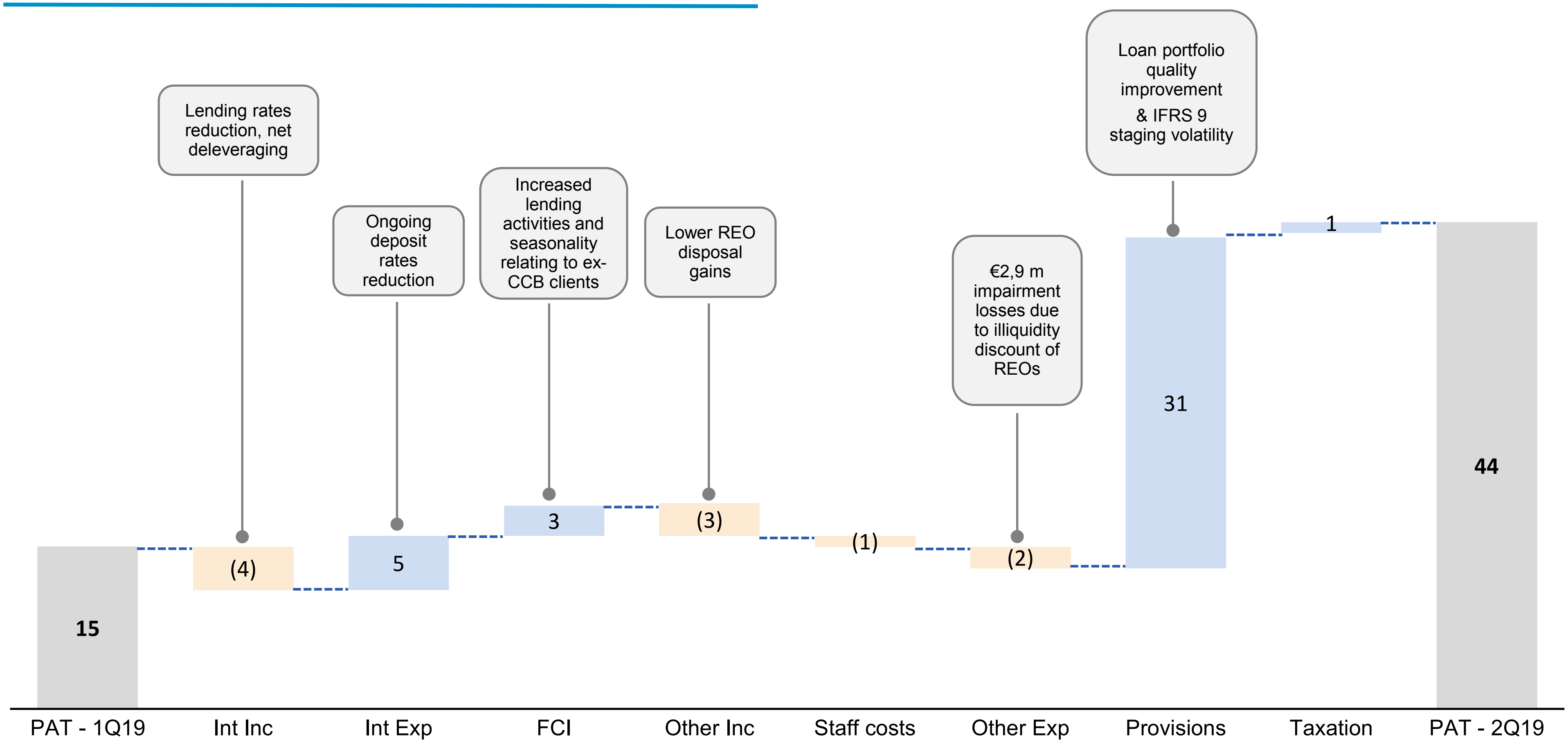
Cost to income ratio



- 2Q19 Staff costs totaled €29,8 m, with the quarterly increase of 2% due to contributions to the new General Health System which commenced in Mar-19
- 2Q19 Other expenses were up q-o-q due to €2,9 m of impairment losses on REOs reflecting a higher illiquidity discount based on the holding period of each property
- Cost to income ratio of 66% for 2Q19, reflecting a higher increase in total expenses versus the increase in total income

Income statement bridge analysis

1Q19-2Q19 Profit after tax (PAT) bridge (€ m)



TNAV	2,26	2,38
T1 ratio	21,2%	21,0%

Way forward
We remain focused on a consistent set of strategic priorities

Funding and Capital Strategy

- Stable funding base
- Adequate capital to cover business needs and associated risks

Cost Strategy

- Cost-conscious culture
- Effective structure
- Improved efficiency through streamlining

NPE Strategy

- APS Cyprus with solutions such as D2As, cash collection, maturity extensions, grace periods, foreclosures
- NPE Trades

Asset Strategy

- Financing of assets with healthy risk/ return relationship
- Primary relationships in retail/households and key business sectors to grow lending and fees
- Selective international credits
- Utilisation of excess liquidity and capital through investing in bonds

Integration Strategy

- Effective completion of the Integration Plan
- Achieve the value created by the transaction while protecting and improving the customer experience

Category	Key performance Indicator	FY17	FY18	6M19	Medium Term Targets[4]
Asset quality	NPEs ratio	53,3%	26,5%[2]	25,2%[2]	<20%[1]
	NPEs provision coverage	60%	65%[2]	64%[2]	c.55%[2]
	Cost of risk	2,1%	0,8%	0,2%	<1,0%
Funding	Net loans to deposits ratio	48%	43%	42%	>55%
Profitability	Net interest margin	2,03%	1,96%	1,92%	>2,3%
	Cost to Income ratio	86%	70%	65%	<55%
	Return on equity	(8%)	46%	12,6%	Low double digits
Capital	CET1 ratio[3]	13,8%	18,4%	18,0%	c. 18%
	Capital adequacy ratio[3]	17,7%	21,2%	20,5%	c.20%

1) Excludes the impact of any potential future NPE trades or any similar related transactions and excluding APS-NPEs 2) Excluding APS-NPEs
3) On a Fully Loaded basis including 6M19 unaudited profits. 4) The Medium Term Targets do not take into account the likely impact from any potential NPE trades, changes in regulatory requirements, any distribution, any MREL issuance and/or any Liability Management Exercise. Medium Term Targets refer to a period of three to five years.

Key takeaways

6M19

CET1 ratio[1]
18,5%

Net NPEs[2]
4%

Profit after tax
€59 m

ROTE
13,3%

Cost / Income
65%

NIM
193 bps

1. **Strong Capital Position**
   - Capital ratios significantly above minimum regulatory requirements and compare favorably with EU average, underpinning the Bank's business plan and providing optionality for NPE resolution

2. **Major program to enhance organic and develop non-organic options for resolving NPEs**
   - NPEs ratio (exc. APS-NPEs) at 25,2%, (31,4% inc. APS-NPEs)
   - Texas ratio (exc. APS-NPEs) reduced to 84%, down from 94% in Dec-18

3. **Robust liquidity position**
   - LCR of 585%; Loans to deposits ratio of 42%, enabling business expansion
   - Substantial deposit base, comprising 90% of total balance sheet

4. **6th consecutive profitable quarter underlining sustainable performance**
   - 2Q19 Net interest income of €75,8 m (up by 1% q-o-q)
   - 2Q19 Profit after tax of €44,2 m; 6M19 Profit after tax of €59 m
   - 6M19 EPS of 18,4 cents; TNAV/share of €2,38 at Jun-19

5. **A significantly strengthened franchise as the leading retail bank in a growing economy**
   - Largest branch network and market shares of 39% and 30% in household deposits and loans, respectively
   - An enlarged and diversified customer base, a more balanced loan portfolio and a significantly de-risked, well capitalized balance sheet => credit rating upgrades by major international credit rating agencies
   - Successful integration of the acquired CCB business on 16 September 2019
   - Well positioned for future challenges and opportunities in an economy expected to grow by 3,2% during 2019

1) On a transitional basis, including 6M19 unaudited profits 2) As a percentage of total assets and excluding APS-NPEs

Other information

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Credit Ratings

Moody's Investors Service
Long and short-term Bank Deposit Rating: B3
Baseline Credit Assessment: caa1
Outlook Positive

Fitch Ratings
Long and short-term Issuer Default Rating: B+
Viability rating: b+
Outlook Stable

Branch Network:

- 105 branches and 15 cash offices
- 2 Mobile Branches
- 7 Commercial Centres
- 2 Corporate Centres
- 1 Transaction Banking Shipping
- 3 International Business Centres
- 4 Representative Offices

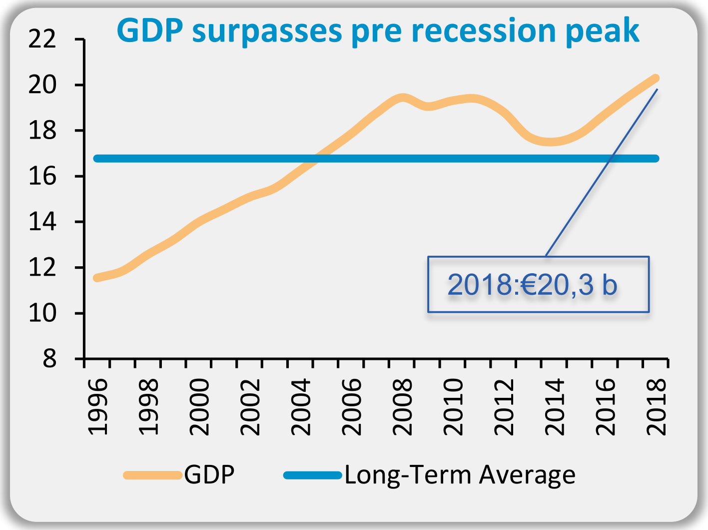
Securities ISIN numbers:

- HB (shares) - CY0105570119
- HBCS1 (CSC 1) - CY0144170111
- HBCS2 (CSC 2) - CY0144180110

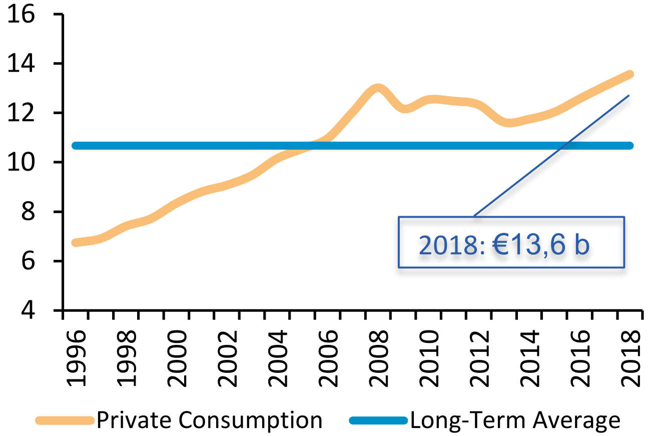
Appendix – Economic environment and Additional information

HELLENIC BANK

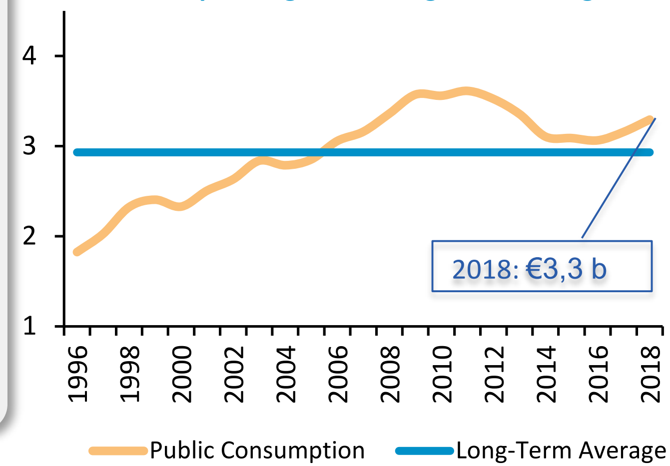
A bird's eye view of the Cypriot economy
…GDP surpasses pre recession peak



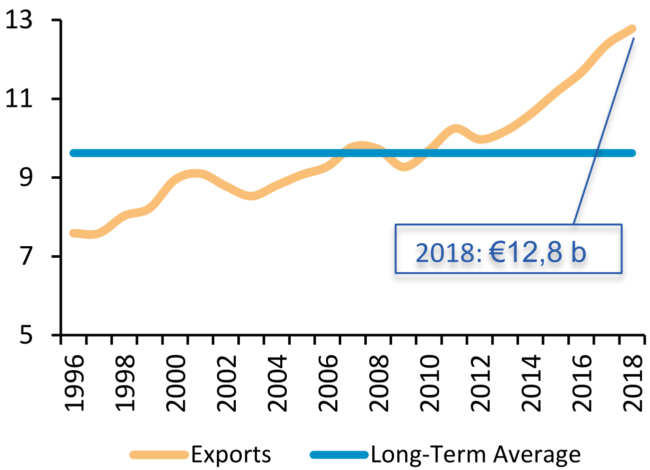
Consumption has been the engine of growth



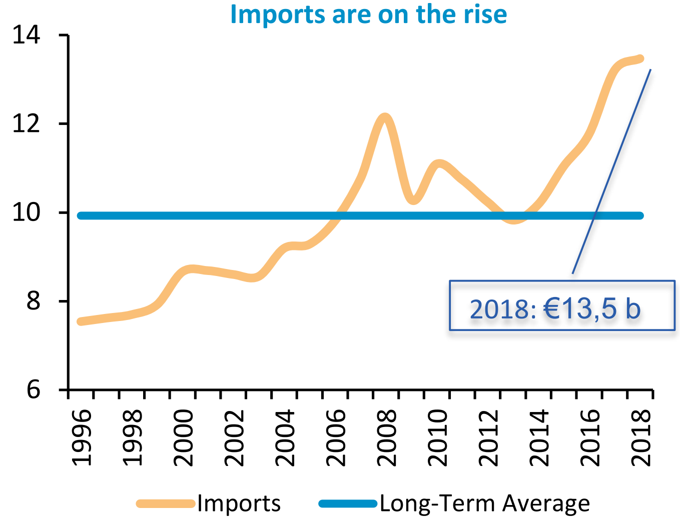
Public Spending above long-term average



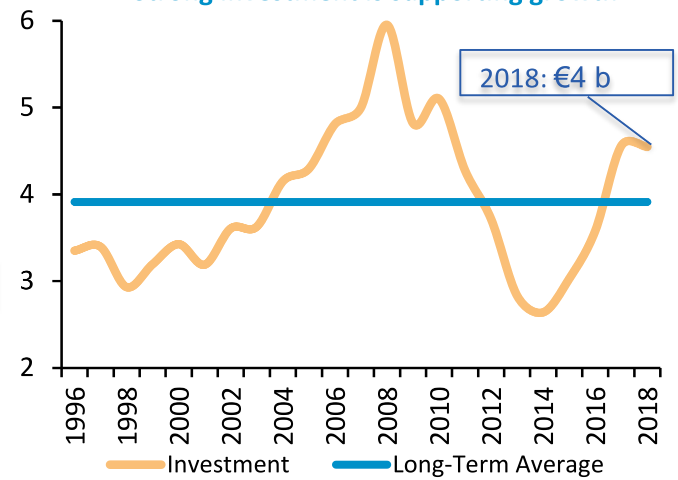
Exports are on the rebound due to tourism



Imports are on the rise

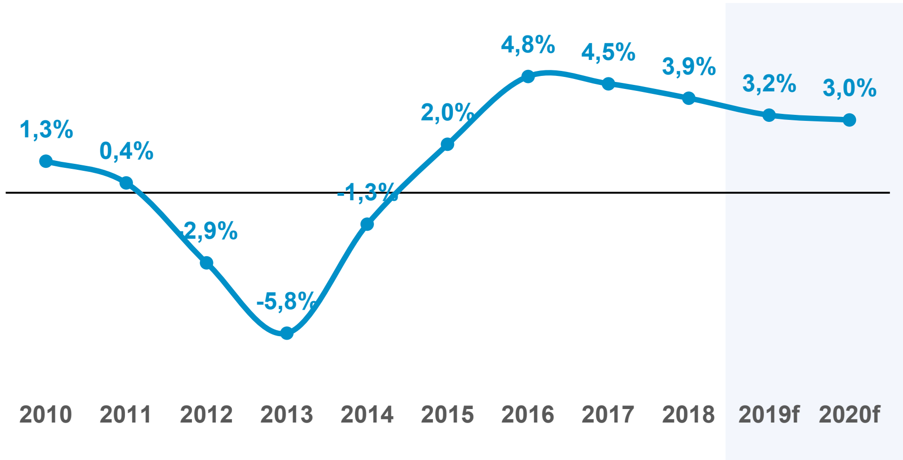


Strong investment is supporting growth

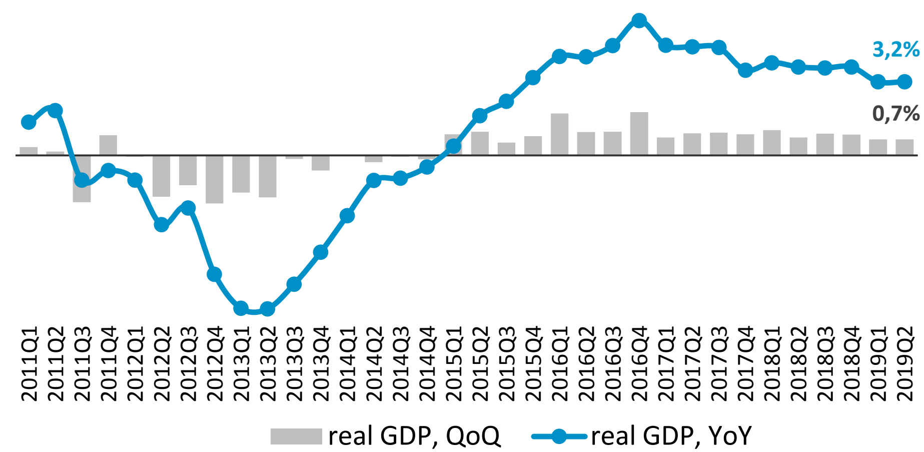


Economic growth remains strong despite deceleration

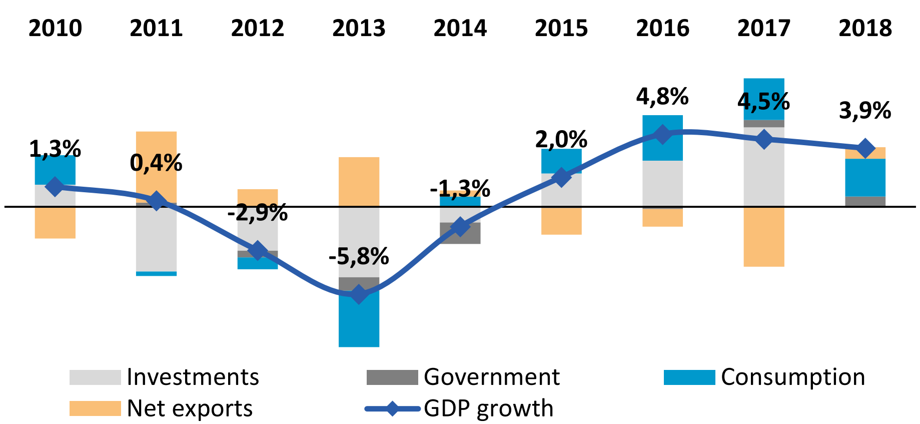
Annual Real GDP growth (y-o-y % change)



