

2018

ANNUAL FINANCIAL REPORT

2018 Annual Report

TABLE OF CONTENTS

1. History - Profile
2. 2018 at a glance
3. Summary Financial Data
4. Letter by the Vice Chairman of the BoD
5. Letter by the CEO
6. Attica Bank's Activities
 - 6.1 Retail Banking
 - 6.2 Corporate Banking
 - 6.3 Digital Banking
 - 6.4 IT Systems and IT Projects
 - 6.5 Portfolio Management and Treasury Services
 - 6.6 Other Activities
 - 6.7 Non-Performing Exposures Management
7. Corporate Communication
8. Human Resources
9. Corporate Governance
10. Risk Management
 - Credit Risk
 - Concentration Risk
 - Market Risk
 - Capital Adequacy
 - Operational Risk
 - Liquidity Risk
 - Leverage Risk
 - Other Risks
11. Appendix Annual Financial Report FY 2018

01

History - Profile

History - Profile

Attica Bank is a dynamic financial organization, already counting over 90 years of existence and consisting of 55 branches located in the biggest cities in Greece.

In 1964 the Bank was acquired by the Emporiki Bank Companies Group and was listed in the Athens Stock Exchange. In June 1997 Emporiki Bank transferred through the Stock Exchange part of its shares to the Engineers and Public Contractors Pension Fund (TSMEDF) and Deposit and Loans Fund (TPD), retaining 17% of the Bank's shares until September 2012 that was then transferred to Post Bank.

In June 2013 Attica Bank successfully conducted a share capital increase and issued a Convertible Bond Loan of a total €398.8 mln. The amount came from capitals of the private sector, resulting in Attica Bank being the only Bank in the Athens Stock Exchange that could recapitalize itself without the participation of the Hellenic Financial Stability Fund. As a consequence of this increase, the participation of TSMEDF-ETAA (Unified Insurance Fund for the Self-Employed) in the share capital of the Bank amounted to 50.67%.

In December 2015, following the announcement of the Bank's capital needs that resulted from the Overall Assessment exercise conducted by the Bank of Greece, Attica Bank proceeded to a Share Capital Increase aiming to cover the amount of the adverse scenario of €748 million. The increase was partially covered up to the amount of € 681 mln (91% of the exercise), with private sector funds placement, also without the participation of the Hellenic Financial Stability Fund.

The Bank's shareholder structure was changed on 1 January 2017, as in accordance with Law 4387/2016 TSMEDF / E.T.A.A was incorporated into EFKA (Unified Social Security Institution), which got 50.63% of the shares held by TSMEDF / ETAA. By decision 61662/3406 / 30-12-2016 of the Minister of Labor, Social Security and Solidarity, 5.625% of the Bank's common shares were transferred to TMEDE (Civil Engineers and Public Contractors' Fund). TAPILTAT (Fund for Mutual Assistance of the Employees of Ioniki - Laiki Bank and Other Banks) holds 7.91% of the Bank's ordinary shares, while the remaining 35.84% is owned mainly by individuals, none of whom individually owns more than 5% of its ordinary shares.

In August 2017, Attica Bank covered in full the amount that had been outstanding for the full coverage of the adverse scenario of 2015 capital needs assessment through the conclusion of the transaction of the securitization of non-performing exposures of € 1.3 billion.

Attica Bank, in April 2018 successfully completed a Voluntary Exit Plan. The participation stood at 177 employees or 23% of the total workforce of the Bank. The Voluntary Exit Plan was part of a series of actions included in the Business Plan of the Group for internal capital generation.

In May 2018 Attica Bank successfully conducted a Share Capital Increase of € 88.9 mln. Following the Share Capital Increase, the participation of EFKA in the Bank's share capital amounts to 66.89% and TMEDE to 11.77% respectively. On July 27th 2018 the share capital of the Bank was modified as according to the decision of the Minister of Labor, Social Security and Solidarity (Government Gazette B' 2280/15-06-2018), 95,606,341 common shares of Attica Bank S.A. were transferred from the portfolio of EFKA (Unified Social Security Institution) to the portfolio of TMEDE (Fund of Civil Engineers and Public Works Contractors). After the completion of the transfer, the percentage of the voting rights of the Bank's shares held by EFKA amounts to 46.16% of the total common, registered shares and those held by TMEDE amounts to 32.50% of the total common, registered shares.

In October 2018 the Bank completed the second securitization of non-performing exposures of € 700.5 mln. Through the completion of the transaction, the Bank recognized profit of € 47 mln which accounted for Tier I capital.

The completion of this ground-breaking transaction which benefits the Bank and its shareholders, helps Attica Bank reduce its credit risk exposure and strengthen its capital basis in order to proceed to its next business movements.

Finally, in December 2018, the Bank proceeded to the issuance of a subordinated Tier II bond loan for repaying the preference shares issued by the Bank and held by the Greek State of a total value of € 100.2 mln.

02

2018 at a Glance

January 2018

Extensive meetings of Attica Bank in Paris and London with foreign investors for their participation in the second securitization of non-performing exposures of € 700.5 mln.

February 2018

Lifting of capital controls as far as the opening of new deposits accounts and the increase of the withdrawal and money transfer limit is concerned.

March 2018

New organizational structure in force aiming at the gradual transformation to a Digital Bank.

April 2018

Conclusion of the Voluntary Exit Plan with the participation of 177 employees and total cost of c. €20 mln.

May 2018

- Share Capital Increase of €88.9 mln.
- ECB – eligible for funding purposes

July 2018

Transfer of 95,606,341 common shares of Attica Bank S.A. from the portfolio of EFKA to the portfolio of TMEDE. After the completion of the transfer, the percentage of the voting rights of the Bank's shares held by EFKA amounts to 46.16% of the total common, registered shares and those held by TMEDE amounts to 32.50% of the total common, registered shares.

October 2018

- Conclusion of the second securitization of €700.5 mln with a realization of €47 mln. With this transaction Attica Bank managed to reduce NPEs by €2 billion cumulatively (the first securitization of €1.3 billion was completed on August 2017) and the NPE ratio by 45% respectively.
- Upgrade of the Bank's Financial Assessment (from C+ to B-) by the rating agency Capital Intelligence.

December 2018

- Significant reduction in ELA funding in Q4 2019 (by €400 mln) and by €830 mln in 2018 cumulatively.
- Strong rebound in deposits by 19.6% yoy.
- Capital base improved by €200 mln in 2018 cumulatively.
- Conclusion of a repo transaction with the GGB of Pillar 2 for €175 mln.
- Issuance of a Tier II Bond Loan of €100.2 mln for the repayment of the preference shares of L.3723/2008.

03

Summary Financial Data

3. Summary Financial Data FY 2018

During 2018, Attica Bank Group continued its administrative and organizational changes aiming at implementing a business and functional model oriented at profitable growth, internal capital generation and increase of its operational efficiency.

The Group continued to improve its liquidity as the deposits' balances showed significant improvement. The significant increase in deposits led to the elimination of ELA funding in March 2019. The improvement of the Bank's liquidity reflects the complete restoration of customer's confidence in the Group.

Furthermore, the successful completion of the Share Capital Increase combined to the conclusion of the transaction of the second securitization of non-performing exposures of 700.5 mln euros further strengthened the Group's capital base while it marks the substantial clean-up of the portfolio.

Attica Bank Group with a strong capital base, a plan and modern structure, will continue so as to improve its profitability and to strengthen real economy in favor of its customers and shareholders.

3.1. Key Financial Figures

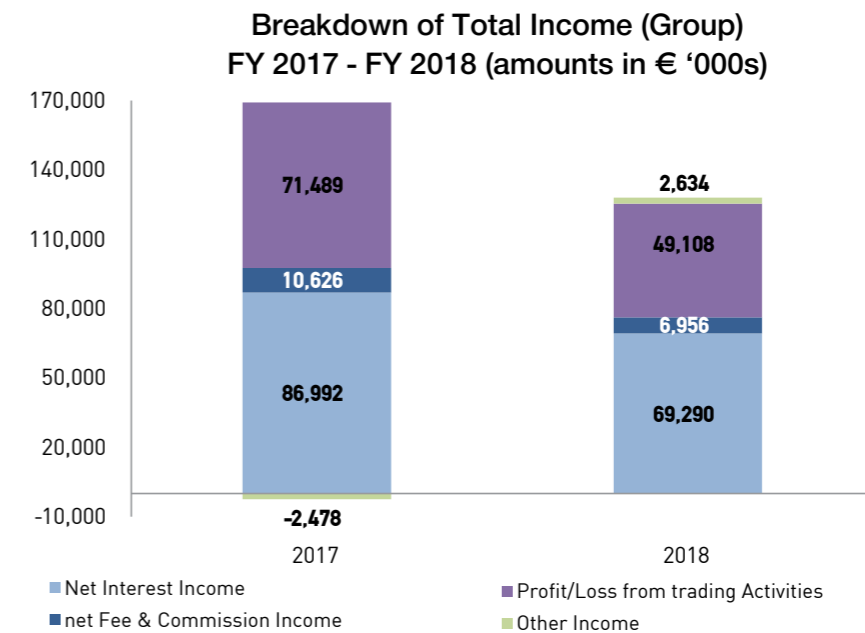
Results FY 2018

For the Group, the pre-tax profit for 2018 amounted to a profit of € 56 mln, versus profit of € 90.5 mln for 2017, which includes the consideration from the second securitization transaction of € 47 mln euros, while the consideration included in the comparative period of 2017 amounted to € 70 mln euros. Respectively, the post-tax result stood at a loss of € 2.4 mln, versus profit of € 0.4 mln for the comparative period.

Profits before provisions and amortization amounted to € 9 mln versus to profit of €16.5 mln for the comparative period, excluding non-recurring figures for 2018 and 2017.

Operating Income – Operating Expenses

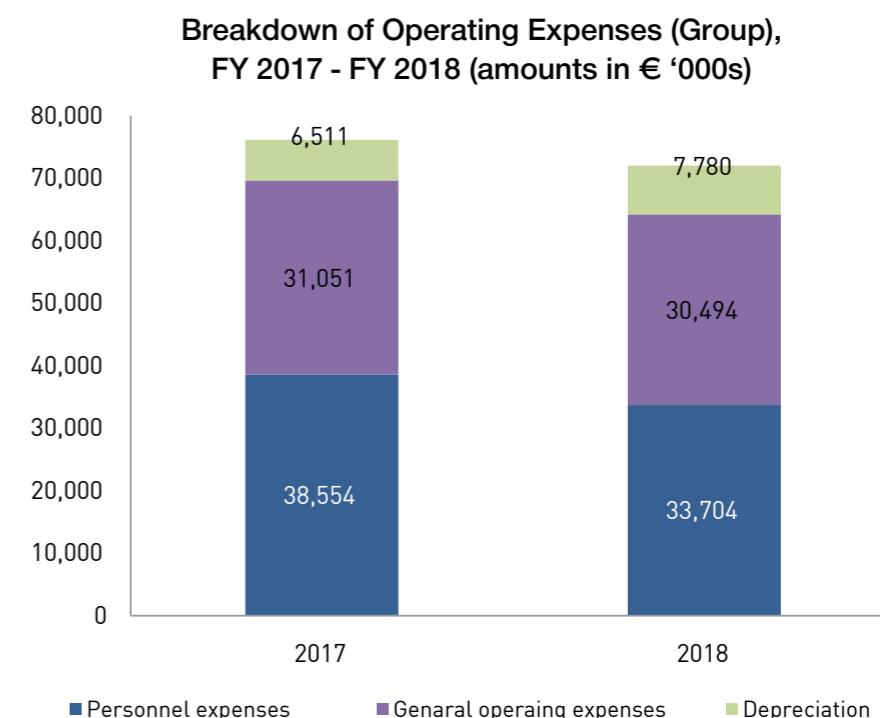
As at 31.12.2018 operating income stood at € 127.9 mln versus € 166.6 mln for 2017, which includes the consideration from the second securitization transaction of € 47 mln, while the consideration included in the comparative period of 2017 amounted to € 70 mln."



For 2018, accumulated provisions for impairment losses on loans and advances to customers stood at € 253 mln, taking into account the first implementation of IFRS 9 amounting to € 98.2 mln. Provisions for impairment losses on loans and advances to customers amounted to € 22.8 mln euros, while provisions for impairment on off balance sheet items and on other assets stood at € 4.7 mln, with the total of provisions rising to € 27.5 mln. The corresponding amount for FY 2017 stood at € 73.5 mln, comprising solely of provisions for impairment losses on loans and advances to customers.

General Operating expenses before provisions decreased by 1.8% compared to FY 2017. If the budget for the provision of impairment of other assets is included, the total general operating expenses display a decrease of 26.7% compared to FY 2017.

Personnel expenses decreased by 12.6% for FY 2018 compared to FY 2017 due to Bank's staff reduction by 164 people following the successful completion of the voluntary exit plan.



Assets - Loans

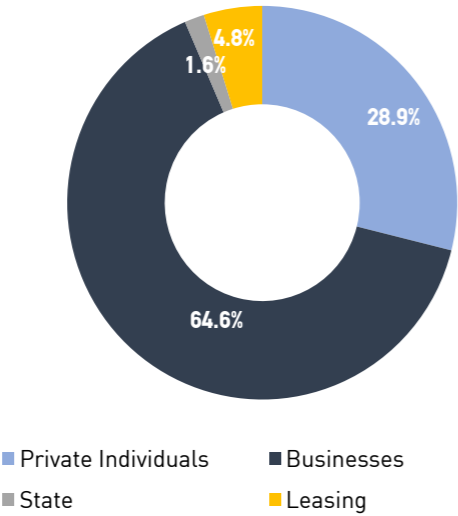
Total assets of the Group on 31/12/2018 amounted to €3.35 billion.

Pre-provision loans for 2018 amounted to €1.8 billion for the Group, presenting a decrease by 30% on an annual basis. It should be noted that on 26.10.2018 the sale of the Junior Note of nominal value € 357 mln was completed (Metexelxis securitization) and Attica Bank derecognized a portfolio of non-performing exposures of nominal value c. € 700.5 mln.

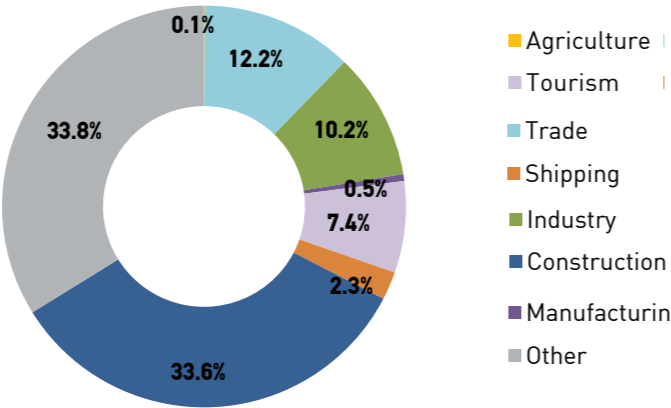
For 2018, the NPE ratio, including off-balance sheet items, stood at 33.5% versus 37% for FY 2017. Respectively, the total NPE coverage ratio from provisions and collaterals amounted to 125%, while the NPE coverage ratio from provisions to 34.01%. Finally, the NPE coverage ratio from collaterals amounted to 89%.

65% of the Bank's loan portfolio involves loans to businesses that are active in the construction, commercial and industrial sectors.

Loan Portfolio Breakdown, 31.12.2018



Loans to Businesses by sector of economic activity, 31.12.2018

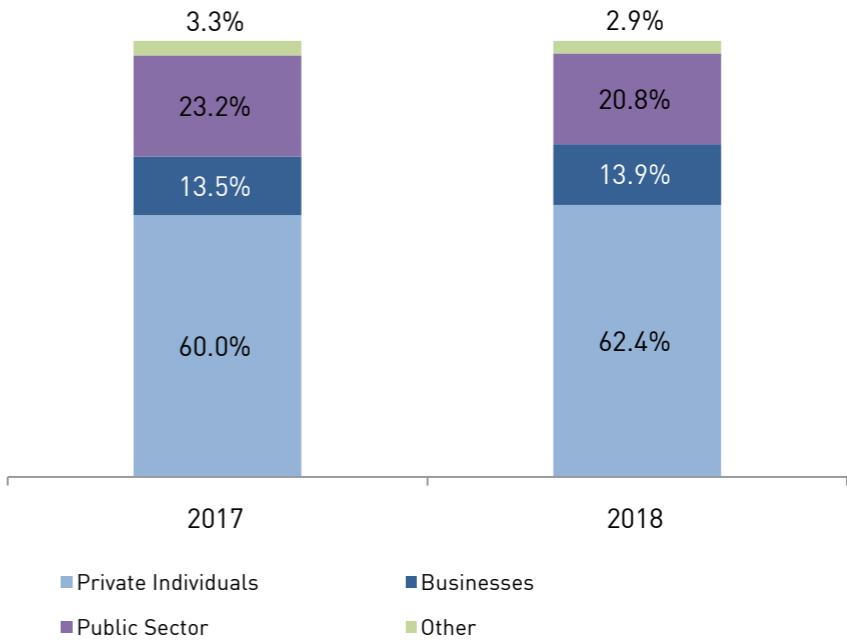


Deposits – Liquidity

On 31/12/2018 the Group's deposits amounted to € 2.3 billion, increased by 19% versus 31/12/2017.

Attica Bank continues to have a strong depositor's base, with over 62.4% of deposits composed by private individuals.

Deposits Breakdown (Group), 31.12.2017 - 31.12.2018



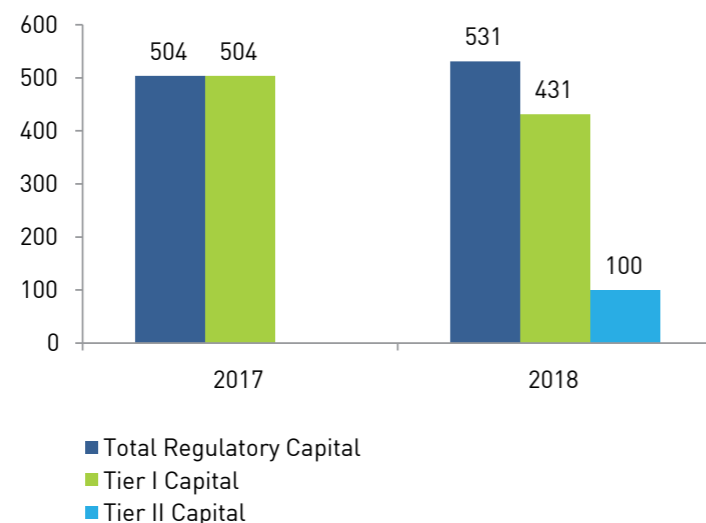
On 31/12/2018 Attica Bank's funding from ELA stood at € 95 mln, decreased by € 820 mln compared to 31.12.2017. On March 2019, Attica Bank eliminated its dependence from ELA funding.