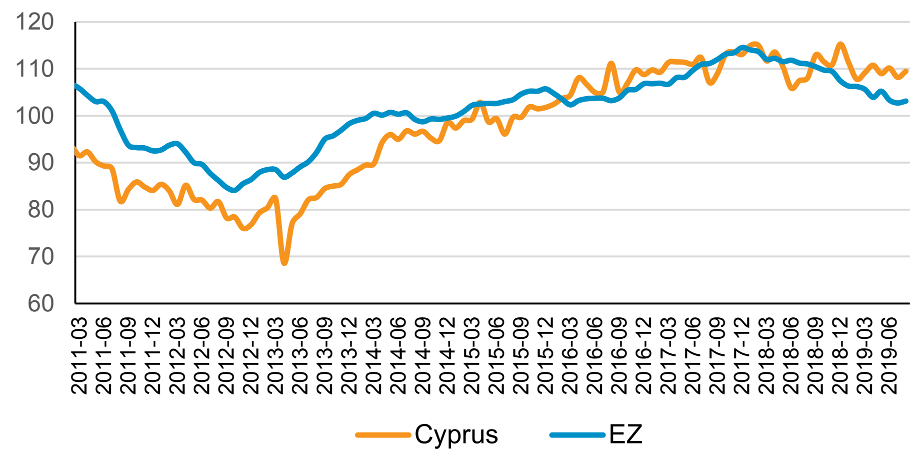
Quarterly Real GDP growth (y-o-y and q-o-q % change)



Real GDP growth and contributions (y-o-y % change)



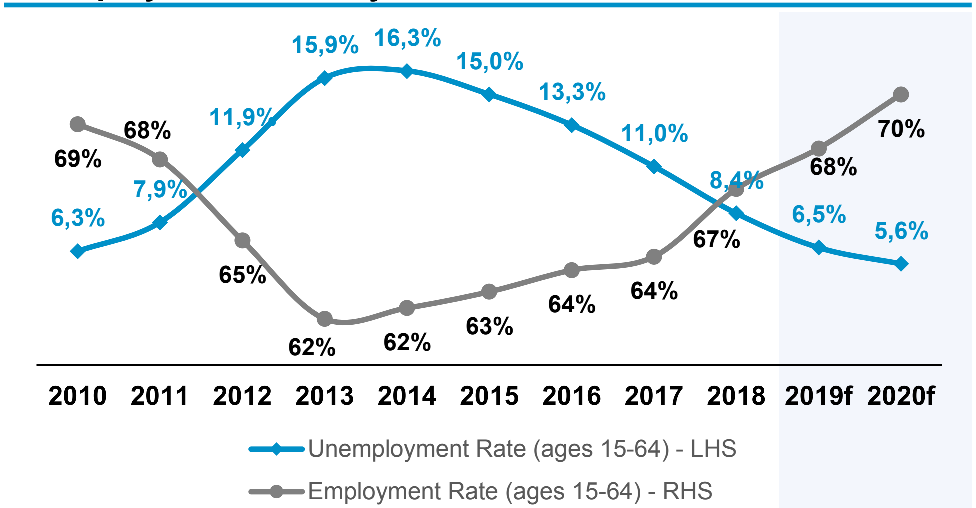
Strong rebound in Economic Sentiment Indicator



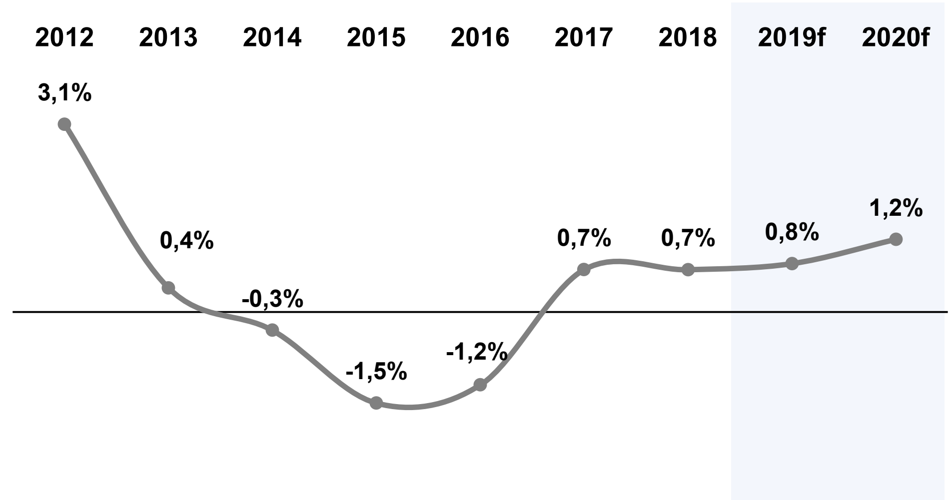
Source: Ministry of Finance, HB – Economic Research

Labor market conditions and inflation continue to improve

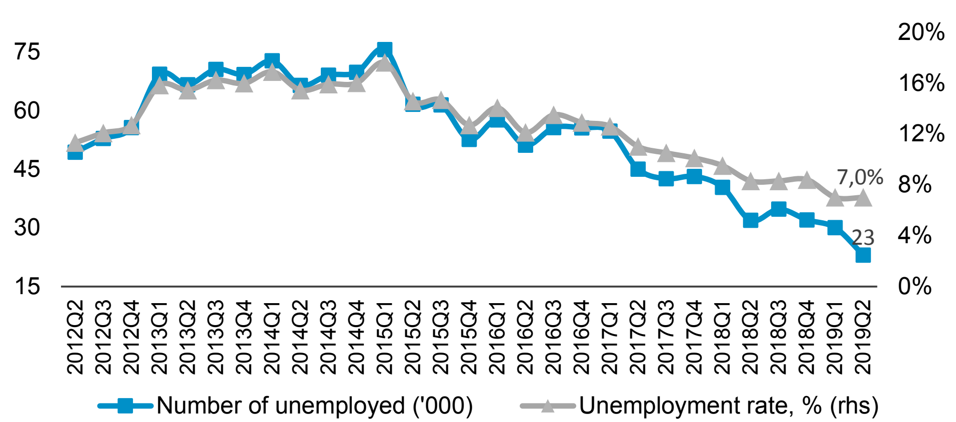
Unemployment in steady decline



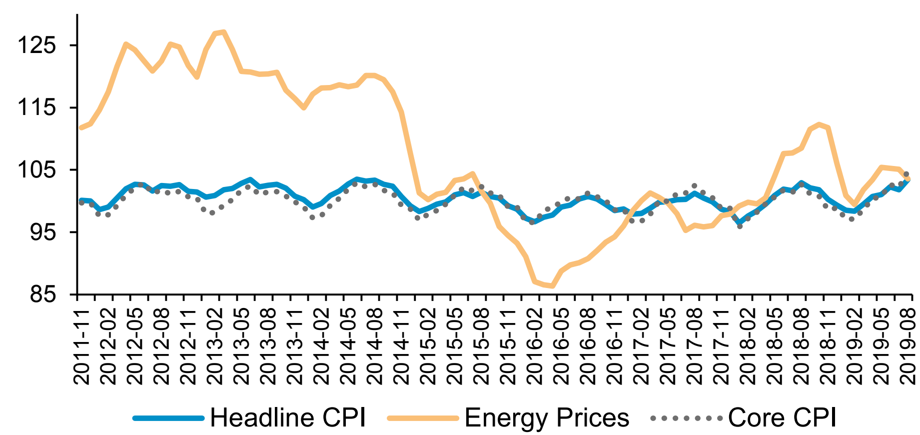
Inflation on a positive trajectory



Number of Registered Unemployed and Unemployment rate



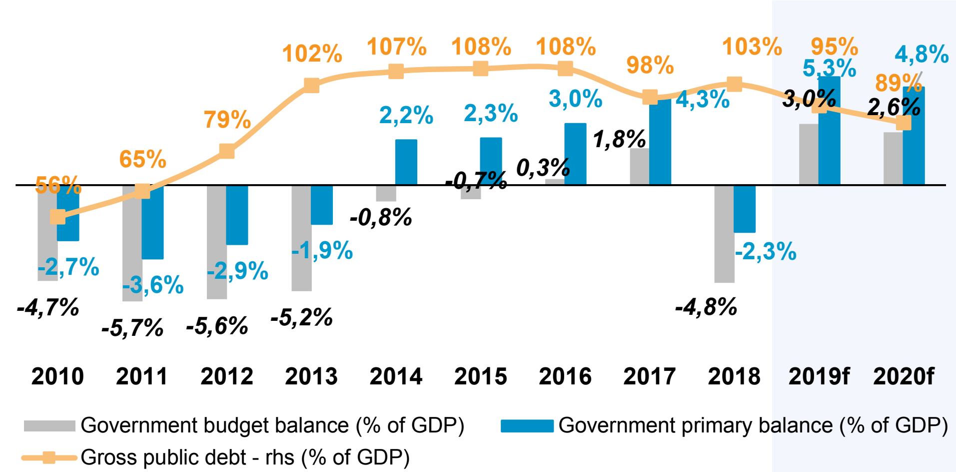
Historical evolution of Consumer Price Index



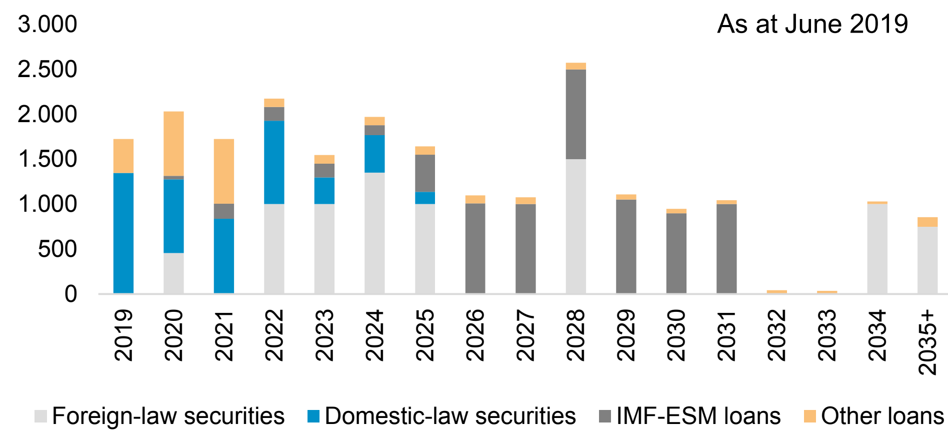
Source: Ministry of Finance, HB – Economic Research

Prudent fiscal policy delivers strong results and reflected in higher sovereign credit ratings

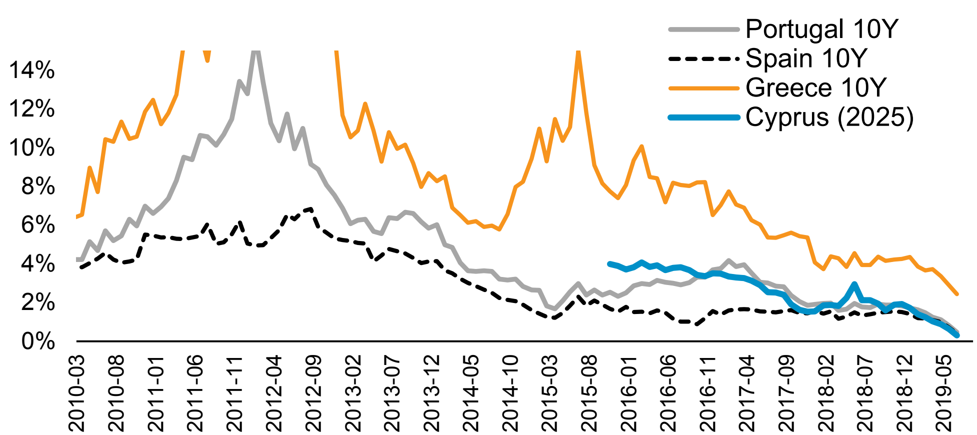
Public Finances (% of GDP)



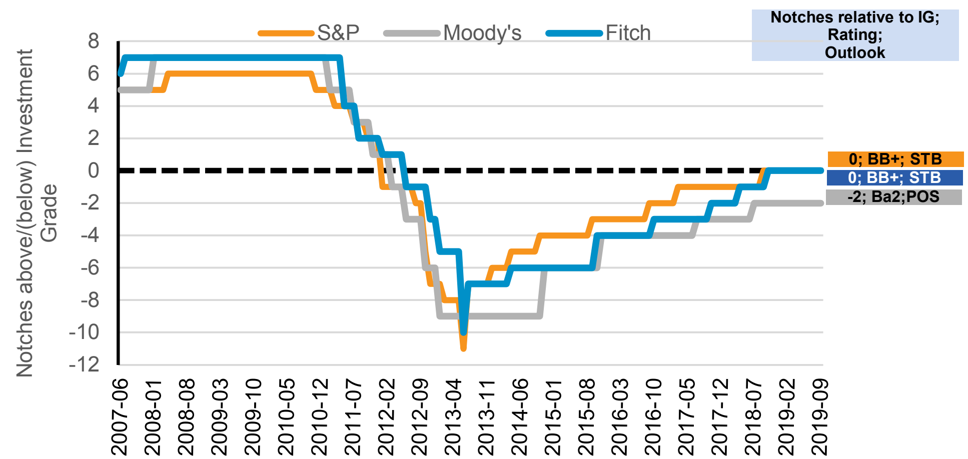
Maturity Profile of General Government Debt (€ m)



Government Bonds



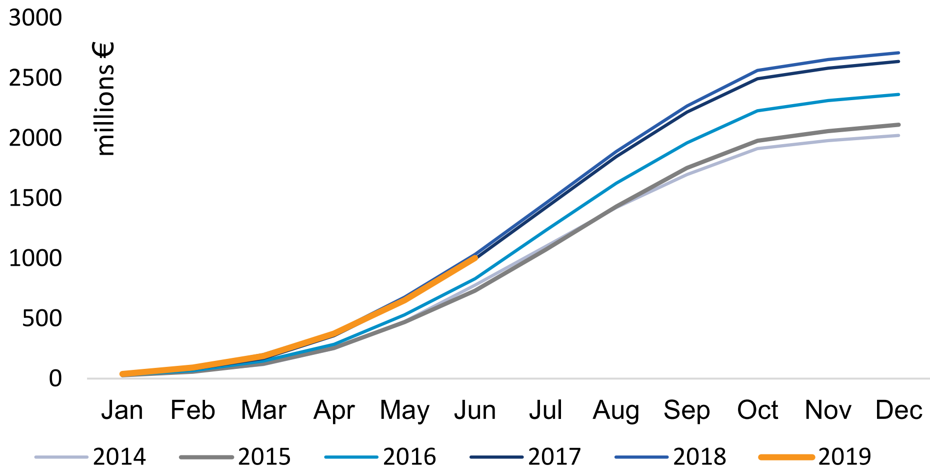
Cyprus credit rating relative to "investment grade"



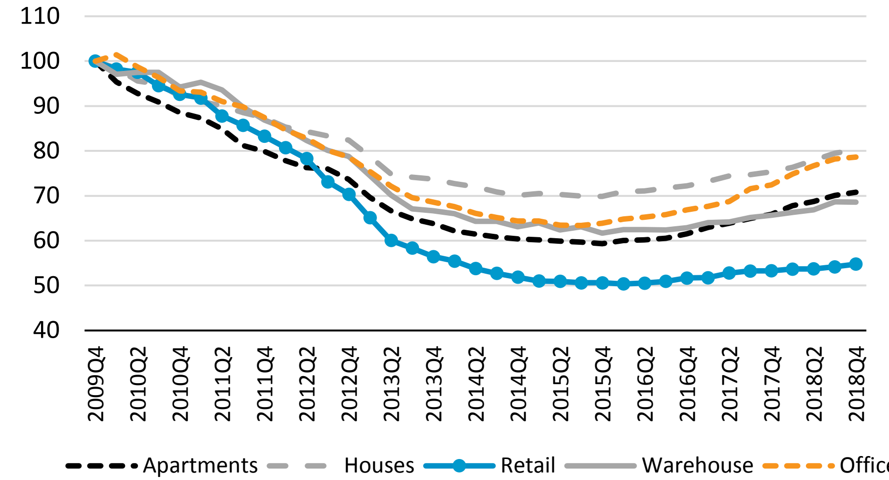
Source: Ministry of Finance, Bloomberg, HB – Economic Research

Tourism continues its long-standing contribution - Real estate sector is recovering

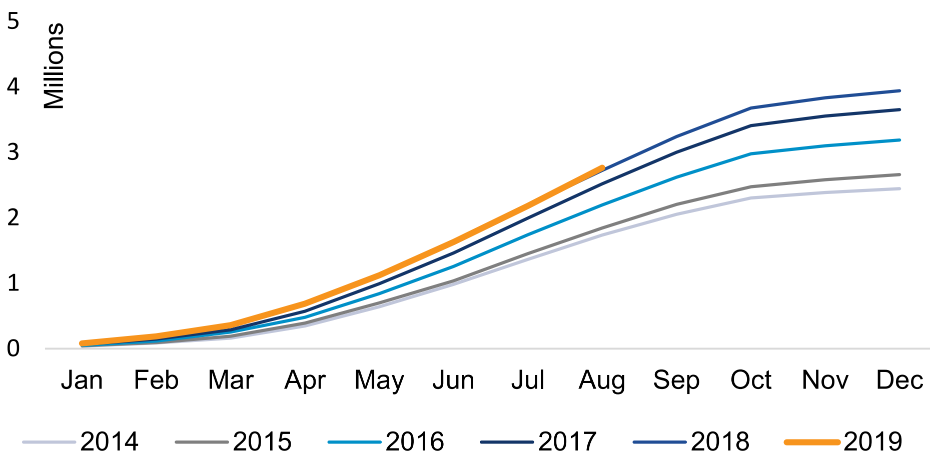
Tourism revenues



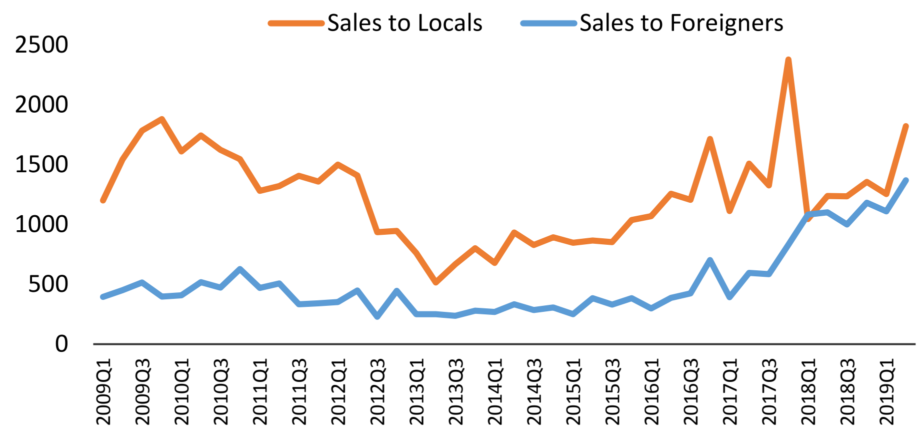
Real estate prices (base Dec 2009); RICS