On 31.12.2018 Attica Bank's Eurosystem funding stood at 4.6% of its assets, versus to 4.4% for the entire banking system.

Equity – Capital Adequacy

The Group's Equity for 2018 stood at € 491 mln, while the total regulatory capital of the Group at € 531 mln. Total Capital Ratio amounted to 16.6% and Common Equity Tier 1 Ratio (CET 1) to 13.5% on a consolidated basis.

Equity & Regulatory Capital (Group), 31.12.2017 - 31.12.2018
(in € mln)



3.2. Key Financial Ratios

The following tables include some selected financial ratios presenting balance sheet structure, efficiency and management policy on a solo and a consolidated basis, based on the financial statements for the FY ended on 31.12.2018. The relevant ratios for 2017 are also shown.

BALANCE SHEET STRUCTURE	GROUP		BANK	
	2018	2017	2018	2017
Due to Customers / Loans and Advances to customers (after provisions)	143.3%	87.8%	143.7%	88.2%
Due to Customers / Total Assets	68.1%	54.4%	68.2%	54.6%
Loans and Advances to customers (after provisions) / Total Assets	47.5%	62.0%	47.4%	61.9%
Total Equity / Total Assets	14.7%	17.9%	14.6%	17.8%
Total Equity / Due to Customers	21.5%	32.9%	21.4%	32.6%

ΔΕΙΚΤΕΣ ΔΙΑΧΕΙΡΙΣΤΙΚΗΣ ΠΟΛΙΤΙΚΗΣ	GROUP		BANK	
	2018	2017	2018	2017
Total Operating Expenses before provisions / Total Assets	2.1%	2.2%	2.0%	2.1%
Total Operating Expenses before provisions / Total Operating Income	56.2%	45.7%	56.2%	45.4%
Profit before provisions / Average Equity	10.0%	14.3%	9.9%	14.3%
Profit before provisions / Average Total Assets	1.6%	2.5%	1.6%	2.5%

3.3. Key Financial Figures – Attica Bank's Group of Companies

Bank Participation in the Attica Bank's Group of Companies, 31.12.2018

Company Name	Headquarter	Participation Percentage %
Attica Wealth Management	Greece	100.00%
Attica Bancassurance Agency	Greece	100.00%
AtticaBank Properties	Greece	100.00%

The Company's financial data for 2018 and 2017 are presented in summary in the following tables:



Summary Financial Data (amounts in euros)	2018	2017
Fixed Assets	69,902.04	96,082.70
Other Assets	1,313,382.00	3,236,264.58
Total Assets	1,383,284.04	3,332,347.28
Share Capital	501,699.00	2,326,059.00
Total Equity	1,284,506.75	3,203,988.45
Other short – term Liabilities	57,829.69	80,126.61
Turnover	719,611.31	841,775.50
Gross Profit	(5,912.61)	(46,050.00)
Profit Before Tax	(17,164.82)	(49,390.26)
Profit After Tax	(59,015.47)	(50,948.93)

Net Mutual Funds Assets (amounts in euros)	2018	2017
Attica Dynamic Asset Allocation Fund of Funds	2,343,906.38	3,282,494.91
Domestic Bond Fund	463,209.97	1,570,256.37
Domestic Equity Fund	6,099,442.66	7,258,998.80
Domestic Money Market Fund	13,219,790.59	13,818,763.37
Foreign Balanced Fund	13,503,283.21	14,574,923.01
Foreign Bond Fund	0.00	439,012.37
TOTAL NET ASSETS	35,629,632.81	40,944,448.83

Capital Under Investment Management Contracts (amounts in euros)	2018	2017
Total Assets of customers with portfolio management contracts	6,111,417.87	8,810,279.41



Summary Financial Data (amounts in euros)	2018	2017
Total Assets	504,422.87	396,279.40
Loss before Tax	34,556.22	(145,828.19)
Loss after Tax	34,422.28	(145,573.93)
Total Equity	359,404.57	324,982.29
Turnover	372,790.00	160,000.00



attica Bancassurance Agency

Summary Financial Data (amounts in euros)	2018	2017
Total Assets	6,624,298.89	7,246,069.65
Profit before Tax	222,723.87	413,857.63
Profit after Tax	70,256.36	293,838.92
Total Equity	4,352,707.21	4,369,450.85
Turnover	846,069.06	1,027,411.94

04

Letter by the Vice Chairman
of the BoD

4. Letter by the Vice Chairman of the BoD

Dear shareholders,

We present to you the annual report of the Board of Directors for the fiscal year 01/01/2018 to 31/12/2018.

This report summarizes financial information about the Group and the Bank, "ATTICA BANK S.A.", aiming at briefing, in general terms, shareholders and investors, on the financial situation and the results, the overall course of action and the changes that were initiated during the period [1/1/2018-31/12/2018], as well as, significant events that took place and their impact on the financial statements of the year. It also describes the main risks and uncertainties that the Group and the Bank may face in the future and lists the most important transactions that have been taken place between the Bank and its affiliates.

For 2018, the economic environment was as follows:

International Economy

Global GDP growth for 2017 is estimated at 3.7% and it is projected to remain on the same level for 2018 and 2019. In advanced economies, annual GDP growth in terms of volume is estimated to be 2.4% for 2018 from 2.3% in 2017, while for emerging and developing economies 4.7% as of 2017. Inflation in advanced economies, as measured by the CPI, accelerated in 2017 (at 1.7% from 0.8% in 2016), has remained consistently low at 2.0% in 2018, while in emerging and developing economies inflation remained 4.7% in 2018 as in 2017. Global trade in goods and services in all economic areas is estimated that has increased in volume by 4.0% in 2018 from 5.3% in 2017.

USA:

Annual GDP change in terms of volume is estimated at 2.9% for 2018 from 2.2% in 2017. Inflation increased to 2.4% in 2018 from 2.1% in 2017. The budget deficit as a share of GDP increased by 4.7% in 2018 from 3.8% in 2017. Gross Public Debt as a percentage of GDP increases to 106.1% in 2018 from 105.2% in 2017. The estimation for the current account deficit as a percentage of GDP is a slight increase to 2.5% in 2018 from 2.3% in 2017. The unemployment rate is estimated to have fallen further to 3.9% in 2018 from 4.3% in 2017.

ASIA:

As far as Japan is concerned, the annual change in GDP in terms of volume for 2018 decreased to 1.1% from 1.7% in 2017. Inflation increased to 1.2% in 2018 from 0.5% in 2017. The budget deficit as a share of GDP, is estimated that will be decreased to 3.7% in 2018, from 4.3% in 2017. Gross Government Debt as a share of GDP in 2018 is expected to be 238.2% from 237.3%. The current account balance as a percentage of GDP is in surplus and is estimated at 3.6% in 2018, compared to 4.0% as a percentage of GDP in 2017.

For China the estimate is that the annual change in GDP in terms of volume decreased to 6.6% in 2018, from 6.9% in 2017. Inflation increased in 2018 and reached 2.4% from 2.2% in 2017. The government deficit as a share of GDP is 4.1% in 2018, compared to 3.9% in 2017. The government deficit in 2018 is expected to increase to 50.1%, from 47% in 2017. The current account balance as a percentage of GDP is in surplus and for 2018 the estimation is 0.7%, from 1.4% as a percentage of GDP in 2017.

Eurozone

In the euro area, for the year 2017, GDP growth is estimated to have reach the highest post-crisis rate of 2.5%, while it is expected to decline slightly in 2018 to 1.7%. Inflation remains low, reaching 1.8% in 2018 from 1.5% in 2017.

ECB continues to implement the securities purchasing program during 2018, but with reduced monthly net purchases. At the monetary policy meeting on 13 December, the Board of Directors decided to discontinue net asset purchases in December 2018, to keep key interest rates of ECB unchanged and to reinforce the indications of the future direction of reinvestments. Labor market improvement in Eurozone continued in 2018, as economic activity recovers; the unemployment rate declined to 8.2% of the labor force, the lowest since January 2009, from 9.1 in 2017. The demand for loans continued to rise, but banks expect some retention of their demand for the 2019. The net demand for corporate loans continued to rise during the fourth quarter of 2018 (net rate 9%, after 12% during the third quarter), almost in line with the expectations of the Banks during the previous ECB survey cycle. The net demand continued also to grow for mortgage loans (net rate 12%, after 5%) for consumer credit and other borrowing to households (8%, after 22%). In 2017, fiscal developments in Eurozone area were characterized by a continuing decline in the government deficit, albeit at a slowing pace, which is expected to continue in 2018. Thus, the fiscal deficit in Eurozone as a whole is estimated to 0.5% in 2018 from 1.1% of GDP in 2017. The current account balance as a percentage of GDP is in surplus at 3.1% in 2017 and the estimate is that for 2018 it will be 3.0%.