Tourism arrivals



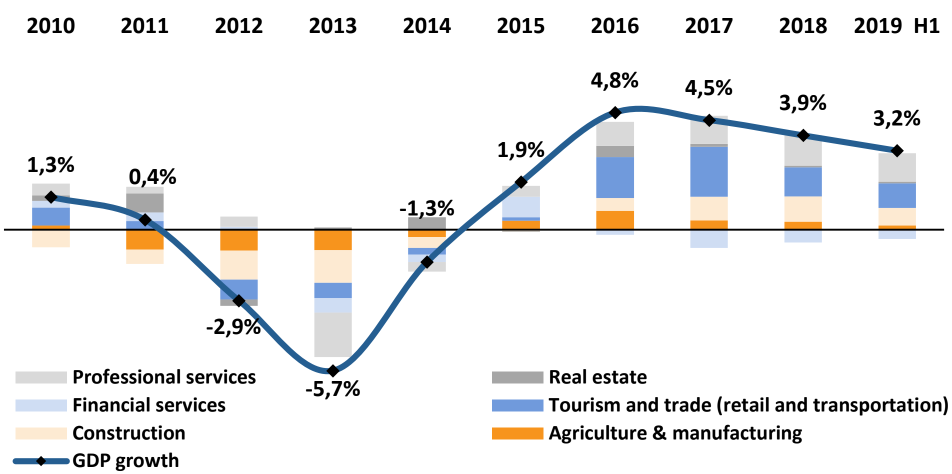
Number of contracts of property sales



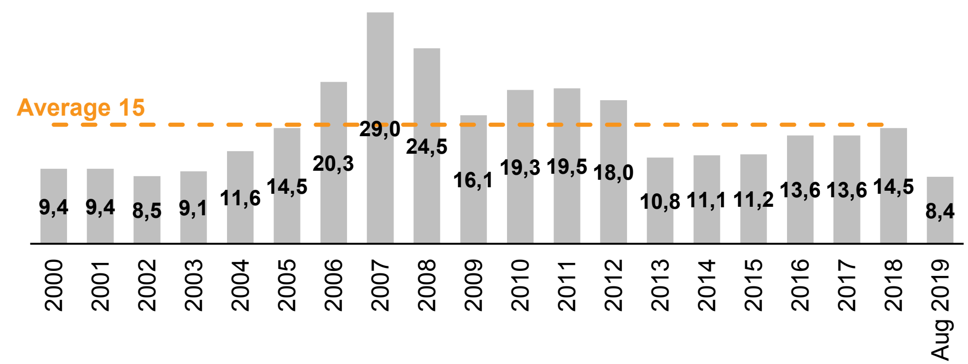
Source: Ministry of Finance, HB – Economic Research

A diversified economy with a broad based recovery - Construction sector is seeing a substantial increase

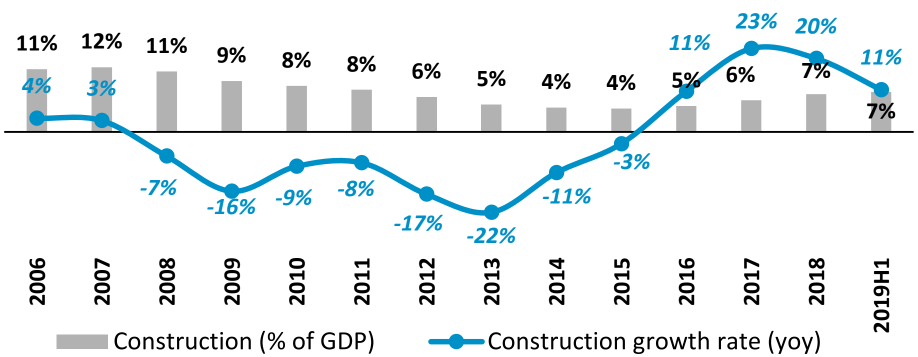
Broad based recovery



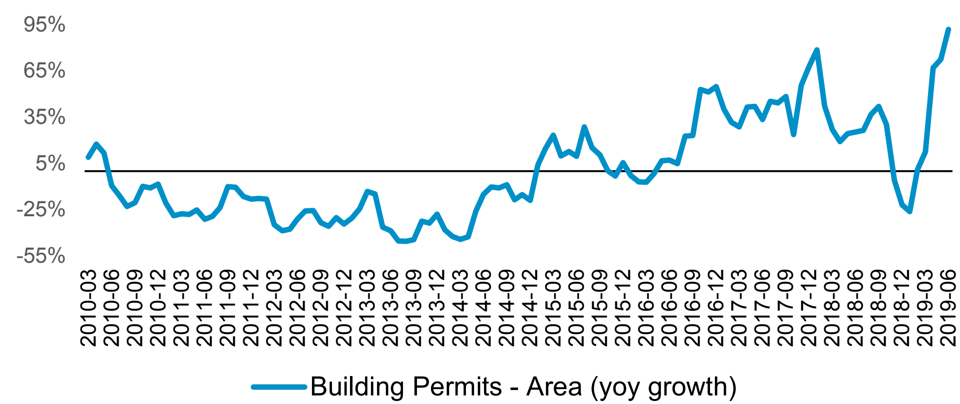
Number of new business registrations ('000)



Construction sector is gaining momentum



Construction – leading indicator (%)

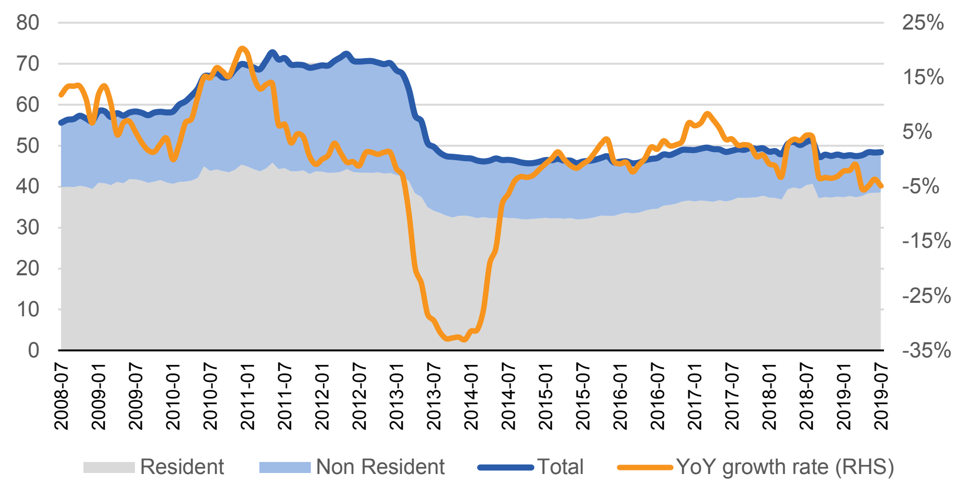


Source: Cyprus Statistical Services, Department of Registrar of companies and Official Receiver, HB – Economic Research

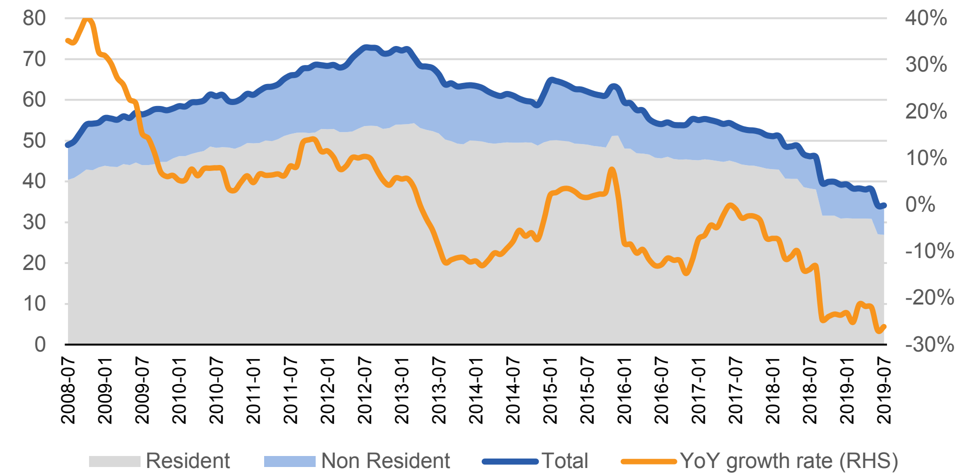
HELLENIC BANK

Domestic banking system: deposits and loans

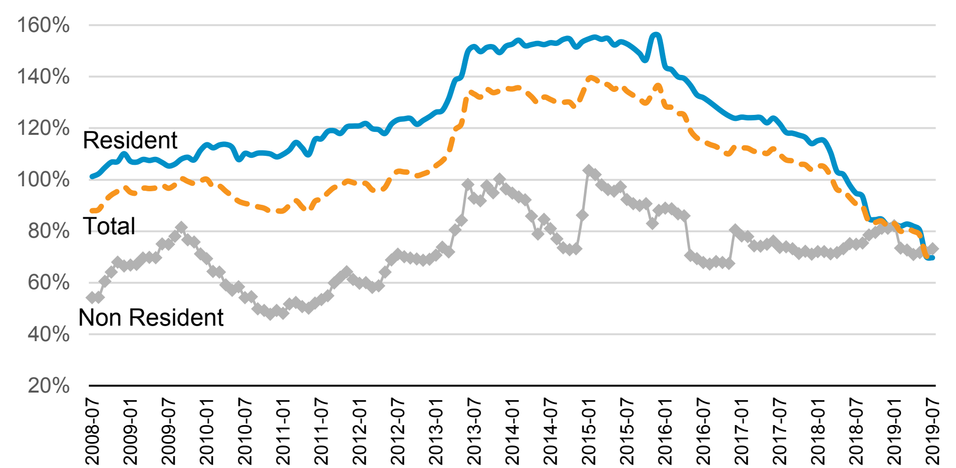
Banking system deposits (€ b)



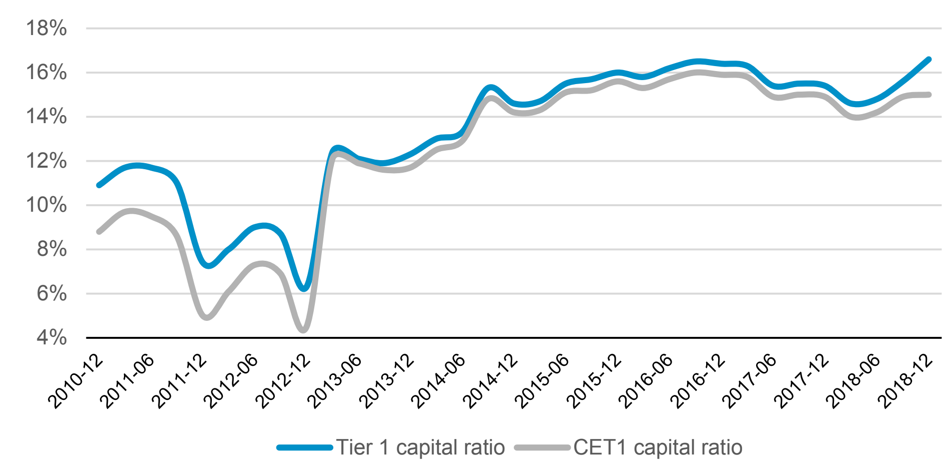
Banking system loans (€ b)



Loans to Deposits ratios



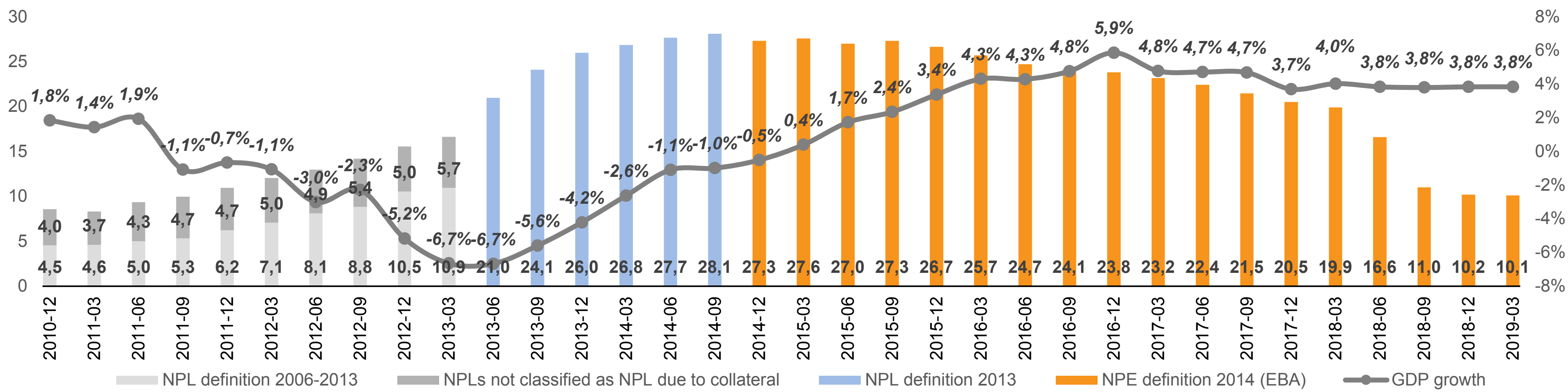
Capital ratios



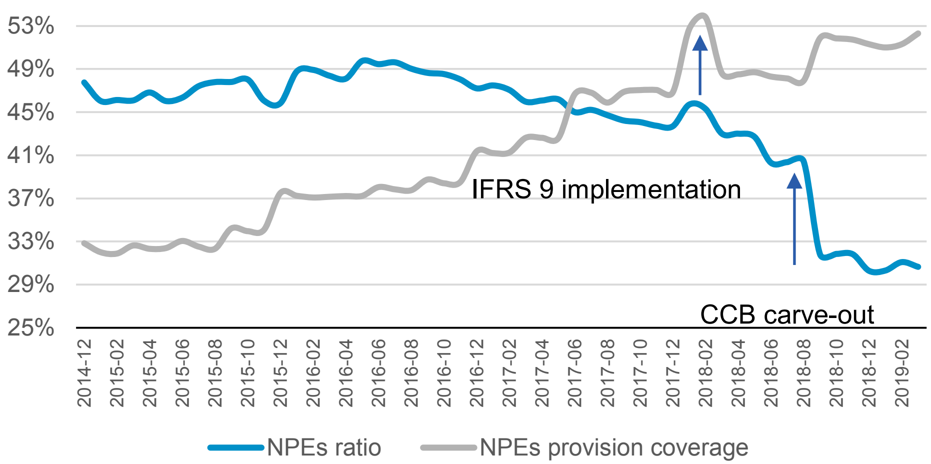
Source: Central Bank of Cyprus, Cyprus Statistical Services, HB – Economic Research

Domestic banking system: asset quality

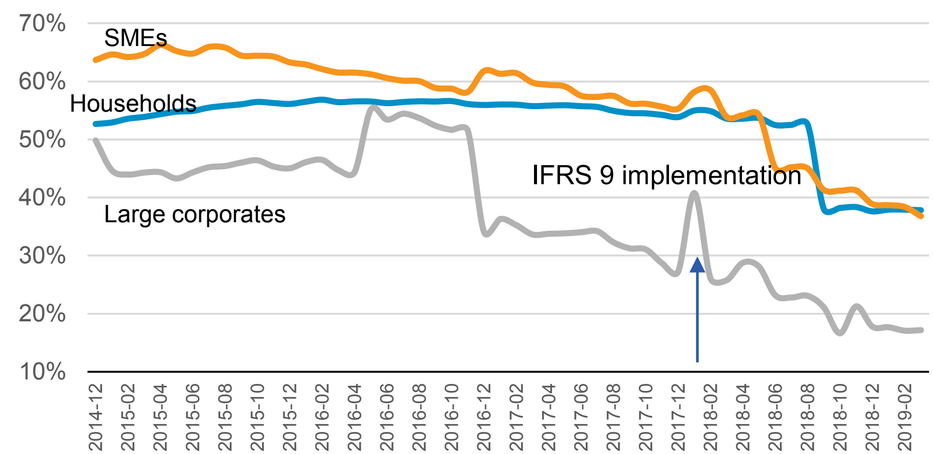
Banking system problem loans vs Economic growth



NPEs ratio and NPEs provision coverage



NPEs ratio by type of borrower



Source: Central Bank of Cyprus, Cyprus Statistical Services, HB – Economic Research

Group income statement

[€ m]	1H19	1H18	y-o-y	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
Interest income	191,8	73,5	161%	93,8	98,0	106,9	60,6	36,3	37,2
Interest expense	(40,7)	(15,8)	158%	(18,0)	(22,7)	(26,5)	(14,4)	(7,9)	(7,9)
Net interest income	**151,1**	**57,6**	**162%**	**75,8**	**75,3**	**80,4**	**46,1**	**28,4**	**29,3**
Net fee and commission income	24,3	20,7	17%	13,5	10,7	16,9	11,1	11,1	9,7
Net gains on disposal and revaluation of foreign currencies and financial instruments	5,4	23,0	(77%)	2,9	2,5	1,7	2,4	2,7	20,3
Other income	19,0	13,4	42%	8,0	11,0	8,4	7,4	5,6	7,8
Total net income	**199,7**	**114,8**	**74%**	**100,2**	**99,4**	**107,4**	**67,0**	**47,7**	**67,1**
Staff costs	(59,0)	(37,6)	57%	(29,8)	(29,2)	(28,2)	(21,8)	(18,0)	(19,6)
Depreciation and amortisation	(10,5)	(4,7)	124%	(5,4)	(5,1)	(3,6)	(2,9)	(2,4)	(2,3)
Administrative and other expenses	(60,5)	(42,6)	42%	(31,2)	(29,2)	(37,1)	(24,0)	(23,5)	(19,1)
Total expenses	**(130,0)**	**(84,9)**	**53%**	**(66,4)**	**(63,5)**	**(68,9)**	**(48,7)**	**(43,9)**	**(41,0)**
Profit before impairment losses and provisions to cover credit risk	**69,7**	**29,9**	**134%**	**33,8**	**35,9**	**38,5**	**18,3**	**3,7**	**26,1**
Impairment losses and provisions to cover credit risk	(9,6)	7,4	(230%)	10,5	(20,1)	(11,7)	(63,0)	4,2	3,2
Share of results of associate company net of taxation	0,9	1,5	(43%)	0,4	0,5	0,7	0,0	1,2	0,4
Negative goodwill	-	-	-	-	-	-	297,9	-	-
Profit before taxation	**61,0**	**38,8**	**57%**	**44,7**	**16,3**	**27,5**	**253,1**	**9,1**	**29,7**
Taxation	(1,9)	(3,5)	(47%)	0,5	(1,4)	(3,4)	7,5	(2,4)	(1,1)
Profit for the period	**59,1**	**35,3**	**68%**	**44,2**	**14,9**	**24,1**	**260,7**	**6,7**	**28,6**
Non-controlling interest	(0,8)	(0,6)	36%	(0,2)	(0,6)	(0,1)	(0,1)	(0,1)	(0,5)
Profit attributable to shareholders of parent company	**58,3**	**34,7**	**68%**	**44,0**	**14,3**	**24,0**	**260,6**	**6,6**	**28,1**