The Greek Economy and the Banking System

According to the first estimates and figures of Bank of Greece is important that following recovery of 2017, economic activity in 2018 seems to have accelerated and GDP in constant prices to rise by the approximately 2.1% from 2017.

The main pillars of the growth of the economy were exports of goods and services and private consumption.

During 2018 inflation slowed down due to the base effects of energy goods and processed foods. International oil prices have been increasing, while non-energy commodity prices continue with negative rates of change.

Exceeding the budgetary target in recent years has helped to restrain public debt and strengthened market confidence. According to the forecast of Bank of Greece, economic activity is estimated to increase by 2.1% in 2018, 2.3% in 2019 and 2.2% in 2020. This progress is expected to rely on business investment, exports, but also to private consumption growth progress.

Investments are expected to increase, particularly from 2019 onwards, in line with the strengthening of confidence and the gradual restoration of private sector funding.

Employment is expected to continue to grow, relying mainly on the positive course of individual sectors of economic activity such as tourism, trade and manufacturing, contributing to a further decline in the unemployment rate.

A key challenge for the Greek economy in the near future is the continuation of the systematic return of the Greek State to the financial markets on sustainable terms.

With the successful completion of the adjustment program last August and the debt relief measures decided by the Eurogroup in June 2018, which are expected to ensure sustainability in the medium term, Greek government bonds are closer to obtain investment grade

The recent successful issuance in January of 2019 of 2.5 billion and 3.6% yield, is the first Greek debt issuance without the support of EU and IMF nearly after a decade. According to Moody's note "Greece's exit to the international capital markets is positive for the solvency as it reflects the improved investor confidence and opens the way for Greece to return to its full financing by the markets"

Investors' offers for the five-year bond exceeded five times the requested amount (2 billion euros) and exceeded 10 billion euros. The Government Debt Management Agency accepted bids totaling € 2.5 billion, or € 500 million more than initially requested. The cost of borrowing was significantly lower than the indicative coupon of 3.75% - 3.875% which was given as the starting point for the contractors and eventually closed at 3.6%. The significant investment contribution to the issuance of the five-year bond has led buyers into existing bonds and their returns to move lower. Is indicative that the four-year maturity bond on 30 January 2023 recorded a return of 2.994% and the bond maturing on 30 January 2028 recorded a return of 3.994%.

With regard to the banking system, the improved economic prospects has strengthened the economic climate, contributing to the increase in deposits and improving Greece's creditworthiness, resulting in a reduction in the dependence of banks on the Emergency Liquidity Facility (ELA).

Strengthening banks' liquidity and improving the climate of trust have allowed the withdrawal of most restrictions on capital movements.

Although banks have made a remarkable progress in reducing their non-performing exposures, the bank's non-performing loans stock remains high.

Concerning capital adequacy, Common Equity Tier 1 – CET1 on a consolidated basis and Capital Adequacy Ratio, according to Bank of Greece data for the third quarter of 2018, remain at a satisfactory level (15.6% and 16.2%).

Attica Bank in its economic environment in 2018 followed its strategic planning, continuing the administrative and organizational changes of 2017.

The most important events within 2018 for the Bank were,

- The successful completion of the Voluntary Retirement Scheme.
- Completion with partial coverage of the Share Capital Increase.
- The change in shareholder structure. In relation to the two major shareholders, with a reduction of the percentage owned by E.F.K.A and the increase of the percentage owned by T.M.E.D.E.
- The completion of the second issuance of the Junior Note.

Specifically:

- On 26.04.2018, the Voluntary Retirement Scheme was completed successfully. The participation in this Scheme amounted to 164 people, representing approximately 23% of all Bank staff.
- At the meeting held on 21.05.2018, the Board of Directors of the Bank certified the completion with partial coverage of the Share Capital Increase, by 88,883,536.80 euros, with the issuance of 296,278,456 new common registered shares with a nominal value of 0.30 euros each.
- The initial transfer on 16.05.2018 and the second transfer on 27.07.2018 of common registered shares by the E.F.K.A to T.M.E.D.E resulted in the change in the Bank's shareholding composition with the new percentages on the Bank's common registered shares being formed at 46.16% for E.F.K.A and at 32.50% for T.M.E.D.E. On 31.07.2018 an agreement followed between E.F.K.A and Hellenic Financial Stability Fund under which the voting rights of the Bank's shares held by E.F.K.A at a rate exceeding 33.00%, ie 13.16%, are exercised by the Hellenic Financial Stability Fund.
- The General Meeting of shareholders on 27.06.2018 as completed on 25.07.2018 decided, the sale of Junior Note, resulting in the second securitization of non-performing exposures of the Bank with a nominal value of € 357.25 million. The cooperation with an important financial institution such as PIMCO, which was approved as the preferred investor for the management of the second securitization of non-performing loans of the Bank, was a new and decisive step for the strengthen of the Bank and opened up prospects for wider synergies in the future.

- The completion of the sale procedure on 26.10.2018 of Junior Note with a nominal value of € 357.25 million of the transaction of Metexelxis and the consequent derecognition of a portfolio of non- performing exposures of a nominal value of approximately € 701 million carried by the Bank. The amount received by the Bank is € 47 million and is shown in the income statement for the year ended 2018.

With the completion of the operations mentioned above, the Bank ensured its total capital needs, amounting to approximately € 136 million in cash (€ 88.9 million from the Share Capital Increase and € 47 million earnings through the sale of the Junior Note of the 2nd Securitization. Furthermore, on 20.12.2018 the Bank proceeded with the acquisition of preferred Greek government shares by issuing an equivalent bond loan.

At the same time, the Bank is continuously reorganizing by,

- a) significantly increasing the amount of its deposits,
- b) diminishing the borrowing from ELA,
- c) significantly reducing its operating costs after the completion of Voluntary Retirement Scheme (April 2018) and

In this way and with no diversions, the Bank can focus on banking services and to achieve digitization, providing high-quality services to its customers, focusing on small and medium-sized businesses and households.

The year of 2018 was the transitional period for solving the main issues of the Bank, by increasing its capital, securitizing non-performing loans, continuing of deletion and reorganization the Bank and as a result the figures of 2018, reflect the above changes made.

The cost of the 2nd Voluntary Retirement Scheme, charged the Income Statement for the year ended 31.12.2018 with €17 million. Interest and commissions had no significant change due to the securitizations and the continuing deleveraging of the Bank's assets. This policy, in conjunction (at the same time) with the continuation of the upward trend in deposits, has led to a reduction of the expensive (approximately 1.5% interest) borrowing of capital through ELA, which leads to a future reduction in the cost of capital of the Bank.

The management nevertheless notes that the developments of the Share Capital Increase, the 2nd securitization, the continuing decrease of borrowing from ELA, in line with the Bank's commitment to banking operations and the prospects for the successful implementation of the strategic planning of the Bank, which are further strengthened by the stabilization of the Greek economy as well as the improvement of a number of key macroeconomic and financial indicators have a positive impact.

Management expects the Bank to return in the next years, to sound operating profitability, with strong capital ratios and to create internal capital for the benefit of the Greek economy, its shareholders, its customers and its employees.

Stavros Papagiannopoulos
Vice Chairman of the BoD

05

Letter by
the Chief Executive Officer

4. Letter by the Chief Executive Officer (CEO)

Dear Shareholders,

2018 is a milestone for the Greek economy, as after a long period of regression, a satisfactory pace of economic growth was recorded, which stood in 2018 at 1.9%.

Restoring confidence in the Greek economy had a positive effect on the Bank's published financial results for the year 2018. Liquidity was significantly strengthened, deposits increased by €14.2 billion or by 9.26% annually and Eurosystem funding decreased by €22.6 billion or by 67% annually. ELA funding as at 31.12.2018 stood at € 947 mln for the whole banking system. The increase recorded in deposits balances is a result of the conclusion of the fiscal adjustment program in August 2018 and of the restoration of confidence to the banking system.

Respectively, deposits balances in Attica Bank increased by 19.6% on an annual basis, more than double percentage from the increase of the Greek banking system in 2018, as result of the successful restructuring program of the Bank that has started since September 2016.

In December 2018 the Bank entered the interbank repo market conducting agreements with Greek Banks. More specifically, the Bank concluded a repo transaction of € 175 mln of the GGB issued under the second pillar of measures to support and strengthen the liquidity of the Greek economy (L.3723/2008). It should be noted that for as long as this bond is held by the Bank, the Greek State is entitled to appoint a representative to the Bank's Board of Directors.

In 2018 the Bank repaid ELA funding of € 820 mln, reducing the outstanding balance from € 915 mln in December 2017 to € 92 mln in December 2018. On 21st March 2019, Attica Bank eliminated its dependence from ELA funding.

Within the context of capital - strengthening actions, in April 2018 the Bank proceeded to a Share Capital Increase by exercising preemptive rights in favor of existing shareholders. The total amount raised stood at € 88.9 mln.

Furthermore, on 21st December 2018, the Bank issued a subordinated bond loan (Tier II) of a ten year maturity with a right of cancellation in the end of the fifth year with a predefined interest rate of 6.41% for the repayment of the preference shares of the Greek State of € 100.2 mln. This amount accounts for Tier II capital equally.

With the above-mentioned actions, on 31.12.2018 the overall capital adequacy ratio stood at 16.6% and CET1 ratio at 13.5%.

Finally, by the end of 2018 the Bank adopted the new accounting standard IFRS9, recognizing € 136 mln of additional provisions for credit risk.

Dear Shareholders,

These results are the outcome of the commitment of the new Management of Attica Bank that with the assumption of its duties on September 2016, proceeded with the planning and the implementation of a transformation plan aiming at the settlement of burdens of the past and the restoration of the Bank to administrative, operational, business and supervisory regularity. It should be noted that since the end of January 2018, the Bank is ECB eligible as the outstanding amount of € 70 mln resulting from the adverse scenario of the Overall Assessment Exercise conducted by the Bank of Greece in 2015 has been covered and that since then all the main financial figures are strengthened.

The main pillars of the transformation plan of the Bank were:

- The Bank's compliance with the recommendations of the findings of SSM and the Bank of Greece and the implementation of these recommendations in order to restore the Bank's operation on the basis of the institutional framework and corporate governance rules. Today, the Bank has fully complied with the majority of the above-mentioned findings.

I would like to emphasize on the actions undertaken by the Bank as far as the decrease of credit risk is concerned. The new management acted on time and attempted to resolve radically the non-performing exposures issue (NPEs) through the pioneering - innovative solution of securitization, de-recognition and capital generation. Since September 2016, two securitizations of € 2.032 billion were planned and finally implemented on August 2017 and October 2018. The two transactions are based on the true sale and de-recognition of the portfolio of non-performing exposures from the Bank's balance sheet.

With these two transactions on 2017 and 2018, the Bank has managed to reduce NPEs by €2.032 billion out of a total of € 2.824 billion within two years cumulatively, corresponding to a reduction of 71% versus 22.8% for the Greek banking system during the same period. It should be noted that our Bank with these two securitizations has recorded profit of € 117 mln (capital generation) from the liquidation of the junior notes. More specifically, within the context of the first securitization (Artemis) the junior note was sold to Aldridge and to TOCU (member of the Pimco group pf companies) from the second securitization respectively. Attica Bank is stated as pioneer - innovator in the management of NPEs, as the structure and technique of these transactions is recognized from the competent local and supranational institutions and supervisory bodies, which encourage solutions based on this method. It is noted that almost all Greek banks are currently planning to use this methodology as part of the overall management of non-performing exposures in Greece.

- The second pillar focused on the reduction of operating expenses with the successful completion of two voluntary exit plans (with the participation of 277 employees), on organizational changes and on the drafting of a new Collective Agreement. Nowadays, all these targets are met from the Management of the Bank resulting in a reduction of the operating costs of the Group by 21.6% or by c. €20 mln from December 2016 to December 2018.
- The third pillar focused on the redesign of the Bank's internal infrastructures and the application of new regulations and policies, along with the upgrading of its service networks and IT infrastructure. Since September 2016, the Management of the Bank has proceeded to significant organizational changes, to the issuance of new policies for main procedures and at the same time the centralization process being rapidly implemented and IT infrastructure has been greatly enhanced by both systems and qualified staff.
- The final pillar emphasizes in the constant adaptation of the organizational structure, staffing and personnel training so as to correspond to the size of the Bank, its strategic objectives and the requirements of a modern banking institution. Since September 2016, the Management proceeds to the integration of networks, markets, products and services under distinct administrative entities of Digital and Retail Banking and Business Banking. The digital offer of products and services is enhanced aiming at the upgrade of the traditional role of the branches network to a modern sales mechanism, that staffed with qualified personnel will face upcoming challenges in the banking sector due to technological developments that take place.

Dear Shareholders,

The reference to the achievements of the period marked by the new Management's assignment of duties (September 2016) until today, is necessary in order to realize the depth of the Bank's adaptation to modern requirements, as well as the restoration of its Balance Sheet.

The Group of Attica Bank's companies with strong capital position and enhanced liquidity s called upon to play in 2019 his strategic and significant role in the Greek economy. As the fifth Bank in the domestic banking system and with the flexibility of a reorganized financial institution can now focus on financing the real economy by funding sound small and medium-sized businesses and individuals.

The transformation of the Bank is an ongoing process, focused on the digitalization of the offered products and services and the automation of procedures so as the Bank is a position to offer personalized and high-quality services, prompt and secure. Indicatively, we mention the new, upgraded internet banking as well as the mobile application with which the Bank's customers can settle almost all their transactions through their smartphone.

The outlook for 2019 is very positive as the Bank has set in force its Business Plan thanks to its increased liquidity.

The strategy of the Bank for 2019 is summarized at the following points:

- In the further enhancement of its liquidity through the securitization of performing loans. It is a common-used liquidity enhancing tool that the Bank retains ownership of the loans. The additional liquidity is envisaged from € 200 to € 250 mln.
- In the increase of new loan disbursements by € 150 mln on an annual basis. The new disbursements will be targeted to medium sized, small and very small businesses and entrepreneurs up to the amount of € 100,000. The provisioning will be carried out with a different, modern and more effective procedure in order to ensure that the new disbursements are unlikely to fall in a non performing status and also that the concentration of the loan portfolio to large businesses is restricted.
- In the further enhancement of the depositors base through competitive pricing, increase of the network and offer of digital services available to the public.
- In the diversification of the existing sources of revenue. The Bank will focus on the Bancassurance operations in cooperation with Interamerican. The relevant agreement is expected to be official soon. Furthermore, the further development in infrastructure related to transaction processing is envisaged to contribute significantly in the increase of fee income.
- In the effective management of the remaining non-performing exposures portfolio. It is noted that an amount of € 344 mln (42.9%) of NPEs concerns individuals and € 425 mln (57.1%) businesses. As at 31.12.2018 restructured loans of the corporate portfolio amounts to € 34 mln and € 11 mln the retail portfolio. The management of mortgage loans will be carried out according to the legal framework, as in force and for the remaining portfolio the Bank has already submitted to the Bank of Greece a three-year business plan with detailed performance indicators (KPIs), aiming at decreasing the NPE ratio at a single digit percent by the end of the three years period.
- In the restriction of the participation of the Bank in subsidiaries. Up to now the participation of the Bank in Attica Ventures and Attica Finance is limited and within 2019 the transfer of all its shares in Attica Wealth Management is expected to be completed.
- In the completion of all restructuring actions concerning the total workforce of the Bank. It is noteworthy that the Bank envisages to increase and not to proceed to the reduction of its personnel and to the increase of the number of the branch network.

Dear Shareholders,

The organizational changes and the upgrade of the Bank's infrastructure are the first priority of our strategy as the Bank aims at the modern and effective customer service offering new solutions, similar to other banks, in the field of digital operations, payments and the redesign and replacement of ATMs. Furthermore, in the near future the Bank will seek to open new branches so as to cover the empty spots of its branch network in prefectures where Attica Bank is not present until now, versus the strategy of other banks to reduce their branches network.

In 2019 the Bank aims at reaching its break-even point. The Bank, having achieved the clean-up of its balance sheet, the stabilization of high levels of liquidity and capital sets in motion its business plan of growth and restoration in sustainable operating profitability.

The implementation of a new business and operational model, the key axis of which is the renovation of the Bank and its transformation into digital that is a main pillar of the Bank's strategy. This renovation includes inter alia alternative digital banking products and services, new ATMs, e-kiosk and the Bank's presence in every geographical area of the country with a range of innovative services.

Commitment of Attica Bank's management and employees is to create a healthy and competitive Bank that will play a significant role in the growth of the Greek economy by providing high-quality services and innovative products, generating surplus value for its customers, its shareholders and the Greek society as a whole.

Thank you,

Theodoros Pantalakis
Chief Executive Officer (CEO)

06

Attica Bank's Activities

6. Attica Bank's Activities

6.1 Retail Banking

Deposits

In a modern and constantly changing environment, Attica Bank has set as its main goal the expansion of its deposit base through deposit products, which are tailored to satisfy the needs of its current and potential customers.

The gradual reduction of restrictions on withdrawals and capital movements and their complete lifting since October 2018 have considerably strengthened the depositors' confidence in the Greek banking system. It is indicative that the total account balances of the Bank's deposits amounted to € 2.318 billion at the end of 2018 compared to € 1.939 billion at the end of 2017, marking a significant increase of 19.6%. A significant increase was recorded in time deposits, the balance of which at the end of 2018 amounted to € 1.3 billion compared to € 987 million in 2017, reflecting the increasing trend of saving households and businesses.

It is important to point out despite the significant increase in the Bank's deposits, the average total deposit rate remained at about the same level as the previous year. In particular, the average annual cost of deposits went from 1.07% as at 31.12.2017 to 1.08% as at 31.12.2018 while the average annual total cost of time deposits got markedly lower by 4 basis points from 1.41% in 2017 to 1.37% in 2018.

The Bank, as in previous years, focused on attracting and supporting young scientists (engineers, doctors, lawyers) by offering products on particularly privileged terms. An indicative product is the "Attica Payroll Savings Account for employees of former E.T.A.A." with one of the most competitive interest rates in the market, 0.85% and a monthly interest payment. An additional category of depositors of high interest for Attica Bank is that of pensioners and public and private sector employees for whom the Bank offers deposit products tailored to their needs at attractive rates and with additional benefits such as "Attica Payroll Savings Account for Private Employees" and "Attica Savings Payroll for Public Employees / Pensioners". The above products recorded an increase of 8.7% as at 31.12.2018 compared to 5.1% as at 31.12.2017.