Group statement of financial position

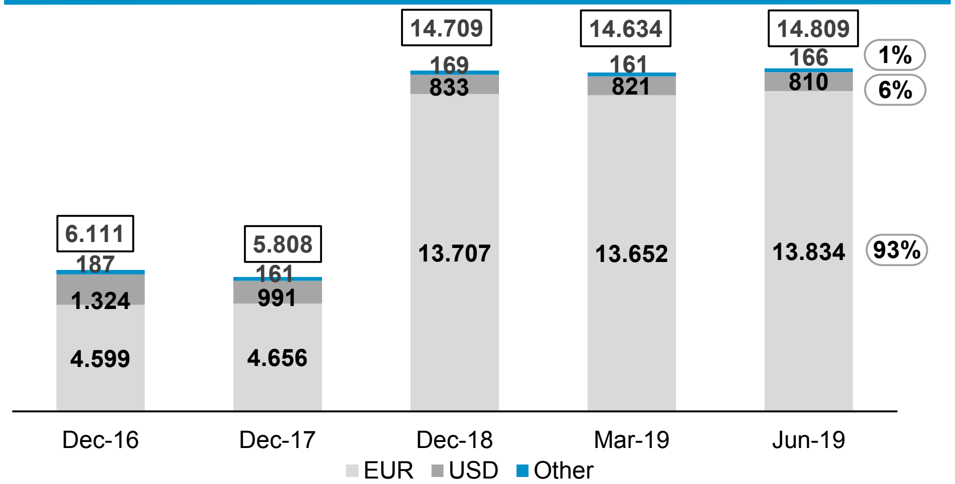
[€ m]	Jun-19	Mar-19	Dec-18	Dec-17	% Assets			
					Jun-19	Mar-19	Dec-18	Dec-17
Cash and balances with Central Banks	3.975	4.208	4.391	2.294	24,1	26,0	27,2	33,5
Placements with other banks	453	396	308	348	2,7	2,4	1,9	5,1
Loans and advances to customers	6.221	6.228	6.283	2.767	37,8	38,5	39,0	40,4
Debt securities	5.214	4.737	4.526	1.019	31,7	29,3	28,1	14,9
Equity & Other securities & Collective Investment Units	37	36	35	30	0,2	0,2	0,2	0,4
Investment in associate	8	9	9	8	0,0	0,1	0,1	0,1
Property, plant and equipment[1]	152	149	101	103	0,9	0,9	0,6	1,5
Intangible assets	49	49	47	34	0,3	0,3	0,3	0,5
Deferred tax asset	11	13	16	12	0,1	0,1	0,1	0,2
Other assets[2]	346	366	409	232	2,1	2,3	2,5	3,4
Total assets	**16.467**	**16.191**	**16.126**	**6.847**	**100,0**	**100,0**	**100,0**	**100,0**
Deposits by banks	202	166	216	176	1,2	1,0	1,3	2,6
Customer deposits and other customer accounts	14.809	14.634	14.709	5.808	89,9	90,4	91,2	84,8
Other liabilities	291	274	247	160	1,8	1,7	1,5	2,3
Total liabilities	**15.302**	**15.074**	**15.172**	**6.145**	**92,9**	**93,1**	**94,1**	**89,7**
Loan capital	130	130	130	140	0,8	0,8	0,8	2,0
Share capital	206	206	99	99	1,3	1,3	0,6	1,4
Reserves	823	776	721	460	5,0	4,8	4,5	6,7
Shareholders' equity	**1.030**	**982**	**820**	**559**	**6,3**	**6,1**	**5,1**	**8,2**
Non-controlling interest	5	5	4	3	0,0	0,0	0,0	0,0
Total liabilities and equity	**16.467**	**16.191**	**16.126**	**6.847**	**100,0**	**100,0**	**100,0**	**100,0**

1) IFRS 16 Leases was initially applied at 1 January 2019, using the modified retrospective approach, under which comparative information is not restated. The impact that the application of IFRS 16 had on the financial statements of 1 January 2019 was an increase in assets of €53,2 million and a corresponding lease liability of €53,2 million, with no impact on the retained earnings or equity

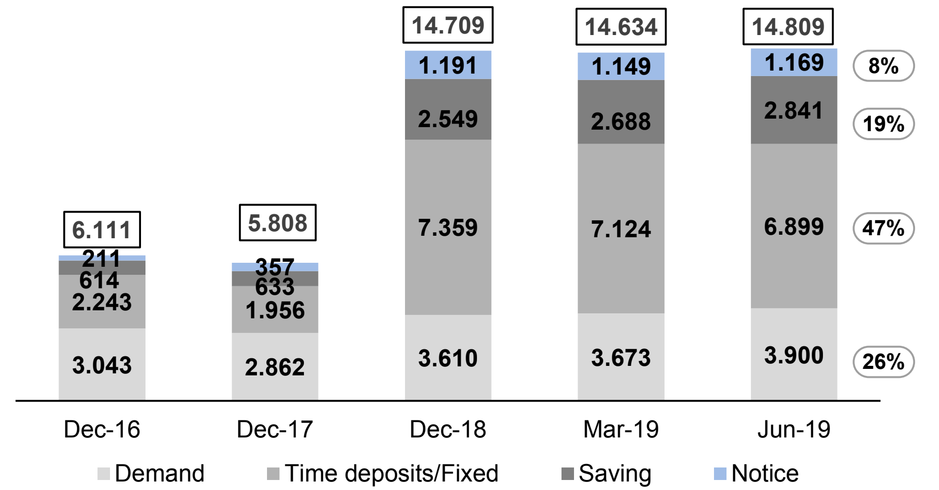
2) Other assets include the APS Indemnification Asset recognized as a result of the Acquisition (6M19 at €56m). The asset is carried at amortized cost reflecting re-measurement of the estimated future cash flows arising from claims to be made by the Bank to the RoC in the event of APS losses and the present value of fees payable from the Bank to the RoC, discounted at the original effective interest rate. The first claim is anticipated by the end of the year. Currently the Bank is establishing a procedure for making, verifying and approving such claims as well as finalizing the operational arrangements and supporting infrastructure. Until this process and procedures are finalized, no receivable and no corresponding decrease in the indemnification asset have been recognized. Upon completion required adjustments will be made.

Evolution of deposits

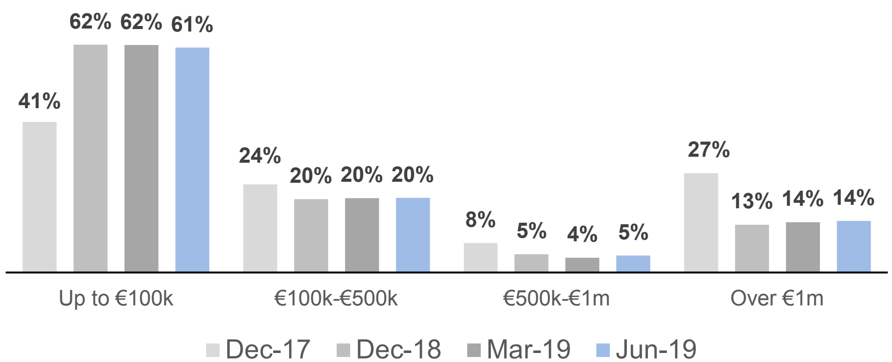
Deposits by currency (€ m)



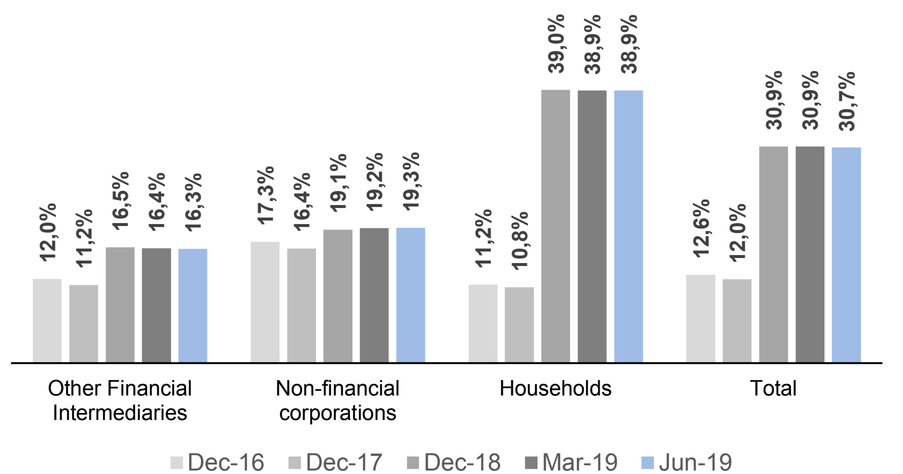
Deposits by category (€ m)



Deposits split by size



Deposit market share (%)[1]



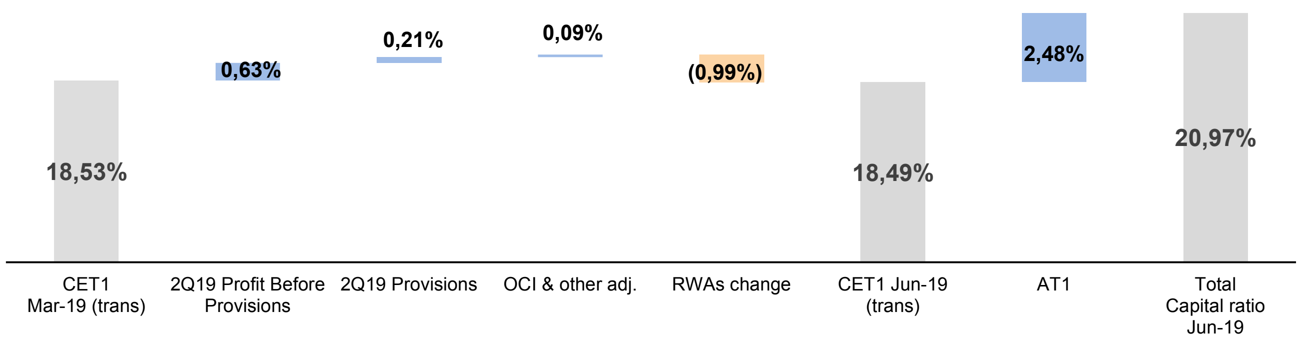
1) Source system data: CBC

Capital and risk weighted assets breakdown

Capital breakdown € m[1]	Dec-14	Dec-15	Dec-16	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
CET 1	539	584	518	483	479	485	726	760	919	966
Additional Tier 1	114	116	119	122	130	130	130	130	130	130
Tier 1	653	700	637	605	608	614	856	889	1.049	1.095
Tier 2	81	18	9	5	1	0	0	0	0	0
Total regulatory capital	**734**	**718**	**645**	**611**	**609**	**615**	**856**	**889**	**1.049**	**1.095**

Risk Weighted Assets €m[1]	Dec-14	Dec-15	Dec-16	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Credit Risk	3.480	3.458	3.271	3.006	3.046	3.119	4.118	4.010	4.167	4.434
Market Risk	7	10	9	4	1	1	1	1	1	1
Operational Risk[2]	540	490	463	410	409	409	702	789	789	788
Total RWAs	**4.027**	**3.958**	**3.744**	**3.420**	**3.456**	**3.530**	**4.820**	**4.800**	**4.957**	**5.223**

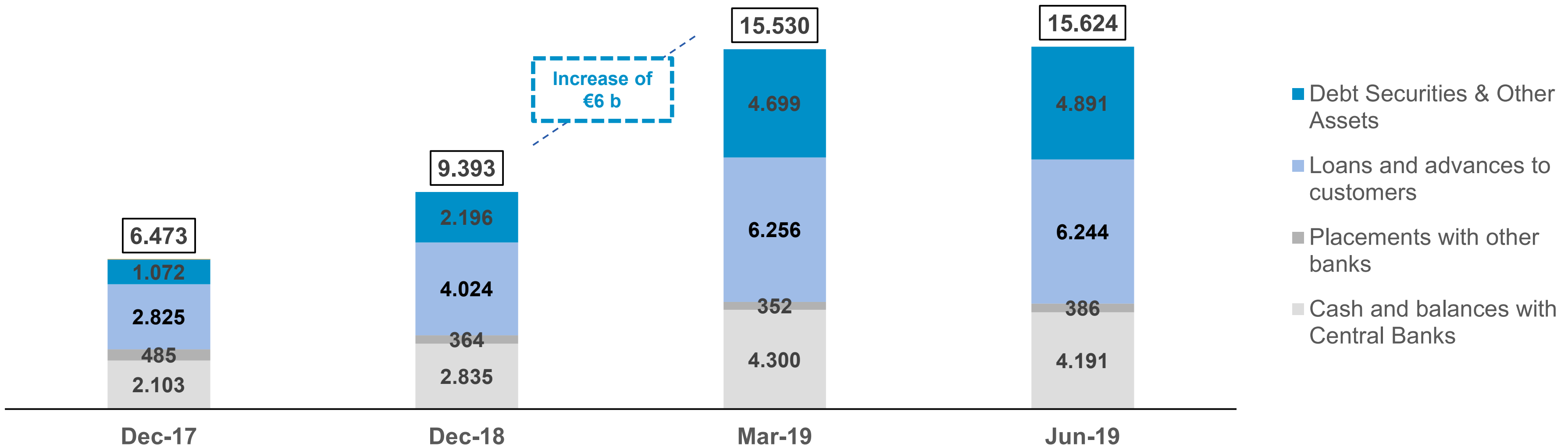
Capital evolution



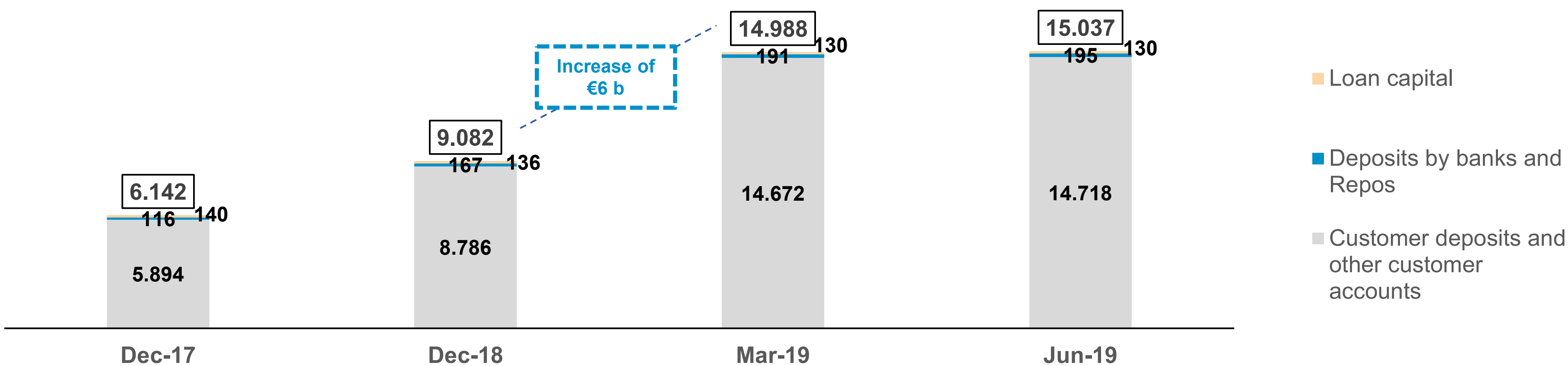
1) All numbers are on a transitional basis 2) Including Credit valuation adjustments (CVA)

Interest earning assets and Interest bearing liabilities breakdown

Interest earning assets (€ m) (average, y-t-d)[1]



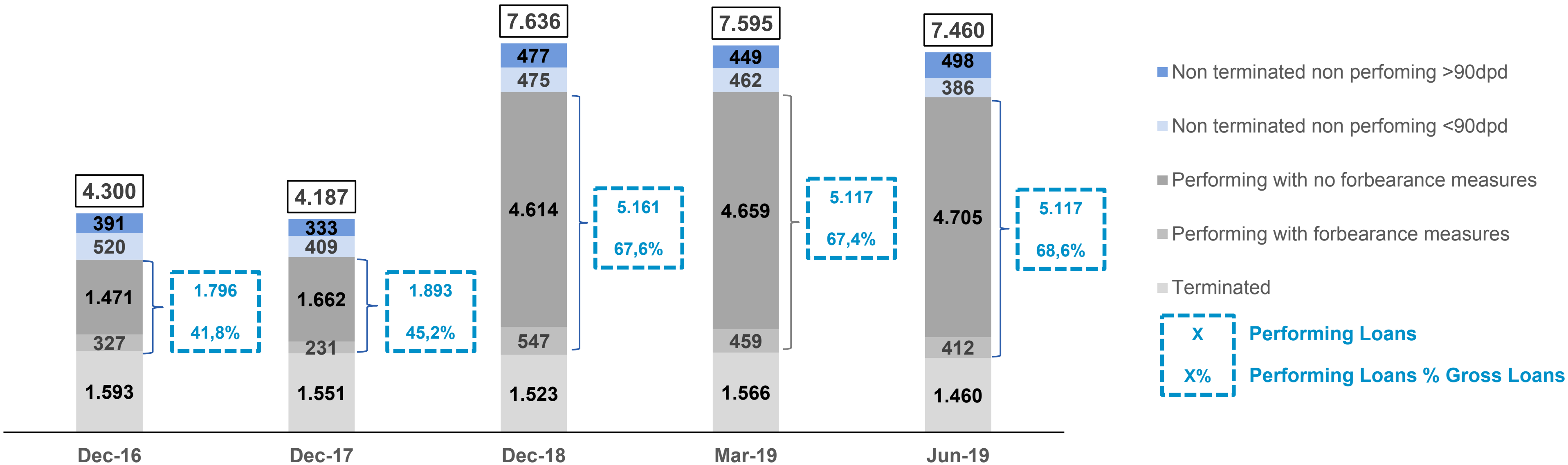
Interest bearing liabilities (€ m) (average, y-t-d)[1]



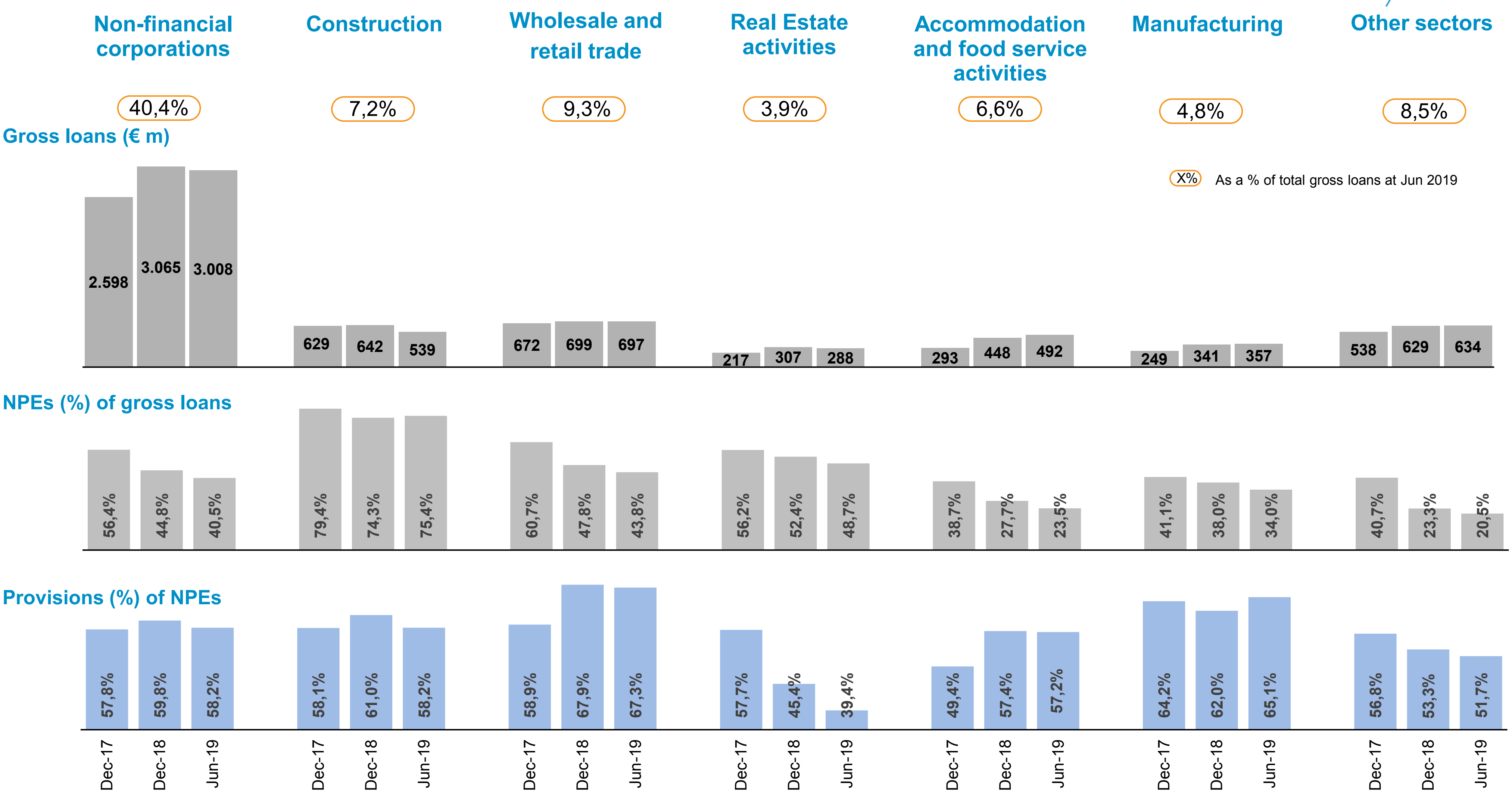
1) Figures are year-to-date averages, with the step up in figures during 2019, reflecting the increased balance sheet post transaction. Figures do not add up due to adjustment for accrued interest

Gross loans performance analysis

Gross loans performance evolution (€ m)

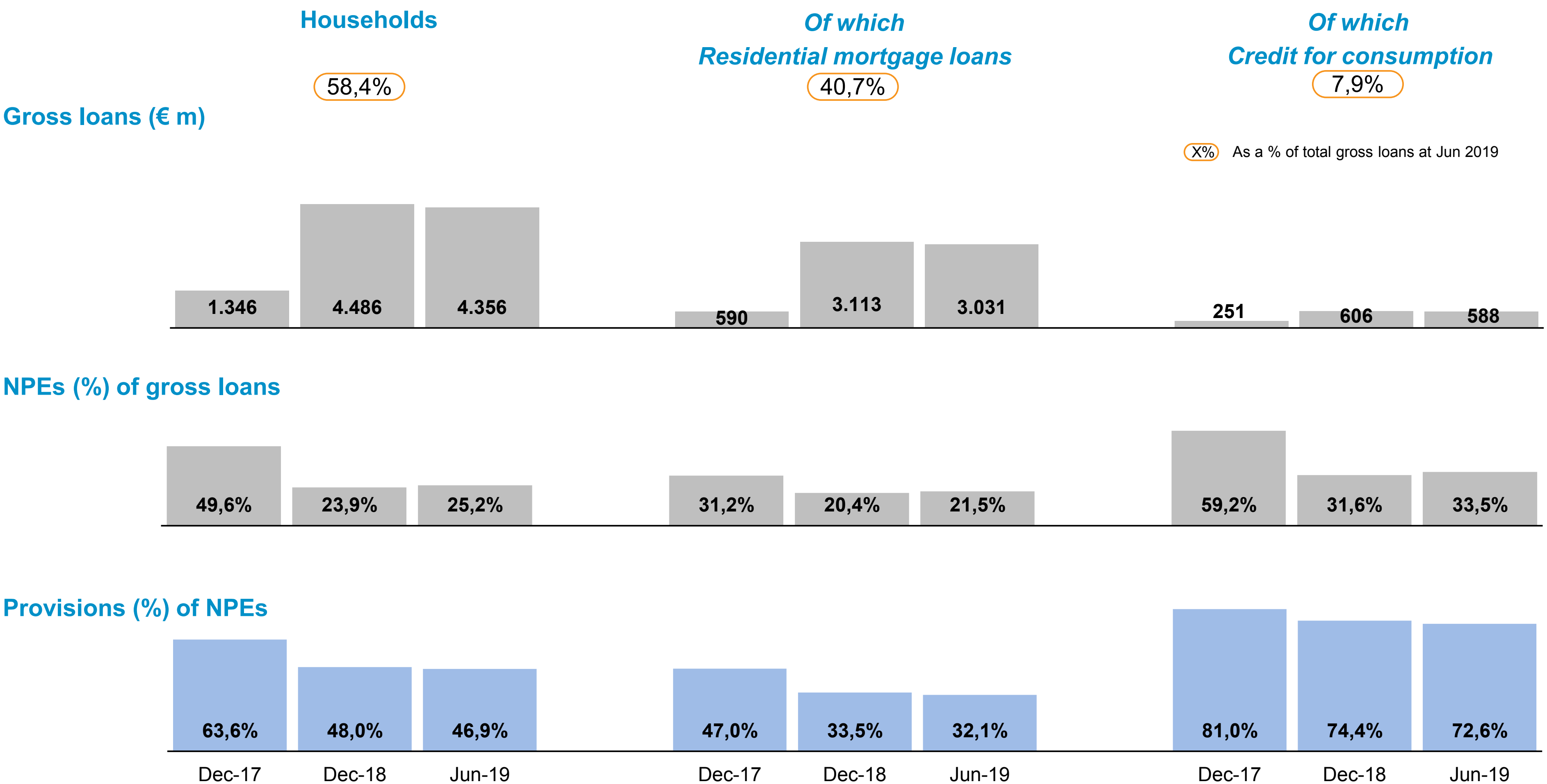


Non financial corporations lending: NPEs and provisions coverage



NPEs as per EBA definition. Classification based on Institutional sector codes and NACE codes (European Commission).
"Other sectors" includes a number of different sectors including Professional, scientific and technical activities, Transport and storage, Human health services and social work activities.
Source, including total Gross Loans: Table Analysis of loan portfolio according to counterparty sector.

Households lending: NPEs and NPEs provisions coverage



NPEs as per EBA definition. Classification based on Institutional sector codes (European Commission).
Source including total Gross Loans: Table Analysis of loan portfolio according to counterparty sector

Estia Scheme
Resolution of NPEs backed by Primary Residence

Main eligibility criteria of the Scheme

- Scheme eligibility criteria[1]:
  - Borrowers with loans collateralised by a Primary Residence (PR) with Open Market Value (OMV) less than €350 k
  - 20% or more of the borrower's exposures must exceed 90 days past due as at 30 September 2017
  - Annual gross income per household up to €20 k for single persons and €60 k for couples with 4 or more dependents
  - Other household's net assets not to exceed in terms of OMV 80% of the PR's OMV, with a cap of €250 k
  - Borrowers must be permanent residents of the Republic of Cyprus in the last 10 years
- Eligible loans can be restructured to the lowest of contractual balance and OMV, with 1/3 being subsidized by the Government
- These loans are expected to be re-classified to performing in line with NPE criteria
- Budget was approved and released by the Parliament in January 2019
- Following the approval of the Estia Scheme by the European Commission and the approval of the final terms & conditions by the Council of Ministers, it has been officially announced that the scheme will take effect on the 2nd of September 2019

HB Estia eligible population

- Estimated Estia eligible population[2] to be in the range of c. 1.300 customers corresponding to c. 1.600 loans with a total contractual balance[3] of c. €290 m
- It should be noted that the actual population to be restructured under the Estia scheme may differ from the above estimations given the detailed assessment of each case, taking into account the supplementary information to be submitted by each applicant

Communication with customers

- Letters were sent to potentially ESTIA eligible customers to communicate the issue so that they may contact the Bank and come in for restructuring
- Eligible customers are being contacted in order to determine their intentions with regards to the Estia Scheme
- Out of the customers who were successfully contacted, c.75% of them (c.600 borrowers) expressed interest for the Scheme

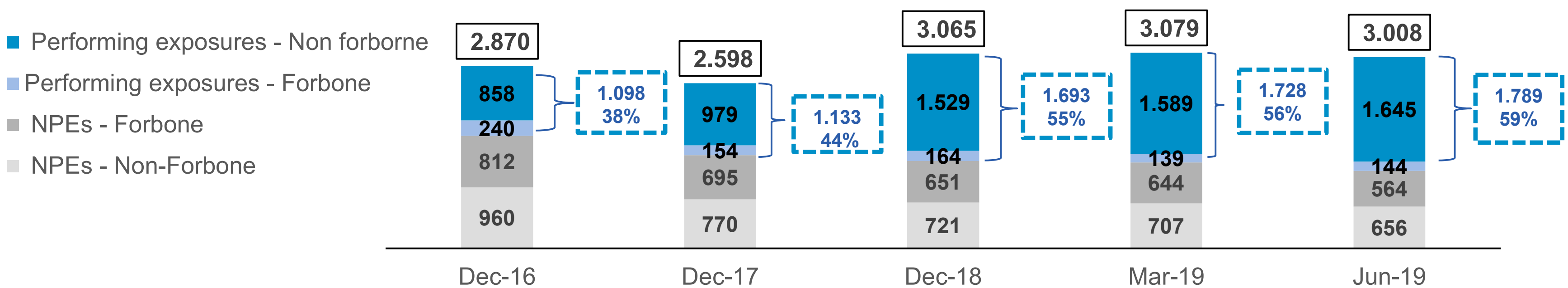
Key milestones

- **2 Sep. – 15 Nov. 2019** Borrowers to submit applications
- **2 Sep. – 29 Nov. 2019** The Bank is expected to submit the eligibility / viability assessment results to the MLSI
- **2 Sep. – 16 Dec. 2019** The Bank is expected to offer standardized restructuring solutions to successful applicants
- **2 Sep. 2019 – 31 Mar. 2020** Assessment and validation of applications by the MLSI and communication of outcome to Banks and applicants

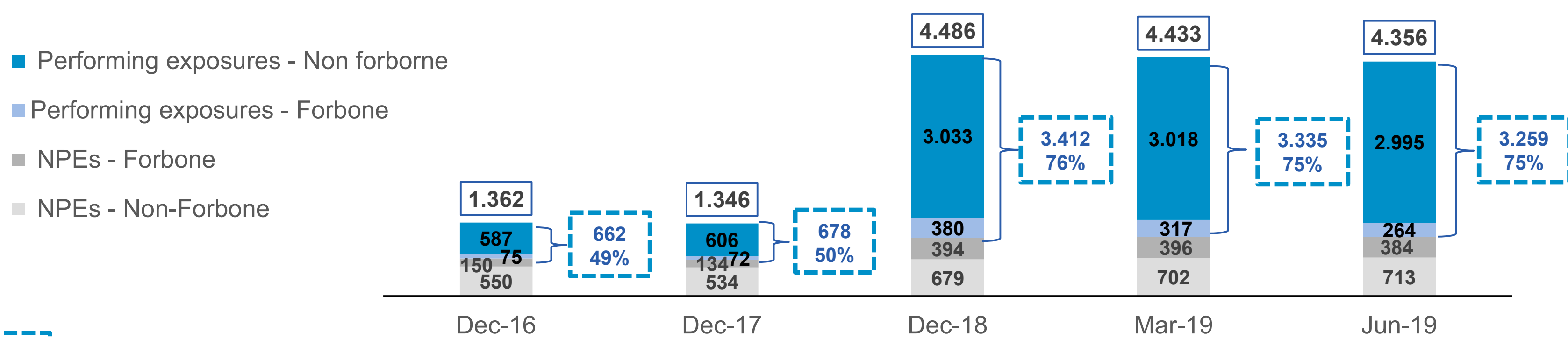
1) Subject to final terms and conditions of the Memorandum of Understanding 2) Also incorporating revisions of eligibility criteria as stipulated in the Memorandum of Understanding 3) Including borrower eligible exposures acquired from CCB

Loan performance analysis by type of customer

Non Financial Corporations – Analysis of loan portfolio (€ m)



Households – Analysis of loan portfolio (€ m)

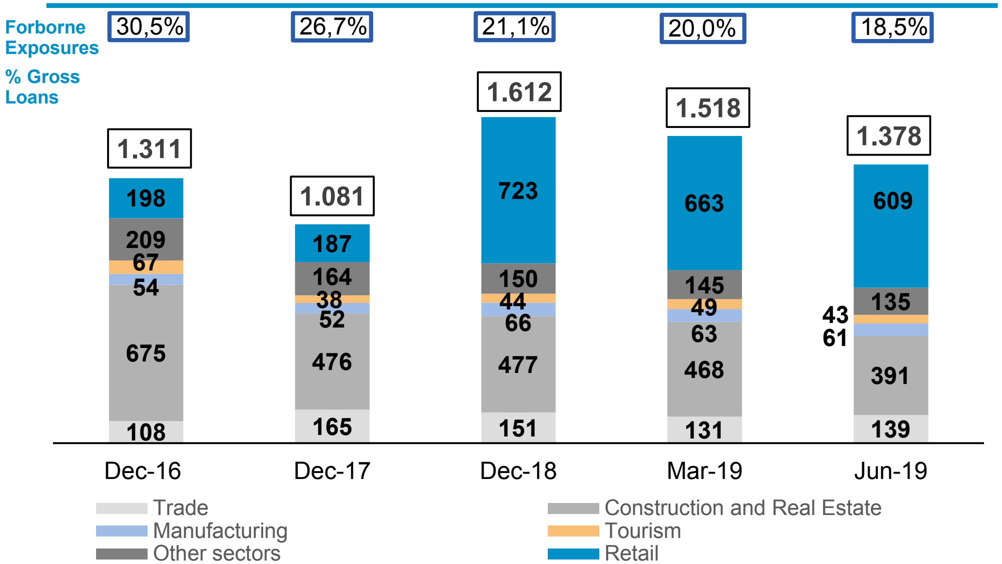


X Performing Loans

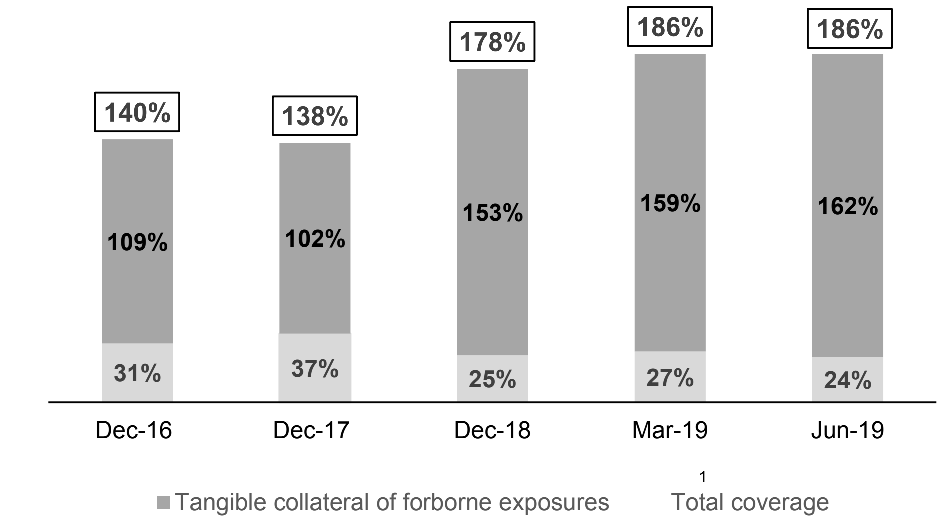
X% Performing Loans % Gross Loans by type of customer