In 2018, the Bank renewed its deposit portfolio by offering mainly time deposit products, both in euro and in foreign currencies. In particular the Bank offered the following new time deposits:

- ✓ **Flex Profit:** Time Deposit with 1, 2 or 3 months duration with an attractive interest rate, which enables the client to increase the capital during the period and receive as a reward and under conditions an increase in the interest rate.
- ✓ **15 Months Profit:** Time Deposit with a preferential interest rate of 15 month duration, quarterly payment of interest and the option of early repayment without charge at the expiration of any quarterly interest period.
- ✓ **Double Profit USD:** Time Deposit with 3 months or 6 months duration in USD with an exceptionally attractive interest rate, monthly interest payment and 100% of total interest for free if it is held to maturity.

Attica Bank continued to offer time deposits from 2017, such as the product "Double Profit in EUR", with a duration of 3 or 6 months, and the 100% of the interest paid, provided that no early redemption takes place and the product "Early Profit", a time deposit with 6 months or 9 months duration with an attractive interest rate and payment in advance of the interest in the beginning of the deposit.

2019 is considered as a year challenge for the Greek and the global economy. In particular for our country, an additional recovery of the economic environment and a gradual strengthening of households' consumer and savings capacities is expected. In this context, the increase of deposits will continue to be a strategic priority for Attica Bank, which will be achieved through the enrichment and redesign of its deposit portfolio, combined with its digital transformation.

Retail Credit

Despite the fact that the economic environment has improved significantly over the last year, the demand for new financing by individuals remained limited, resulting in a reduction in balances. According to data published by the Bank of Greece, in the end of 2017 private sector lending amounted to € 170 billion, of which € 76.3 billion concerned households. The annual rate of household lending decreased by 2.2% versus 2.8% in 2017. The portfolio of the Bank's retail loans amounted to 411 million euros for mortgage loans and to 95.2 million euros for consumer loans.

In this environment, Attica Bank with an emphasis in its clientele focused on the support of its customers who faced financial difficulties through arrangements and restructuring of their debts, addressing each case with sensitivity and looking for sustainable solutions according to the needs of each customer.

Furthermore, in collaboration with the "National Fund of Entrepreneurship and Development" (ETEAN) participated in the program "Saving at home II" offering loans with significant incentives for the repair of their household aiming at energy saving.

In a constantly changing domestic and international economic environment, Attica Bank's strategy will always focus on the needs of its customers and will be characterized by flexibility, efficiency and innovation.

6.2 Business Banking

Business Banking is the main pillar of Attica Bank's banking operations. The expertise in serving its business customers (large, medium, small and very small enterprises) is the basic feature of the Bank. 80% of the Bank's funding regards loans to businesses of every size.

Attica Bank upgraded its infrastructure and operations as far as credit process is concerned, aiming at offering efficiently credit products to its customers. The Bank applies credit standards tailored to the formed economic conditions and attempts with specific measures to offset credit risk in order to be in line with the Bank's Risk Rating Policy approved by the Board of Directors.

Attica Bank continues to support domestic entrepreneurship, fulfilling the important role it is required to play in the development and growth of the Greek economy.

Financing medium and large enterprises

Funding of medium and large enterprises, in 2018 followed the same guidelines as in 2017, aiming at the support to its existing clientele with a view to cover their financing needs. In the meantime, new medium enterprises mainly were added to the Bank's loans portfolio, concerning co-operations with controlled risk and high efficiency.

The Bank's effort to maximize the efficiency of existing and new corporations is an ongoing process, applying credit standards fully adjusted to the current conditions of the Greek economy.

Financing SMEs

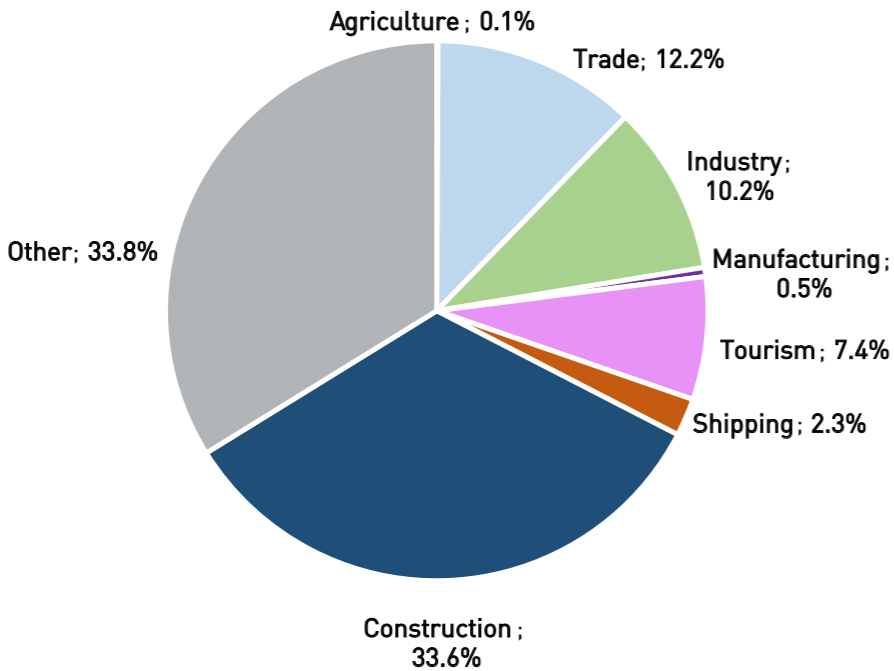
Attica Bank, remaining consistent with its planning, i.e. funding of SMEs, continued in 2018 to support enterprises of this category.

In line with the regulatory framework and the Risk Policy, which the Bank’s Management has established, the financing of small and medium-sized enterprises that either co-operated with the Bank or are new partnerships continued in 2018. Funding of SMEs and small businesses is a significant percentage of the Bank’s overall funding with a sustainable and selective strategy.

New credit products have been launched, customized for every professional group, so as to meet the credit needs for an even greater segment of the Greek small and medium-sized enterprises.

Attica Bank participates in co-financing programs offering to the SMEs businesses the opportunity to borrow at low interest rates.

The chart below shows the breakdown of business loans by sector of activity as at 31.12.2018:



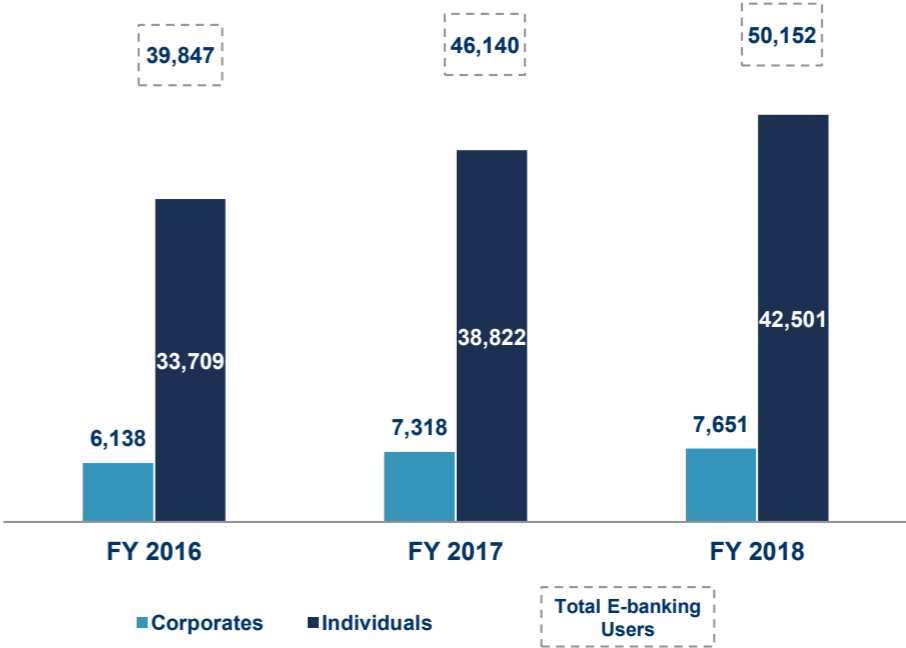
6.3 Digital Banking

Attica Bank’s main goal is to continuously improve its alternative networks in order to provide high quality digital banking services. The imposition of restrictive measures on capital movements since the second half of 2015 led to an important increase in transactions through POS terminals.

In particular, in 2018 Attica Bank launched the new digital services attica e-banking and attica mobile banking with the aim of providing customers (individuals and businesses) with modern, easy-to-use and secure internet and mobile banking systems.

More specifically, in the e-banking service the new users in 2018 amounted to 5,622 (4,865 individuals and 757 legal entities), while the total number of users of the e-banking service stands at 50,152 users (42,501 individuals and 7,651 legal entities). Over a period of approximately 2.5 months, 5,622 private customers downloaded the new attica mobile application (3,708 Google Android and 1,589 Apple iOS).

E-banking users, 2016-2018



The number of cash transactions carried out in 2018 through attica e-banking and attica mobile amounted to 600 thousands of a total amount of 1 billion euros, up by 18.5% compared to 2017.

Within 2019, the services offered will be enriched with new features, such as the ability for businesses to use the application attica mobile, to pay bills through credit and prepaid card cards and other functions in the context of upgraded services through attica e-banking and attica mobile applications.