Forborne exposures breakdown

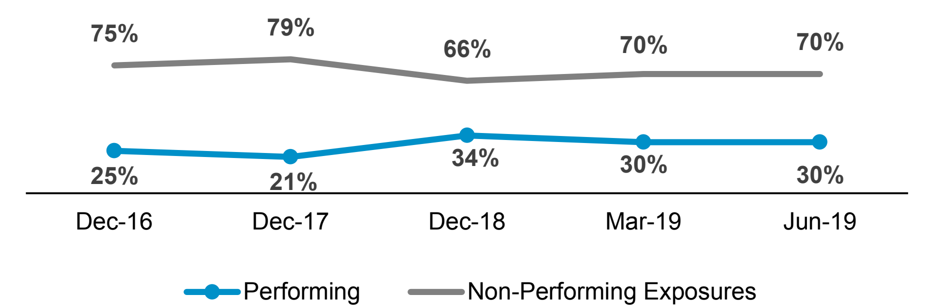
Gross forborne exposures by sector



Coverage of forborne exposures



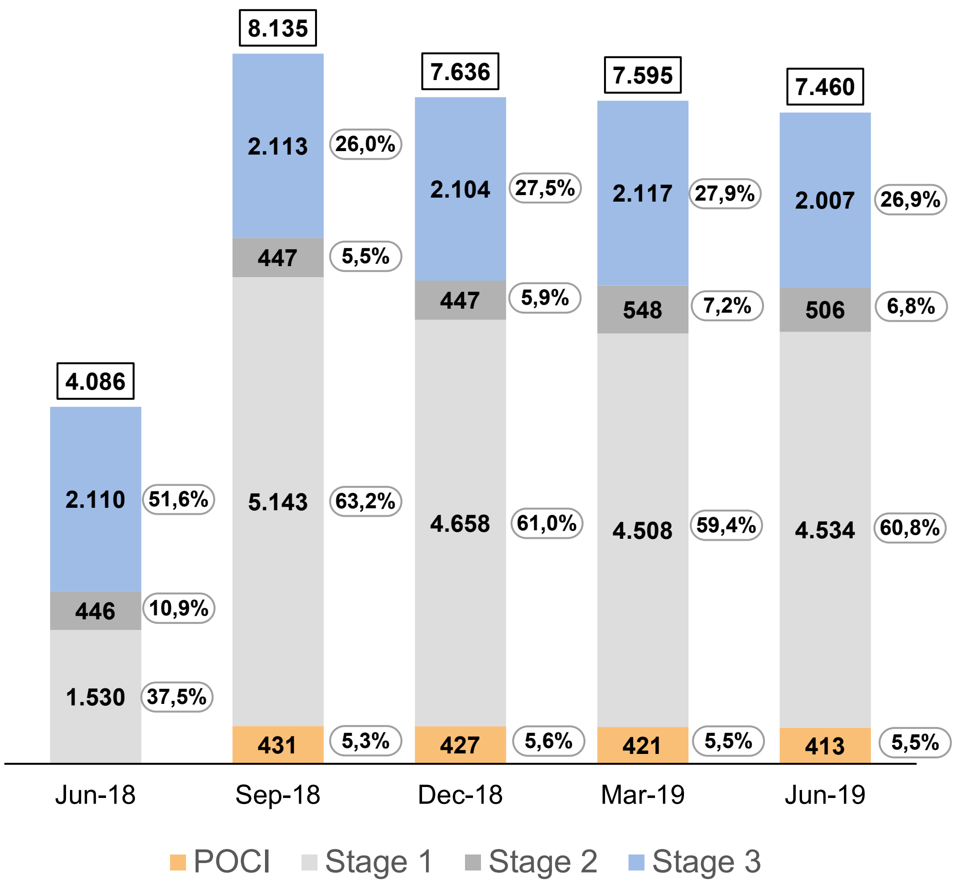
Classification of forborne exposures



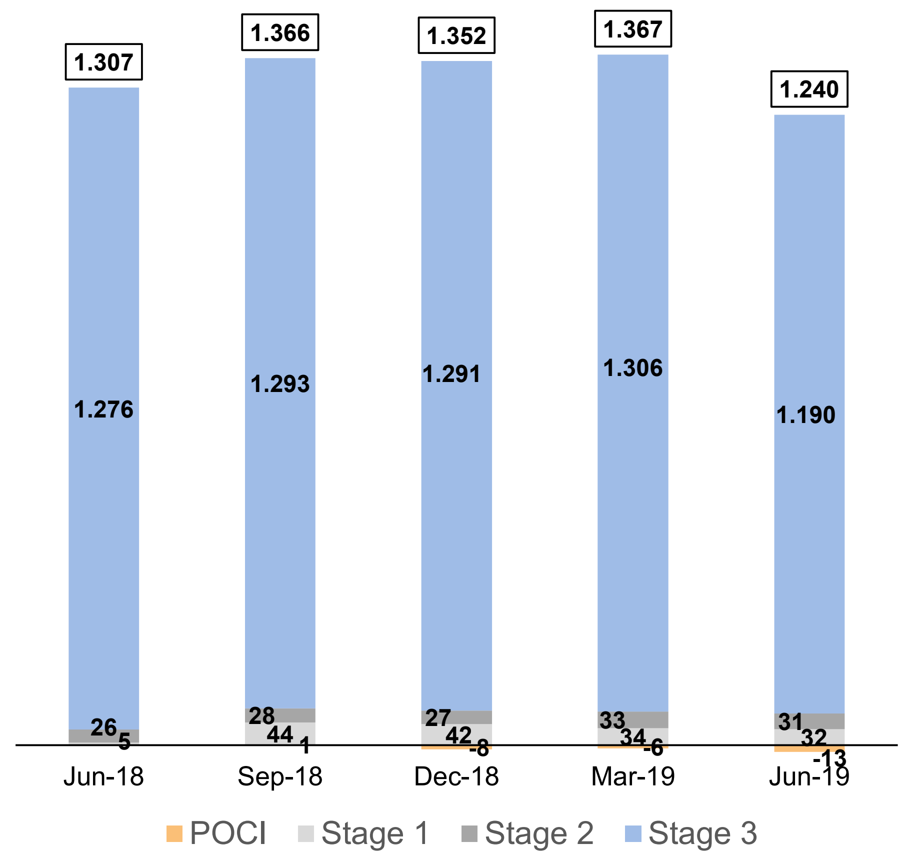
1) Tangible collateral, based on open market values

IFRS 9 analysis by stage

Loans and Advances



Impairment Losses



Impairment losses and provisions to cover credit risk

€' 000	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18
12 month ECL on loans	4.352	10.236	2	(35.411)	706	820
Lifetime ECL (stage 2) on loans	7.885	(7.775)	4.265	(1.946)	(4.545)	4.228
Lifetime ECL (stage 3) on loans	(12.883)	(13.578)	(33.316)	(11.625)	11.821	(1.322)
Lifetime ECL (POCI) on loans	5.685	(1.762)	8.865	(1.084)	-	-
Total losses related to loans	***5.039***	***(12.879)***	***(20.184)***	***(50.066)***	***7.982***	***3.736***
12 month ECL on securities, CB and bank placements, financial guarantees and loan commitments, other receivables and indemnification assets	2.213	2.075	9.334	(10.618)	(39)	385
Lifetime ECL on financial guarantees and loan commitments	333	(2.256)	2.058	(1.942)	850	(875)
Lifetime ECL (POCI) on financial guarantees and loan commitments	222	93	(1.643)	529	-	-
Net modification losses recognized	(1.267)	(3.634)	(241)	(1.263)	(4.610)	-
Amortisation of indemnification asset	(1.670)	(8.439)	(7.138)	-	-	-
Gain on derecognition of POCI	4.122	3.157	4.081	375	-	-
Gain on derecognition of financial guarantees and loan commitments acquired	1.514	1.774	2.060	-	-	-
Impairment losses and provisions to cover credit risk – Quarterly charge	**10.506**	**(20.109)**	**(11.673)**	**(62.985)**	**4.183**	**3.236**

The Acquisition

- **Acquisition of certain assets and liabilities of CCB ("Acquisition")**
- **Acquisition balance sheet totaling €9.340 m,** comprising loans €4.040 m (€3.607 m of performing loans and €433 m of NPEs), CGBs (€4.109 m), cash (€986 m), customer deposits (€8.779 m) and certain other current liabilities and assets
- APS provides credit protection through a 90% vertical loss sharing with CCB, guaranteed by the RoC over €2.300 m of loans, including NPEs of €431 m
- The consideration was €74,2 m for €372,1 m of net fair value of assets acquired, resulting in a negative goodwill of €297,9 m
- The Acquisition provides strategic, commercial and financial benefits through:
  - Creation of a leading retail and SME bank in Cyprus
  - A unique opportunity for sector consolidation at the right time in the economic cycle of the Cypriot economy
  - An attractive transaction structure, with a de-risked balance sheet
  - Value creation, through funding cost reductions and cost synergies by reducing the branch network and rationalising the employee headcount
- The Group has successfully completed a Capital Raise through a €100 m Rights Issue and a €50 m Private Placement to Poppy Sarl, strengthening its regulatory capital position following the increase of its balance sheet size and risk-weighted assets due to the Acquisition. The 214 m New Ordinary Shares issued were listed on 28 March 2019

	31 August 2018 (€ m)
Cash and balances with Central Banks	985,7
Placements with other banks	28,8
Loans and advances to customers	4.039,8
Debt securities	4.109,1
Other assets[1]	176,7
Total assets on boarded	9.340,1
Deposits by banks	107,2
Customer deposits and other customer accounts	8.779,3
Other Liabilities	81,6
Total liabilities on boarded	8.968,1
Net assets	372,1
Purchase Price	74,2
Negative goodwill	297,9

1) Other assets include indemnification assets of €78,4 m which mainly relates to APS

In accordance with IFRS 3, all identifiable assets and assumed liabilities have to be measured at fair value at the time of acquisition and recognised as such upon initial consolidation.

For the valuation techniques used for measuring the fair value of material assets acquired please refer to Note 34.8 of the 9M18 Financial Statements

The Acquisition / 2
Negative goodwill arising from the Acquisition

- In 3Q2018, a negative goodwill of €297,9 m was recognised in relation to the Acquisition, representing the difference between the consideration paid of €74,2 m and the net fair value of the identifiable assets acquired and the liabilities assumed of €372,1 m
- Based on data disclosed by the ex-CCB with reference date 31 December 2017 and preliminary management estimations, the net assets of the acquired business were estimated at €247 m, resulting to an originally estimated negative goodwill of €172,8 m. Following the completion of the Acquisition, a purchase price allocation exercise was performed, resulting in an increased net assets value of €372,1 m and, hence, a negative goodwill value of €297,9 m, which was significantly higher than the previous preliminary estimate (as announced on 29 October 2018)
- The increased estimated negative goodwill, net of a deferred tax liability on Acquisition €42,6 m, was mainly due to (a) the improvement in the economic environment reflected in the tightening of the CGBs yields and increases in property prices which positively affected the fair value of the CGBs and the loan portfolio, and (b) the estimated indemnification assets (primarily related to the APS which is largely due to the recognition of the present value of claims to be made and fees payable) not accounted for in the preliminary estimates
- Further to the above negative goodwill being recognised, the Acquisition resulted in (a) an impairment charge of €61 m relating to loans and bonds (as under IFRS9, an asset acquired in a business combination would attract impairment allowance on the first reporting date), and (b) integration costs related to the business acquired, estimated to reach c. €71 m by the end of the integration period (expected by end-2019), which as per accounting standards are to be expensed or capitalised as they are incurred

	31 August 2018 (€ m)
Cash and balances with Central Banks	985,7
Placements with other banks	28,8
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Debt securities	4.109,1
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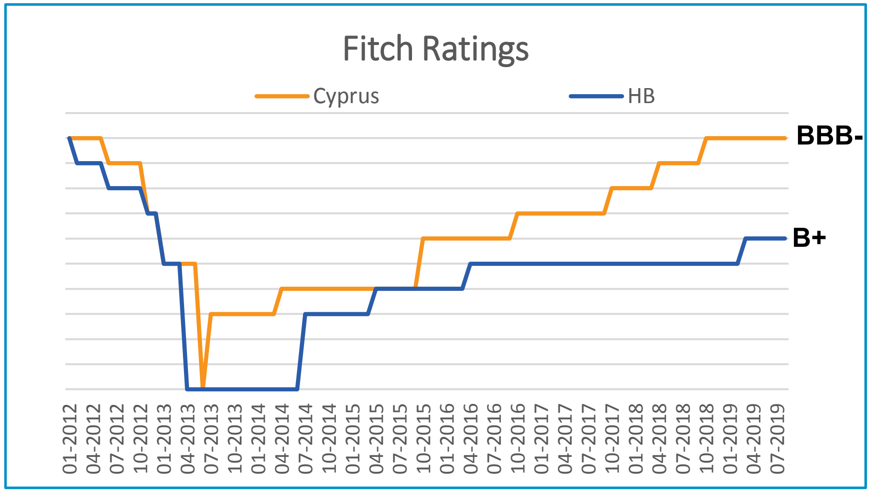
In accordance with IFRS 3, all identifiable assets and assumed liabilities have to be measured at fair value at the time of acquisition and recognized as such upon initial consolidation. For the valuation techniques used for measuring the fair value of material assets acquired please refer to Note 34.8 of the 9M18 Financial Statements

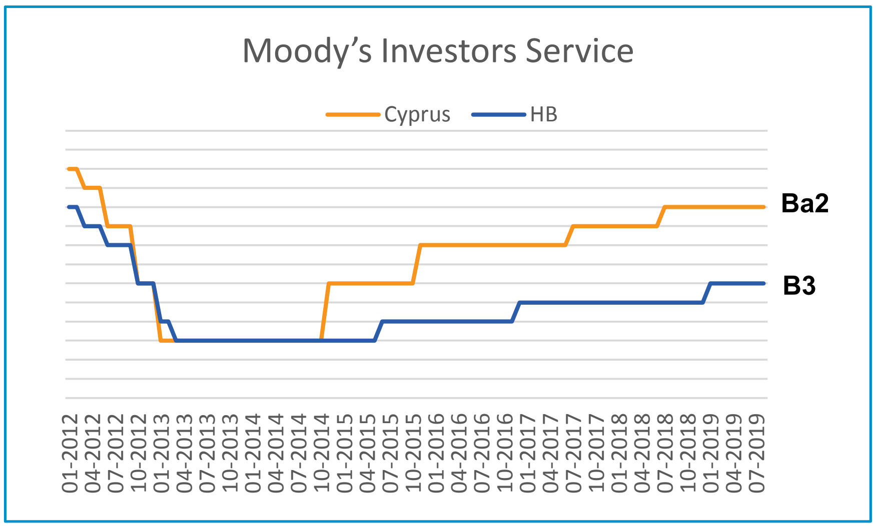
2) The Group’s independent auditor has expressed an opinion on the Purchase Price Allocation (the “PPA”) and specifically the identification and measurement of the identifiable assets acquired and liabilities assumed and the amount of the negative goodwill related to the business acquired from the Cyprus Cooperative Bank Ltd in accordance with the International Standards on Auditing (ISA) 805, Special Considerations – Audit of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement. The opinion was addressed to the Bank’s Board of Directors.

Improved overall credit profile as evidenced by higher credit ratings



Fitch Ratings last rating action: 21 March 2019

The **ratings upgrade** follows the completion of the acquisition of certain good assets and liabilities of Cyprus Cooperative Bank Ltd (CCB) and a EUR150 million capital increase. The ratings of HB reflect its **strengthened franchise and market position** in Cyprus following the acquisition of CCB, which together with a capital increase, have led to an **improved overall financial profile**. …the bank's **asset quality metrics have improved**, albeit remaining weak by international standards, and **longer-term profitability prospects are now better**. The latter is helped by HB's larger retail business and increased pricing power as well as potential for cost and revenue synergies. The ratings also reflect still high capital encumbrance by unreserved problem loans and significant execution risks related to the integration of a balance sheet that is roughly 1.5x HB's pre-acquisition size.



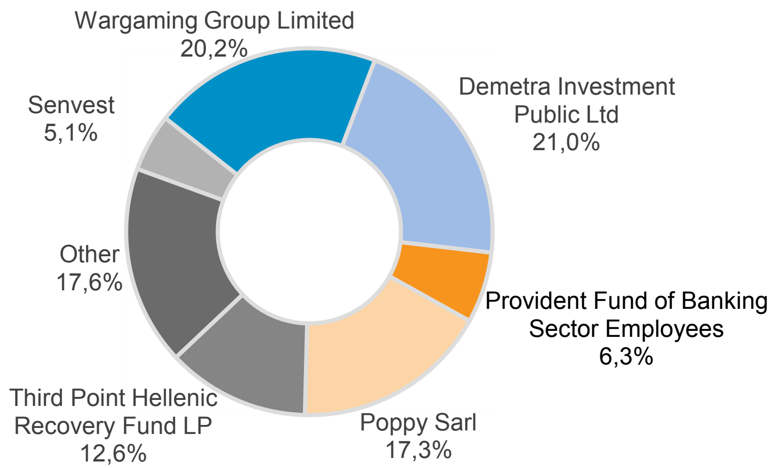
Moody's Investors Service last rating action: 24 January 2019

…rating upgrade of Hellenic Bank **captures its strengthened franchise, asset quality and capital** following (1) the integration of EUR9.3 billion of predominantly performing assets and liabilities, mainly deposits, acquired in the summer from the now resolved Cyprus Cooperative Bank Ltd (CCB), and (2) a capital increase of EUR150 million, for which the bank has already received binding commitments and which will be completed in the first quarter of 2019.

….the **positive outlook** assigned reflects Moody's expectations of further improvements in the bank's financial fundamentals, mainly asset quality over the next 12-18 months, in the context of an improved operating environment in Cyprus.

Shareholders information; Board composition

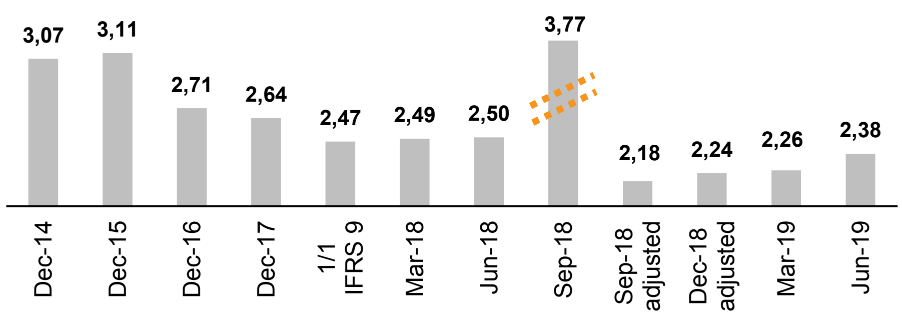
Main shareholders



Number of issued shares: 412.805.076

Market capitalization at 28 June 2019: €362,4 m

Net tangible asset value per share evolution (€)



Board Composition

Dr. Evripides A. Polykarpou
Chairman, *Independent*

Andrew Charles Wynn
Vice Chairman, *Independent*

Stephen John Albutt
Senior Independent Director

Irena A. Georgiadou
Independent

Marco Comastri
Independent

David Whalen Bonanno[1]
Independent

Mariana Pantelidou Neophytou[1]
Independent

Kristofer Richard Kraus[1]
Independent

Marios Maratheftis[1]
Independent

Ioannis A. Matsis
Executive/Chief Executive Officer

Lars Kramer
Executive/Chief Financial Officer

Andreas Christofides[2]
Independent, Interim

Demetrios Efstathiou[2]
Independent, Interim

1) Considered as independent under the independence criteria listed in the CSE Corporate Governance Code. They are not independent under the independence criteria listed in the Directive on the Assessment of the Fitness and Probity of the Members of the Management Body and Managers of Authorised Credit Institutions of 2014 of the CBC, which differ from those in the CSE Corporate Governance Code.