Credit – Debit – Prepaid Cards

Attica Bank offers Visa and MasterCard debit and credit cards for individuals, freelancers and businesses. The Bank also offers cards to freelancers, such as doctors, lawyers, engineers, in order to fulfill the specific needs of these professional categories.

In particular, within 2018, Attica Bank achieved the following results concerning the card division:

Debit Cards: 109 thousand cards (annual increase by 21%), of a total of 2.2 million transactions (increase by 15.1%), of a total amount of 81.4 million euros (increase by 12.1%)

Debit Cards: 20 thousand cards (decrease by 3% compared to 2017) of an increased number of transactions up to 4%, of a total amount of 31.4 million euros.

Prepaid Cards: 20 thousand cards (decrease by 7% compared to 2017), of a total 138 thousand transactions (increase by 17% compared to the previous year), of a total amount of 3.8 million euros. The increase in the number of transactions while reducing the amount of transactions is a result of the increase in the use of cards for small value transactions.

In 2019, Attica Bank will complete the migration of debit, credit and prepaid cards into contactless technology, which has already begun in December 2018, enriching the features of the cards through alerts, e-statement, 3D secure e-commerce.

Additionally, Attica Bank through the cooperation with the Cooperative Banks operating in Greece, provides services for all of its credit and debit cards, amounting to 146,000 debit cards and 2,400 credit cards (with a total amount of transactions of 137.7 million euros).

Point of Sale Terminals (POS Acquiring)

The imposition of restrictive measures on capital movements since the second half of 2015 led to an important increase in transactions through POS terminals. The Bank responded to the increased demand by providing a full range of solutions aiming at attracting new partnerships and increasing its market share.

In specific, throughout 2018:

- The network of POS in operation amounts 37,400 terminals and is distributed between Attica Bank (22,923 POS) and the Cooperative Banks (14,450 POS), with which the Bank maintains cooperation, recording a significant increase of 37.2% compared to the previous year.
- Transactions of € 744 million (34% increase compared to 2017) were cleared through POS terminals, while commissions amounted to € 5 million, showing a significant increase compared to 2017 by 26.4 %.

In 2018, Attica Bank completed its networking through Network Service Providers such as Cardlink, EDPS, Euronet, aiming to increase the turnover of cleared transactions through collaborations with enterprises that use the above terminal providers.

ATM

Attica Bank also has a network of 74 ATMs, 55 of which are installed in its branch network, while 19 are installed in third-party places (off-site ATMs).

In 2018, Attica Bank began the procedure in order to upgrade its ATM which will be completed by 2019, offering Bulk Note Acceptance, additional credit card payment transactions as well as the service of recharging the prepaid cards.

Within 2018, through the ATMs, 872 thousand transactions were made of a total value of 192 million euros.

In the second quarter of 2019, the Bank will offer to its cardholders an extensive ATM network in Greece, in cooperation with a provider that operates in Greece and disposes a large number of ATMs nationwide.

Wi-Fi

In 2018, the installation of the attica wi-fi service began, both through the Bank's ATMs network and off-site ATMs. Throughout 2018, the service was installed and operated in Attica Bank network, while in ATMs began in the first quarter of 2019.

Digital Signage

A pilot installation of Digital Signage was developed in some of the Attica Bank's branches in order to promote advertising messages to the customers of Attica Bank. In 2019, the installation will be completed throughout the whole network of Attica Bank.

e-Signature

In 2018, the e-signature solution was installed in more than 20 branches of the Bank's network, aiming at a better and more direct customer service solution as well as to reduce the cost of handling documents. In 2019, the installation will be completed throughout the network of Attica Bank's branches.

6.4 Information Technology Systems & Projects

In 2018 Attica Bank continued its business plan started in 2017 in order to maintain its dynamics, with the aim of re-establishing its position in the Greek Economy.

A significant part of the abovementioned effort, concerned projects implemented by the IT and Organization Department of the Bank. A great amount of the work of the Department was the compliance program of the Bank in order to meet with the requirements that stemmed from the exercises and audits carried out by regulatory and supervisory bodies and the overall upgrade of the services that provides to its customers.

In this area, complex projects are included such as the platform for out-of-court settlement, the compliance with the Directive Mifid II, the requirement for the calculation of "tax-free" transactions, the compliance with the regulations of the new international accounting standard IFRS 9, the Act concerning the new personal data protection (GDPR) etc.

In the field of central technological infrastructures, the Bank decided to transfer the main data-processing center to facilities of specialized services provider (collocation services), taking into account the significant operational and financial benefits of this solution. The Bank also renewed its co-operation with OTE, ensuring the complete technological and operational upgrade of its telecommunication network, covering at the same time through a complete IP solution, all the “voice” requirements in every branch of its network and administration buildings. Finally, in 2018, the upgrade in the central IT infrastructure system was completed.

In the field of IT applications, a significant project was implemented on the fields of the second securitization of selected loans portfolio that was decided by the Bank. Particular emphasis has been put on the commencement of a coordinated effort that will lead gradually the Bank to the digital era. In this context, a new e-banking system has been implemented that offers services to the clients through internet and mobile applications.

In the major IT projects, a platform for the participation of the Bank to special programs such as “TEPIX” was developed, the development of process automation, the implementation of an integrated Data Hub, the gradual development of business intelligence services, the launching of a new management procurement project, the installation of a new imports-exports operational system, the development of a new Margin Account management system as well as the upgrade of the Swift platform etc.

For the year 2019, the IT and Organization Department will focus on the development of projects that will contribute substantially to the upgrade of services offered to the clientele, based on the digital services. In parallel, it will emphasize in the transformation of the procedures and systems concerning the centralization process which remains a strategic goal for Attica Bank.

The IT and Organization Division will continue in 2019 its work, focused on the secure and highly available products and services that the Bank offers to its customers, supporting in this way the significant effort of Attica Bank to further modernize, claiming its new upgraded position in the Greek market.

6.5 Investment Activities & Loan Portfolio Management

The Bank, in the context of its growth strategy, is active in the money markets (domestic and abroad), exchange, bonds and derivatives markets, as well as in capital markets, providing stock market products and investment services of brokering and underwriting.

The Capital Markets and Treasury Department is responsible for the Bank’s presence in the euro and foreign exchange money market, for the efficient management of the Bank’s capital as well as for satisfying its customer’s needs. For this reason, the Bank holds a Special Consultant license for the Alternative Market (EN.A) of the Athens Stock Exchange (ATHEX).

In addition to the above, the tasks of the above-mentioned department include: a) the portfolio management of the Bank’s assets of shares, convertible bonds and equity derivatives, as well as the management of the Margin Account product to investors – customers of the Bank.

In this context, in May 2018, the Bank issued a government-guaranteed bond of a nominal value of €350 million under the provisions of L.3723/2008 (Pillar II) with a duration of two years so as to reinforce the liquidity of the Bank through ELA and through repo transactions.

Furthermore, in order to strengthen the capital adequacy of the Bank, the Capital Markets and Treasury Department completed the sale of a class B Note of €357 million of a securitized NPE portfolio of a total amount of €700.5 million. Through the completion of the sale the Bank has reduced the dependence from ELA by €47 million and in parallel by strengthening the Bank’s presence on the interbank, money, exchange and bond markets, Attica Bank achieved a further decrease in ELA dependence by the end of the year.

Finally, in December 2018, the Bank proceeded to the issuance of a subordinated Tier II bond loan for repaying the preference shares issued by the Bank and held by the Greek State of a total value of € 100.2 mln.

6.6 Other Activities

Bancassurance

In 2018, the insurance sector as far as new insurance policies are concerned, displayed a declining trend due to economic recession. Savings program insurance continued at a lower pace compared to previous years while the existing portfolio seems to remain rather stable in the forthcoming years.

The Bancassurance Sub-Department has retained its range concerning assets’ insurance of mortgage and business’ loans debtors within 2018. Insurance programs were assigned to funds and were cancelled by the Bank’s production. In 2018, the following sectors showed a great sustainability concerning the renewals as the Bank had few cancellations: goods transit, civil liability, life and health, construction projects and property insurance.

Special emphasis was given on rationalizing the operations and trying to collect the due premiums, as well as on further informing and training the Bank’s executives as regards the disposal of insurance products.

Within 2018, the Bank decided to expand its range of exclusive cooperation with a strategic partner so as to broaden its clientele and be in position to offer to its customers programs with more attractive pricing and customized coverage. In this context, special emphasis will be given to pension programs, complementary to the main insurance institution, as well as hospital coverage that will replace/supplement the public health insurance institution.

Bancassurance will continue in 2019 to support the efforts of Attica Bank to broaden its sources of profitability with the collaboration of an insurance strategic partner that will be selected through RFP process.

Factoring

The Attica Bank Factoring Division has been operating for fourteen years, aiming to develop the Bank’s clientele through new partnerships with SMEs and mainly bigger companies.

The increased need to secure sources of finance in the ever-changing economic environment has made factoring one of the most attractive and flexible products that the Bank offers.

The services provided can be offered in combination, through the different factoring products offered by Attica Bank, covering the most significant needs of the company as it contributes to the acquisition of a competitive edge through:

- The ability to finance according to the volume of sales.
- The continuous evaluation, monitoring and updating of suppliers regarding the credit rating of their buyers.
- The insurance coverage of credit risk in the event of buyers' inability to pay.
- The effective management and collection of claims.