2)The appointment of the Interim Directors will be valid for a limited period of time, until the relevant consent of the European Central Bank / Central Bank of Cyprus is obtained for Messrs. Zion Bahloul and Christos Themistocleous who have been elected as directors at the AGM dated 28 August 2019.

Glossary & Definitions

APS: Asset Protection Scheme

APS Cyprus: APS Debt Servicing Cyprus Ltd

AT1: additional tier 1

Bps: basis points

CBC: Central Bank of Cyprus

CaCB: Capital Conservation Buffer

CCyB: Counter-Cyclical Capital Buffer

CET 1: common equity tier 1

CGBs: Cyprus Government Bonds

Cost of risk ratio: impairment losses (excluding any modification gain/losses, any APS claims and reversals of fair value of purchased credit impaired facilities) on the value of loans and advances divided by gross loans at the end of the period (annualised)

Cost to income ratio: total expenses over total net income

D2A: debt to asset arrangement between the Bank and the borrower

DTA: deferred tax asset

Earnings/(loss) per share: profit/(loss) divided by the number of shares issued

EBA: European Banking Authority

ECB: European Central Bank

ECL: Expected Credit Losses

CCB: Cooperative Asset Management Company Ltd, previously known as Cyprus Cooperative Bank Ltd (the ex-CCB)

FCI: Fee and Commission Income

Forborne Exposures:
According to the European Banking Authority's (EBA) technical standards, forborne exposures are (i) exposures which involve changes in their terms and/or conditions and (ii) the forbearance measures consist of concessions towards a debtor which aim to address existing or anticipated difficulties on the part of the borrower to service debt in accordance with the current repayment schedule. Changes in the terms and conditions of a contract that do not occur because the customer is not able to meet the terms and conditions of the contract due to financial difficulties do not constitute forbearance measures

MLSI: Ministry of Labour and Social Insurance

Glossary & Definitions

Interest-bearing assets: consist of Cash and balances with Central Banks, placements with other banks, loans and advances to customers, investments in debt securities and indemnification assets. For calculating the average of the interest-bearing assets, the Bank uses the arithmetic average of total interest-bearing assets at each reporting date from the beginning of the year

Liquidity Coverage Ratio (LCR): is calculated as the sum of high quality liquid assets over the expected net liquidity outflows during the next 30 days, as these net outflows are specified under a stress scenario. At times of stress, institutions may use their liquid assets to cover their net liquidity outflows

Leverage ratio: capital measure divided by the total on- and off- balance sheet items (Tier 1/total exposure measure)

Loans to deposits ratio: net loans and advances to customers divided by customer deposits and other customer accounts

MLSI: Ministry of Labour and Social Insurance

NFCI: Net Fee and Commission Income

Net Interest Margin ratio (NIM): Net net interest income divided by the average interest-bearing assets, annualised

Net Loans: Loans and advances to customers net of accumulated impairment losses

Net NPE to assets: NPEs less accumulated impairment losses divided by total assets

Net NPE ratio: NPEs less accumulated impairment losses divided by Net Loans

Net NPEs collateral coverage ratio = NPEs Collateral (taking into account tangible collateral, based on open market values (capped at client exposure)) % (NPEs minus Accumulated Impairment Losses), with numbers adjusted with NPEs covered by the APS and the corresponding tangible collateral and provisions of the NPEs covered by the APS

Net tangible book value per share: equity attributable to shareholders of the parent company less intangible assets divided by the number of issued shares

NII: Net Interest Income

Non-Performing Exposures (NPEs) (EBA definition):
(i) Material exposures that are over 90 days past due,
(ii) The debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past due,
(iii) Exposures in respect of which a default is considered to have occurred in accordance with Article 178 of Regulation (EU) No 575/2013,
(iv) Exposures of debtors against whom legal action has been taken by the Bank or exposures of bankrupt debtors,
(v) Exposures that are found impaired as per the applicable accounting framework,
(vi) Forborne exposures that were NPE at forbearance or became NPE due to forbearance or NPE after forbearance and which are re-forborne while under probation (the probation period for forborne exposures begins once the contract is considered as performing and lasts for two years minimum),
(vii) Forborne exposures reclassified from NPE status i.e. that were NPE at forbearance or became NPE due to forbearance or NPE after forbearance and present more than 30 days past due while under probation,
(viii) Further to the above the all-embracing criteria apply as follows: (a) for debtors classified as retail debtors as per the Regulation (EU) No 575/2013, when the Bank has on-balance sheet exposures to a debtor that are material and are past due by more than 90 days the gross carrying amount of which represents more than 20% of the gross carrying amount of all on-balance sheet exposures to that debtor, all on and off-balance sheet exposures to that debtor shall be considered as non-performing, else only exposures that are non-performing will be classified as such and (b) for debtors classified as non-retail debtors as per the Regulation (EU) No 575/2013, when any on-balance sheet exposure to that debtor is non-performing, all on and off-balance sheet exposures to that debtor shall be considered as NPE.
NPEs = on BS non performing exposures

Glossary & Definitions

NPE provision coverage ratio: accumulated impairment losses divided by gross non-performing exposures

NPEs ratio: gross non-performing exposures (EBA definition) divided by gross loans

NPEs ratio excl. APS-NPES: gross non-performing exposures (EBA definition) excluding NPEs covered by the APS, divided by gross loans

Net Stable Funding Requirement (NSFR): the amount of available stable funding (the portion of capital and liabilities expected to be reliable over the one year horizon) over the amount of required stable funding (based on the liquidity characteristics and residual maturities of the various assets held and off balance sheet exposures).

O-SII: Other Systemically important institution

OCR: overall capital requirement

p.p: percentage points

PEs: Performing exposures

POCI: Purchased credit-impaired

q-o-q: quarter on quarter

REOs: Real Estate Owned

Return on Equity: profit attributable to shareholders of the parent company (annualized) divided by average equity attributable to shareholders of the parent company;

ROTE = Return on Tangible Equity: profit attributable to shareholders of the parent company (annualized) divided by average tangible equity attributable to shareholders of the parent company

RI: Rights Issue

RoC: Republic of Cyprus

RWAs: Risk Weighted Assets

SREP: Supervisory Review and Evaluation Process

Tangible Equity= Shareholders' equity minus Intangible assets

Texas ratio: NPEs / (Equity attributable to shareholders of the parent company plus Accumulated impairment losses)

TNAV: Tangible Net Asset Value

VEES: Voluntary Early Exit Scheme

Write offs: Reducing either partially or in full the carrying amount of a financial asset when there is no reasonable expectation of recovery

y-o-y: year-on-year

y-t-d: year-to-date

Disclaimer

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ΟΜΙΛΟΣ ΕΛΛΗΝΙΚΗΣ ΤΡΑΠΕΖΑΣ

ΑΠΟΤΕΛΕΣΜΑΤΑ ΟΜΙΛΟΥ ΚΑΙ ΕΠΕΞΗΓΗΜΑΤΙΚΗ ΚΑΤΑΣΤΑΣΗ ΓΙΑ ΤΗΝ ΕΞΑΜΗΝΙΑ ΠΟΥ ΕΛΗΞΕ ΣΤΙΣ 30 ΙΟΥΝΙΟΥ 2019

- **Σημαντική ενίσχυση των δραστηριοτήτων με μια διευρυμένη και διαφοροποιημένη πελατειακή βάση, ένα πιο διαφοροποιημένο δανειακό χαρτοφυλάκιο και ένα καλά κεφαλαιοποιημένο ισολογισμό με αξιοσημείωτη μείωση του κινδύνου και αναβαθμίσεις από μεγάλους διεθνείς οίκους αξιολόγησης πιστοληπτικής ικανότητας**
- **Επιτυχής η ενσωμάτωση με την επιχείρηση της ΣΚΤ στις 16 Σεπτεμβρίου 2019**
- **Η Τράπεζα κατέχει πλέον ηγετική θέση στον τομέα της λιανικής τραπεζικής, με το μεγαλύτερο δίκτυο καταστημάτων και μερίδιο αγοράς καταθέσεων από νοικοκυριά στο 38,9% και μερίδιο αγοράς χορηγήσεων σε νοικοκυριά στο 29,7%**

Επισκόπηση Αποτελεσμάτων

Βασικά στοιχεία Λογαριασμού Αποτελεσμάτων (€εκατ.)	Εξαμηνία 2019	Εξαμηνία 2018	Ετήσια Δ	2η Τριμηνία 2019	1η Τριμηνία 2019	Τριμηνιαία Δ
Κέρδος από συνήθεις εργασίες πριν τις ζημιές απομείωσης και προβλέψεις για την κάλυψη του πιστωτικού κινδύνου	69,7	29,9	+134%	33,8	35,9	-6%
(Ζημιές απομείωσης)/Αναστροφή ζημιών απομείωσης και προβλέψεις για την κάλυψη του πιστωτικού κινδύνου	(9,6)	7,4	-230%	10,5	(20,1)	-152%
Μερίδιο αποτελεσμάτων συνδεδεμένης εταιρείας μετά τη φορολογία	0,9	1,5	-43%	0,4	0,5	-6%
Φορολογία	(1,9)	(3,5)	-47%	(0,5)	(1,4)	-62%
Κέρδος για την περίοδο	59,1	35,3	+68%	44,2	14,9	+197%
Κέρδος που αναλογεί στους κατόχους μετοχών της μητρικής εταιρείας	58,3	34,7	+68%	44,0	14,3	+208%

Στις 3 Σεπτεμβρίου 2018, η Τράπεζα ανακοίνωσε την ολοκλήρωση της απόκτησης (η «Απόκτηση») ορισμένων περιουσιακών στοιχείων και υποχρεώσεων της Συνεργατικής Κυπριακής Τράπεζας Λτδ («ΣΚΤ»), που αναφέρεται ως Συνεργατική Εταιρεία Διαχείρισης Περιουσιακών Στοιχείων Λτδ (η «πρώην ΣΚΤ») με ισχύ από την 1 Σεπτεμβρίου 2018. Ως εκ τούτου τα οικονομικά αποτελέσματα της επιχείρησης της ΣΚΤ που αποκτήθηκε, ενοποιούνται πλήρως από την ημερομηνία αυτή. Λόγω των πιο πάνω, τα οικονομικά αποτελέσματα του Ομίλου για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 δεν είναι συγκρίσιμα με οικονομικά αποτελέσματα πριν την 1 Σεπτεμβρίου 2018.

Το κέρδος πριν τη φορολογία για την 1η εξαμηνία του 2019 ανήλθε σε €61,0 εκατ., σε σύγκριση με κέρδος πριν τη φορολογία ύψους €38,8 εκατ. για την 1η εξαμηνία του 2018. Σε τριμηνιαία βάση, την 2η τριμηνία του 2019 το κέρδος πριν την φορολογία ανήλθε σε €44,7 εκατ. και ήταν αυξημένο κατά 175% σε σύγκριση με την 1η τριμηνία του 2019, κυρίως λόγω της αναστροφής στις ζημιές απομείωσης και προβλέψεις για την κάλυψη του πιστωτικού κινδύνου την 2η τριμηνία του 2019.

Το κέρδος για την 1η εξαμηνία του 2019 ανήλθε σε €59,1 εκατ. σε σύγκριση με κέρδος ύψους €35,3 εκατ. για την 1η εξαμηνία του 2018 ενώ το κέρδος που αναλογεί στους μετόχους της μητρικής εταιρείας για την 1η εξαμηνία του 2019 ανήλθε σε €58,3 εκατ. σε σύγκριση με κέρδος ύψους €34,7 εκατ. για την 1η εξαμηνία του 2018.

Η χρέωση για ζημιές απομείωσης και προβλέψεις για την κάλυψη του πιστωτικού κινδύνου, ανήλθε στα €9,6 εκατ. για την 1η εξαμηνία του 2019 με αύξηση 230% σε σύγκριση με την αναστροφή ύψους €7,4 εκατ. την 1η εξαμηνία του 2018. Την 2η τριμηνία του 2019, καταγράφηκε αναστροφή των ζημιών απομείωσης και προβλέψεων για την κάλυψη του πιστωτικού κινδύνου ως αποτέλεσμα της βελτίωσης της ποιότητας του δανειακού χαρτοφυλακίου. Ο δείκτης κόστους ζημιών απομείωσης έναντι των χορηγήσεων (ετησιοποιημένη βάση) για την 1η εξαμηνία του 2019 ανήλθε στο 0,2% (1η εξαμηνία 2018: -0,6%).

Το μερίδιο αποτελεσμάτων συνδεδεμένης εταιρείας μετά τη φορολογία, ανήλθε σε κέρδος €0,9 εκατ. για την 1η εξαμηνία του 2019, σε σύγκριση με κέρδος €1,5 εκατ. την 1η εξαμηνία του 2018 (2η τριμηνία 2019: €0,4 εκατ. κέρδος, 1η τριμηνία 2019: €0,5 εκατ. κέρδος).

Κατάσταση Οικονομικής Θέσης

Βασικά στοιχεία Κατάστασης Οικονομικής Θέσης (€εκατ.)	30.06.2019	31.12.2018	Δ
Μεικτές Χορηγήσεις σε πελάτες	7.460	7.636	-2%
Μεικτές Μη Εξυπηρετούμενες Χορηγήσεις (ΜΕΧ)	2.343	2.474	-5%
Μεικτές Εξυπηρετούμενες Χορηγήσεις	5.117	5.161	-1%
Καθαρές Χορηγήσεις σε πελάτες	6.221	6.283	-1%
Επενδύσεις σε στοιχεία ενεργητικού	9.688	9.269	+5%
Σύνολο Περιουσιακών στοιχείων	16.467	16.126	+2%
Καταθέσεις	14.809	14.709	+1%
Ίδια κεφάλαια που αναλογούν στους κατόχους μετοχών της μητρικής εταιρείας	1.030	820	+26%
Σταθμισμένα περιουσιακά στοιχεία (ΣΠΣ)	5.223	4.800	+9%

Στις 30 Ιουνίου 2019, το σύνολο των περιουσιακών στοιχείων του Ομίλου ανήλθε σε €16,5 δισ. σημειώνοντας αύξηση της τάξης του 2% σε σύγκριση με €16,1 δισ. στις 31 Δεκεμβρίου 2018, κυρίως λόγω της αύξησης στις επενδύσεις σε στοιχεία ενεργητικού.

Στις 30 Ιουνίου 2019, οι καταθέσεις πελατών ανήλθαν σε €14,8 δισ. (31 Δεκεμβρίου 2018: €14,7 δισ.) και αποτελούνταν από καταθέσεις σε Ευρώ ύψους €13,8 δισ. (31 Δεκεμβρίου 2018: €13,7 δισ.) και καταθέσεις σε ξένα νομίσματα, κυρίως Αμερικάνικα Δολάρια, ύψους €1,0 δισ. (31 Δεκεμβρίου 2018: €1,0 δισ.).

Το μερίδιο αγοράς καταθέσεων[1] της Τράπεζας στις 30 Ιουνίου 2019 ανήλθε στο 30,7% (31 Δεκεμβρίου 2018: 30,9%).

Το σύνολο των νέων χορηγήσεων που εγκρίθηκαν κατά την 1η εξαμηνία του 2019 ανήλθε σε €387,6 εκατ. (2018: €594,4 εκατ.). Η Τράπεζα συνέχισε την παροχή χορηγήσεων προς φερέγγυες επιχειρήσεις και νοικοκυριά, εξετάζοντας παράλληλα και άλλες ευκαιρίες ανάπτυξης. Οι μεικτές χορηγήσεις σε πελάτες στις 30 Ιουνίου 2019 ανήλθαν σε €7.460 εκατ., ελαφρώς μειωμένες σε σύγκριση με €7.636 εκατ. στις 31 Δεκεμβρίου 2018. Κατά τη 1η εξαμηνία του 2019, χορηγήσεις ύψους €172,4 εκατ. διαγράφηκαν[2] (2018: €149,0 εκατ.) από τις οποίες τα €127,5 εκατ. σχετίζονται με μη συμβατικές διαγραφές. Το μερίδιο αγοράς χορηγήσεων[1] της Τράπεζας στις 30 Ιουνίου 2019 ανήλθε στο 21,7% (31 Δεκεμβρίου 2018: 19,5%).

Ο δείκτης καθαρών χορηγήσεων προς καταθέσεις διαμορφώθηκε στο 42,0% στις 30 Ιουνίου 2019 (31 Δεκεμβρίου 2018: 42,7%).

Ποιότητα Χαρτοφυλακίου Χορηγήσεων

Μέσα στα πλαίσια της στρατηγικής απομόχλευσης της Τράπεζας και ως επακόλουθο της επιτυχούς ολοκλήρωσης της πώλησης ενός χαρτοφυλακίου μη εξυπηρετούμενων χορηγήσεων (ΜΕΧ) τον Ιούνιο του 2018 και της Απόκτησης τον Σεπτέμβριο του 2018, η Τράπεζα κατά το πρώτο εξάμηνο του 2019, έχει ξεκινήσει ένα στάδιο προετοιμασίας για να επανεξετάσει τη βιωσιμότητα διαφόρων μεθόδων μείωσης ΜΕΧ με στόχο τον εντοπισμό της επιλογής που ανταποκρίνεται καλύτερα στους στρατηγικούς της στόχους. Το στάδιο προετοιμασίας θα περιλαμβάνει τον ορισμό του χαρτοφυλακίου ΜΕΧ, την αξιολόγηση των εξασφαλίσεων με ακίνητα, την αποκατάσταση των δεδομένων και την ενίσχυση των δεδομένων (data tapes), τις μερίδες πληροφοριών των δανειοληπτών, τη νομική δέουσα επιμέλεια και τις επιλογές διαμόρφωσης συναλλαγών. Για την ολοκλήρωση των εργασιών που περιγράφονται παραπάνω και προκειμένου να καταλήξει στην καλύτερη δυνατή δομή, η Τράπεζα θα διορίσει διεθνείς συμβούλους ώστε να προχωρήσει σε υψηλού επιπέδου συζητήσεις μετά από υπογραφή συμφωνιών εμπιστευτικότητας με διάφορα τρίτα πρόσωπα που ενδέχεται να ενδιαφέρονται για πιθανή συνεργασία με την Τράπεζα.

[1] Πηγή: Κεντρική Τράπεζα της Κύπρου (ΚΤΚ) και Ελληνική Τράπεζα.
[2] Διαγραφές: Ο Όμιλος μειώνει, εν μέρει ή πλήρως, τη λογιστική αξία ενός χρηματοοικονομικού περιουσιακού στοιχείου όταν δεν υπάρχει εύλογη προσδοκία ανάκτησης.

Οι ΜΕΧ[3] ανήλθαν στα €2.343 εκατ. στις 30 Ιουνίου 2019 και σημείωσαν μείωση 5% σε σύγκριση με €2.474 εκατ. στις 31 Δεκεμβρίου 2018. Η μείωση στις ΜΕΧ οφείλεται κυρίως στις διαγραφές που έγιναν κατά την 1η εξαμηνία του 2019 και αντικατοπτρίζει κυρίως την οριστικοποίηση της στρατηγικής αντιμετώπισης της κάθε περίπτωσης ΜΕΧ και το υπολογιζόμενο ανακτήσιμο υπόλοιπο για κάθε περίπτωση, βάσει του εκτιμώμενου ποσοστού ανάκτησης κατά τη περίοδο εξέτασης. Οι τερματισμένοι λογαριασμοί οι οποίοι περιλαμβάνονταν στις ΜΕΧ ανήλθαν στις 30 Ιουνίου 2019 σε €1.460 εκατ. Οι μεικτές χορηγήσεις με όρους που ήταν αντικείμενο επαναδιαπραγμάτευσης στις 30 Ιουνίου 2019 ανήλθαν σε €1.378 εκατ. (31 Δεκεμβρίου 2018: €1.612 εκατ.).

Τα αποθέματα ακινήτων, τα οποία ως επί το πλείστων προέκυψαν από διακανονισμό χρεών των πελατών, ανήλθαν σε €158,9 εκατ. στις 30 Ιουνίου 2019 (31 Δεκεμβρίου 2018: €164,1 εκατ.). Η μεταβολή στο υπόλοιπο των αποθεμάτων ακινήτων από διακανονισμό χρεών των πελατών για την 1η εξαμηνία 2019 περιλάμβανε προσθήκες ύψους €29,2 εκατ[4]. και πωλήσεις ύψους €31,5 εκατ[4].

Ο δείκτης των ΜΕΧ στο σύνολο των μεικτών χορηγήσεων στις 30 Ιουνίου 2019 ήταν 31,4% (31 Δεκεμβρίου 2018: 32,4%). Ο αντίστοιχος δείκτης εξαιρουμένου των ΜΕΧ που καλύπτονται από την συμφωνία ΠΠΣ αναπροσαρμόζεται σε 25,2% (31 Δεκεμβρίου 2018: 26,5%). Ο δείκτης των καθαρών ΜΕΧ προς το σύνολο των περιουσιακών στοιχείων στις 30 Ιουνίου 2019 διαμορφώθηκε στο 6,7% (4,1% εξαιρουμένων των ΜΕΧ που καλύπτονται από το ΠΠΣ), σε σχέση με 7,0% στις 31 Δεκεμβρίου 2018.

Οι συσσωρευμένες ζημιές απομείωσης στην αξία των χορηγήσεων, ανήλθαν σε €1.240 εκατ. στις 30 Ιουνίου 2019 (31 Δεκεμβρίου 2018: €1.352 εκατ.) και αποτελούν το 16,6% των συνολικών μεικτών χορηγήσεων (31 Δεκεμβρίου 2018: 17,7%). Οι συσσωρευμένες ζημιές απομείωσης στην αξία των χορηγήσεων εξαιρουμένου των χορηγήσεων που καλύπτονται από το ΠΠΣ ήταν 22,1% (31 Δεκεμβρίου 2018: 24,3%). Ο δείκτης κάλυψης των προβλέψεων των ΜΕΧ ανήλθε στο 52,9% στις 30 Ιουνίου 2019 (31 Δεκεμβρίου 2018: 54,6%), ενώ εξαιρουμένων των ΜΕΧ που καλύπτονται από την Συμφωνία ΠΠΣ αναπροσαρμόζεται σε 64,0% (31 Δεκεμβρίου 2018: 65,4%). Λαμβάνοντας υπόψη την αξία των εμπράγματων εξασφαλίσεων[5] των ΜΕΧ, ο δείκτης κάλυψης των καθαρών ΜΕΧ με εμπράγματες εξασφαλίσεις ανήλθε στο 126,6% στις 30 Ιουνίου 2019 (31 Δεκεμβρίου 2018: 132,4%), ενώ εξαιρουμένων των ΜΕΧ που καλύπτονται από την Συμφωνία ΠΠΣ και των αντίστοιχων εμπράγματων εξασφαλίσεων των ΜΕΧ που καλύπτονται από την Συμφωνία ΠΠΣ, ο δείκτης αναπροσαρμόζεται στο 140,4% (31 Δεκεμβρίου 2018: 150,2%).

Κεφαλαιακή Βάση και Επάρκεια

Οι ενδεικτικοί Δείκτες Κεφαλαιακής Επάρκειας[6] του Ομίλου με βάση τον Πυλώνα Ι, που υπερβαίνουν τις ελάχιστες κανονιστικές απαιτήσεις, διαμορφώθηκαν ως ακολούθως:

Δείκτες Κεφαλαιακής Επάρκειας	Όμιλος (με μεταβατικές διατάξεις)[7]			Όμιλος (χωρίς μεταβατικές διατάξεις)[7]		Ελάχιστες κανονιστικές απαιτήσεις (σε σταδιακή εφαρμογή)
	30.06.2019[6]	31.12.2018[8]	Δ	30.06.2019[6]	31.12.2018[8]	2019[9]
Δείκτης Κεφαλαιακής Επάρκειας (%)	20,97%	18,53%	+244 μβ	20,49%	18,00%	14,075%
Δείκτης Κεφαλαίου της Κατηγορίας 1 (%)	20,97%	18,53%	+244 μβ	20,49%	18,00%	12,075%
Δείκτης Κεφαλαίου Κοινών Μετοχών της Κατηγορίας 1 (CET 1) (%)	18,49%	15,82%	+267 μβ	17,99%	15,26%	10,575%
Κεφάλαια Κοινών Μετοχών της Κατηγορίας 1 (€εκατ)	966	760	+27%	933	723	δ/ε
Σταθμισμένα περιουσιακά στοιχεία (ΣΠΣ) (€εκατ)	5.223	4.800	+9%	5.187	4.737	δ/ε

[3] Μεικτή λογιστική αξία, συμπεριλαμβανομένου των συμβατικών τόκων των απομειωμένων χορηγήσεων. Οι ΜΕΧ που προήλθαν από την Απόκτηση, αναγνωρίστηκαν αρχικά στην εύλογη αξία και στη συνέχεια αποτιμώνται στο αποσβεσμένο κόστος.
[4] Λογιστική αξία.
[5] Βάση της αγοραίας αξίας (με ανώτατο όριο την έκθεση του πελάτη).
[6] Περιλαμβάνουν μη ελεγμένα κέρδη της 1ης εξαμηνίας του 2019.
[7] Με βάση τον Κανονισμό (ΕΕ) 2017/2395 του Ευρωπαϊκού Κοινοβουλίου και Συμβουλίου ημερομηνίας 12 Δεκεμβρίου 2017, ο οποίος δημοσιεύτηκε για την τροποποίηση του Κανονισμού (ΕΕ) αριθ. 575/2013, που αφορά τις μεταβατικές διατάξεις για τον μετριασμό των επιπτώσεων από την εισαγωγή του ΔΠΧΑ 9, ένα μέρος των προβλέψεων για αναμενόμενες πιστωτικές ζημιές προστίθεται πίσω στο Κεφάλαιο Κοινών Μετοχών της Κατηγορίας 1, επιτρέποντας μια μεταβατική περίοδο πέντε ετών μέχρι την πλήρη εφαρμογή το 2023.
[8] Περιλαμβάνουν κέρδη της 4ης τριμηνίας 2018, μετά τη λήψη της απαραίτητης έγκρισης στην Ετήσια Γενική Συνέλευση για τα αποτελέσματα του έτους στις 28 Αυγούστου 2019.
[9] Εξαιρουμένου της καθοδήγησης κεφαλαίου για Πυλώνα ΙΙ και με βάση τη ΔΕΕΑ του 2018 με ημερομηνία αναφοράς 31 Δεκεμβρίου 2017, σε ισχύ από 1η Ιουνίου 2019.

Η αύξηση 267 μονάδες βάσης στον Δείκτη Κεφαλαίου Κοινών Μετοχών της Κατηγορίας 1 (CET 1)[66] (με μεταβατικές διατάξεις) σε σύγκριση με τις 31 Δεκεμβρίου 2018[8]**Error! Bookmark not defined.**, ήταν κυρίως ως αποτέλεσμα των πιο κάτω:

i) της συνολικής αύξησης του Κεφαλαίου Κοινών Μετοχών της Κατηγορίας 1, κυρίως ως αποτέλεσμα:
  - των κερδών της περιόδου (αύξηση 118 μονάδες βάσης)
  - της αύξησης κεφαλαίου ύψους €145 εκατ., μετά την αφαίρεση εξόδων που σχετίζονται άμεσα με την έκδοση κεφαλαίου (αύξηση 302 μονάδες βάσης),

ii) της συνολικής αύξησης των ΣΠΣ, κυρίως ως αποτέλεσμα της αύξησης των καθαρών χρηματοδοτούμενων ανοιγμάτων σε αθέτηση λόγω των νέων χορηγήσεων και των αγορών χρεογράφων (μείωση 163 μονάδες βάσης).

Στρατηγικοί στόχοι και προοπτικές

Με στόχο την επίτευξη των στρατηγικών της σχεδιασμών, η Τράπεζα παραμένει προσηλωμένη στη διατήρηση της ως ένα ισχυρό τραπεζικό ίδρυμα που θα ανταποκρίνεται στις προσδοκίες των επενδυτών και των μετόχων της καθώς και της οικονομίας και της κοινωνίας. Καθ' όλη τη διάρκεια της κρίσης, η Τράπεζα έχει διατηρήσει τη φήμη της για σταθερότητα και εμπιστοσύνη και επικεντρώνεται στην ενίσχυση και στη βελτίωση της θέσης της στην αγορά.

Η στρατηγική της Τράπεζας επικεντρώνεται σε δύο πτυχές: τη μείωση του υψηλού επιπέδου των ΜΕΧ και τη στοχευμένη ανάπτυξη μέσω της προώθησης και ενίσχυσης των σχέσεων με τους πελάτες και νέου δανεισμού. Η Τράπεζα προτίθεται να συνεχίσει να επιτελεί τον ρόλο της στην στήριξη της εγχώριας οικονομίας διασφαλίζοντας παράλληλα την μετοχική της αξία, μέσω συνετών πολιτικών που συμβαδίζουν με το προφίλ κινδύνου της Τράπεζας. Παράλληλα, η Τράπεζα επανατοποθετεί τη στρατηγική της για τον Τομέα Διεθνούς Τραπεζικής, αντικατοπτρίζοντας το μεταβαλλόμενο κανονιστικό περιβάλλον με ιδιαίτερη έμφαση σε θέματα ξεπλύματος παράνομου χρήματος. Η στρατηγική της Τράπεζας, περιλαμβάνει επίσης την εξέλιξη στην τεχνολογία, στον ψηφιακό μετασχηματισμό, τη βελτίωση της εξυπηρέτησης των πελατών και της απλούστευσης των διαδικασιών και διεργασιών.

Η Τράπεζα, προχωρώντας σε αποφασιστικές ενέργειες για την αντιμετώπιση των προβληματικών δανείων, πώλησε τις δραστηριότητες του Τομέα Διεύθυνσης Διαχείρισης Καθυστερήσεων στην APS Debt Servicing Cyprus Ltd (APS Cyprus), η οποία ξεκίνησε τις δραστηριότητές της τον Ιούλιο του 2017. Μέσω της δημιουργίας της πρώτης πλατφόρμας διαχείρισης χρεών στην Κύπρο, η Τράπεζα είναι σε θέση να αντιμετωπίσει αποτελεσματικά τις ΜΕΧ με γρηγορότερο ρυθμό και με υψηλότερες ανακτήσεις, αξιοποιώντας την τεχνογνωσία, την αποδεδειγμένη πραγματογνωμοσύνη και τεχνική εμπειρία της APS Holding. Επιπρόσθετα, η Τράπεζα επικεντρώνεται στη διαχείριση των ΜΕΧ με γρήγορους ρυθμούς μέσω της εκποίησης χαρτοφυλακίων, και ως εκ τούτου, τον Ιούνιο του 2018, η Τράπεζα ολοκλήρωσε την πρώτη πώληση ενός χαρτοφυλακίου ΜΕΧ το οποίο αποτελείτο κυρίως από μη εξασφαλισμένες χορηγήσεις, μη λιανικού εμπορίου, στην B2Kapital Cyprus Ltd, μια εξ' ολοκλήρου θυγατρική εταιρεία της B2Holding ASA, η οποία είναι Νορβηγική εταιρεία εισηγμένη στο Χρηματιστήριο του Όσλο.

Με στόχο την ενίσχυση της στρατηγικής ανάπτυξης, η Τράπεζα ολοκλήρωσε την απόκτηση ορισμένων περιουσιακών στοιχείων και υποχρεώσεων της ΣΚΤ τον Σεπτέμβριο του 2018. Η απόκτηση αναμένεται να επιταχύνει την στρατηγική της Τράπεζας για ανάπτυξη και ενίσχυση των δραστηριοτήτων της σε όλη την Κύπρο με μια διευρυμένη και διαφοροποιημένη πελατειακή βάση και αναμένεται να βελτιώσει το χρηματοοικονομικό της προφίλ. Η Τράπεζα έχει σημαντική έκθεση σε ΚΚΟ και σχεδιάζει να διατηρήσει τα ομόλογα μέχρι τη λήξη τους. Η κεφαλαιακή θέση της Τράπεζας, μετά την αύξηση κεφαλαίου, είναι επαρκής ώστε να ικανοποιούνται οι εποπτικές κεφαλαιακές απαιτήσεις για μια τέτοια έκθεση σε ΚΚΟ.

Σε συνέχεια της Απόκτησης, η Τράπεζα έχει ως στόχο τη διατήρηση του πρωταγωνιστικού της ρόλου για τη στήριξη της ανάκαμψης της οικονομίας, υποστηρίζοντας τις αξιόχρεες κυπριακές επιχειρήσεις και τα νοικοκυριά παρέχοντας μια ολοκληρωμένη σειρά τραπεζικών υπηρεσιών. Η περίμετρος της Απόκτησης είναι συμπληρωματική του υφιστάμενου επιχειρηματικού μοντέλου της Τράπεζας, διαφοροποιώντας το υφιστάμενο χαρτοφυλάκιο χορηγήσεων της, που εστιάζεται σε επιχειρήσεις, ώστε να εδραιώσει την παρουσία της στον τομέα της λιανικής τραπεζικής. Η Τράπεζα αναμένει να επιτύχει σημαντικές συνέργειες μετά από την απόκτηση, αντανακλώντας τα συμπληρωματικά χαρακτηριστικά των δύο επιχειρηματικών μοντέλων.

Η Τράπεζα διατηρεί επαρκή ρευστότητα μετά την ολοκλήρωση της Απόκτησης, επιτρέποντάς της να εκμεταλλευτεί ευκαιρίες που παρουσιάζονται σε διάφορους τομείς της οικονομίας, με κύριο στόχο την οργανική ανάπτυξη. Αξιοποιώντας τα πλεονεκτήματα που θα προκύψουν από την απόκτηση, η επικέντρωση για νέο δανεισμό θα συνεχίσει να είναι σε εταιρείες που αυξάνουν την ανταγωνιστικότητα και την παραγωγικότητα της χώρας, όπως στους τομείς λιανικών και εμπορικών δραστηριοτήτων, μεταποίησης και τουρισμού. Παράλληλα, οι χορηγήσεις στον ιδιωτικό τομέα επικεντρώνονται στα στεγαστικά δάνεια, σε μικρά δάνεια σε νέους πελάτες και στη στήριξη υφιστάμενων πελατών που θεωρούνται βιώσιμοι.

Μέσω της Απόκτησης, η Τράπεζα συνεχίζει την εφαρμογή του στρατηγικού της πλάνου. Συγχρόνως, παρά τις προκλήσεις του λειτουργικού περιβάλλοντος, η Τράπεζα θα συνεχίσει να μετατρέπει τις εξελίξεις σε ευκαιρίες.

Σημειώσεις:

1. Οι συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 δεν έχουν ελεγχθεί από τους εξωτερικούς ελεγκτές του Ομίλου. Οι ανεξάρτητοι ελεγκτές του Ομίλου έχουν διενεργήσει επισκόπηση σύμφωνα με το Διεθνές Πρότυπο Αναθέσεων Επισκόπησης (ΔΠΑΕ) 2410 «Επισκόπηση Ενδιάμεσης Χρηματοοικονομικής Πληροφόρησης που διενεργείται από τον Ανεξάρτητο Ελεγκτή της Οντότητας» όπως εκδόθηκε από το Διεθνές Συμβούλιο Προτύπων Ελέγχου και Διασφάλισης.

2. Οι συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 αποτελούνται από τις οικονομικές καταστάσεις της Ελληνικής Τράπεζας Δημόσιας Εταιρείας Λίμιτεδ και των θυγατρικών εταιρειών της που μαζί αναφέρονται ως ο Όμιλος.

3. Οι συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις έχουν ετοιμαστεί σύμφωνα με το Διεθνές Λογιστικό Πρότυπο (ΔΛΠ) 34 «Ενδιάμεση Οικονομική Πληροφόρηση» όπως αυτό υιοθετήθηκε από την Ευρωπαϊκή Ένωση και σύμφωνα με τις απαιτήσεις του Περί Εταιρειών Νόμου, Κεφ. 113, της Κύπρου και τους Περί Αξιών και Χρηματιστηρίου Αξιών και της Περί Κεφαλαιαγοράς Κύπρου Νόμους και Κανονισμούς και πρέπει να διαβάζονται σε συνάρτηση με τις ελεγμένες ενοποιημένες οικονομικές καταστάσεις για το έτος που έληξε στις 31 Δεκεμβρίου 2018.

4. Οι συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 παρουσιάζονται σε Ευρώ (€), το οποίο είναι το κυρίως νόμισμα λειτουργίας της Τράπεζας που παρουσιάζει καλύτερα την ουσία των οικονομικών πράξεων και δραστηριοτήτων των οντοτήτων του Ομίλου.

5. Τα συγκριτικά ποσά που περιλαμβάνονται στις συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 αναπροσαρμόστηκαν, όπου κρίθηκε αναγκαίο, για να συνάδουν με τις αλλαγές στην παρουσίαση της τρέχουσας περιόδου.

6. Οι συνοπτικές ενοποιημένες ενδιάμεσες οικονομικές καταστάσεις για την εξαμηνία που έληξε στις 30 Ιουνίου 2019 καθώς και η παρουσίαση θα διατίθενται προς τους μετόχους και το κοινό στο Εγγεγραμμένο Γραφείο της Ελληνικής Τράπεζας Δημόσιας Εταιρείας Λίμιτεδ στη Γωνία Λεωφ. Λεμεσού & Λεωφ. Αθαλάσσας 200, 2025 Στρόβολος, και έχουν αναρτηθεί στην ιστοσελίδα του Ομίλου www.hellenicbank.com (Σχέσεις Επενδυτών).