In addition to the above, the upgrade of the information system is implemented as well as the implementation of new services such as the web service factoring and sms service.

Leasing

Attica Bank has been active for eighteen years in the field of financial leasing of real estate, business and passenger vehicles, machinery and other equipment. The relevant leasing department through Attica Bank's network and personnel provide financial solutions for the acquisition of fixed assets used for production purposes, thus contributing to the development of freelancers and businesses.

Given the economic circumstances, the Bank focused on examining requests for new partnerships through leasing to existing and new clients in sectors and areas characterized by prospects of growth.

During 2018, new finance lease transactions amounted to € 3.9 million, recording a significant increase (613.8%) compared to the previous year, with 45.99% of new business stemming from the commerce sector, 28.83% from industry and 25.17% from service industries.

The Bank's goal is to offer new products that are in line with Attica Bank's business model and strategy, targeted to businesses that are characterized by prospects of growth enhancing their competitiveness, turnover and profitability.

Customer Support – Call Center

The Bank's Call Center provides information on the Bank's products, serves the e-banking service users, supports the branch network for credit card and free loans products, while it also handles the Timely Warning for Malicious Card Use Service.

The Card Management Sub-Department offers customized services to clients (help desk), branch officers and to the Bank's Management personnel. The above services are also offered to Cooperative Banks within the framework of the Bank's cooperation.

Over the last year, the calls received and managed by the call center are analyzed as follows:

- Incoming calls: 127,000
- Calls through the option sound message that have selected one of the available options: 118,000
- Calls that have been handled by the call center officers : 115,000 (91% on incoming calls)
- Calls terminated during standby option: 8,500 (6.7% on incoming calls)
- Answered incoming calls: 2,700 (2.2% on incoming calls)

Timely Warning for Malicious Card Use Service

The Timely Warning for Malicious Card Use Service is a control system for the transactions made with Attica Bank's credit, debit and prepaid cards around the world. The purpose of the system is the protection of the owners from fraudulent use of their card by third parties in order to avoid malicious use incidents. Through the use of sophisticated detection systems, when detecting unusual transactions that deviate significantly from the owner's usual transactional behavior, the alert mechanisms are activated and the need to confirm the authenticity of the transaction is indicated.

In those cases, the Service representatives telephone the cardholder to certify the genuineness and authenticity of the transaction (the service operates from 08:00 to 24:00, 365 days per year). In case the owner cannot be located and until it is confirmed that the transaction is not an instance of fraud, it is possible to temporarily suspend the possibility of making transactions with the card, so as not to spread the phenomenon to the holder's expense. In this way, and based on international card safe use practices, the chances of malicious use of the card data by third parties are considerably reduced and thus, transactions become significantly safer.

6.7 Management of non-performing exposures

Attica Bank, as part of its operational redesign and management plan approved by the Management, sets a strategic goal for the efficient management of its loan portfolio and focuses its actions on business activities related to the management of non-performing exposures.

With a view to efficiently allocating the available resources (capital, human resources, etc.), and by focusing on business opportunities that will bring quantitative and / or qualitative advantages to the Bank and create value for its shareholders, Attica Bank has already completed two important securitization transactions of non-performing exposures of a total gross book value of €2 billion (2017: € 1.3 billion, 2018: € 0.7 billion), with the concurrent sale of the management of these loan portfolios to companies specializing in this field.

During 2018, a € 701 million non-performing exposures securitization transaction has been completed, through which Attica Bank have achieved:

- Reduction of non-performing exposures by 42%
- Improvement of the capital adequacy ratio by 140 basis points

Through the effective cooperation and coordination of Capital Markets Divisions and the Strategic and Financial Planning Sub-Department, Attica Bank has gained experience on implementing innovative transactions to fulfill the requirements of its business model.

07

Corporate Communication

7. Corporate Communication

Attica Bank continued its efforts to inform consumers, always aiming at their better service and at the creation of a climate of mutual trust. The marketing plan aimed at the total of the consumers and corporate entities. In addition, the marketing plan focused on two sectors:

- Strengthening the brand name of Attica Bank in the Banking sector
- Informing consumers about the new generation of digital services offered by the bank under the name attica digital.

In the context of the promotion of the Bank's upgraded services, promotional activities took place both within Attica Bank's branches and in the media so as to inform the public about the new functions that Attica Bank offers to its customers.



Since October 2018, the launching of new digital services of the Bank began with the promotion of attica digital service. This service works as an umbrella for all of the Bank's digital applications under the following distinctive logo:



At the same time, targeted actions for the promotion of time deposits "Profit Products" through television and social media took place throughout the year.

Time deposits "Profit Products" are offered on very favorable terms. The mains are:

- Attica Double Profit - Time Deposit with 3 months or 6 months duration and 100% of total interest for free if it is held to maturity.
- Attica Early Profit - Time Deposit with 6 months duration that yields interest upon the start date
- Flex Profit: Time Deposit with 1, 2 or 3 months duration with an attractive interest rate, which enables the client to increase the capital during the period and receive as a reward and under conditions an increase in the interest rate

The Bank's advertising presence took place through targeted television, internet, and social networks actions. Attica Bank's communication policy was strengthened through the Bank's participation in major conferences.

The brand "Together we are stronger" remains the main brand of the corporate communication, regarding the collective and continuous effort of the Bank and its customers.

Sponsorships – Corporate Social Responsibility

In Attica Bank, entrepreneurship and social awareness co-exist in a policy that serves people and their needs. Attica Bank in 2018 materialized a series of sponsorships for the support of charitable institutions, foundations and organizations, actively proving its social role.

Indicatively, some of the actions in which the Bank was a sponsor, are mentioned:

- Musical tribute of the National Opera for Manos Hadjidakis, which took place at the Cultural Center Stavros Niarchos Foundation
- Theatrical performances and events at "The Train Of Rouf" for the 20th anniversary of the foundation of the theater
- Sponsorship to the Archipelagos cultural company for covering operational needs for the Olive Museum -VRANA in Lesvos
- Sponsorship of the cultural events "Trofonia 2018" by the Municipality of Livadia
- Sponsorship of the cultural events "Balcan Square" and Merkoureia", held by the Municipality of Neapolis – Sykees.

The following actions in which the Bank was a sponsor for supporting the main activities of the academic communities:

- Greek Mathematician Association for the 100th anniversary of the foundation of the association
- University of Piraeus for the 89th Session of the Deans of the Greek Universities
- Institute of International Relations of Panteion University for the 5th Conference of Greek Strategy
- National and Kapodistrian University of Athens for the publication "The Productive Man" of the Institute of Applied Communication

Finally, Attica Bank in 2018 supported significant environmental and health actions concerning the protection of the environment. The most important sponsorship was the supply and installation of a patient transfer system for General Hospital "Laiko".

08

Human Resources

8. Human Resources

Attica Bank, acknowledging the strategic role of Human Resources, attaches the utmost importance to the adoption of policies that ensure the optimal use of its human resources and the achievement of business goals. A main priority of the Bank's Human Resources is the support and servicing of its customers - always with responsibility, professionalism and respect - in the difficult circumstances generated by the economic recession. A main concern of the Bank - in the context of its overall restructuring - is the strengthening of the Human Resources Department through the introduction and use of innovative practices, modern methods and new technologies, with the ultimate goal to improve the employees' performance and highlighting the role of human resources as a competitive edge.

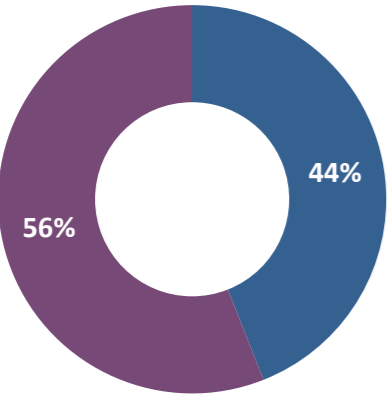
Number of Employees, 2017-2018

GROUP	Force 31.12.2018	Force 31.12.2017
Bank	697	777
Subsidiaries	10	10
TOTAL	707	787

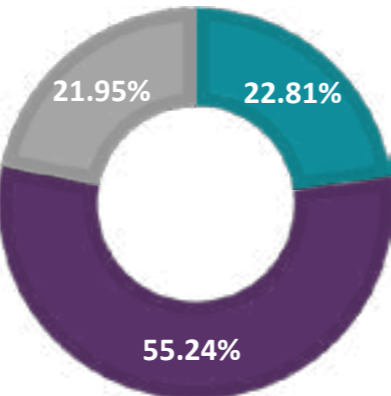
Evolution of number of employees, 2017-2018

BANK	2018	2017
Recruitments	89	11
Resignations	169*	16*

*Includes the personnel that took part in the Voluntary Exit Plan



■ Men ■ Women



■ 26-40 ■ 41-50 ■ 51+

Geographical Breakdown of Employees (Bank), 2018

GEOGRAPHICAL REGION	31.12.2018
Attica	517
East Macedonia & Thrace	24
Western Macedonia	3
Thessaly	13
Central Macedonia	62
Epirus	4
Ionian Islands	4
Western Greece	19
Central Greece & Evia	17
Peloponnese	8
North Aegean	3
South Aegean	4
Crete	19
TOTAL	697

Education Level - Training

In the context of the evolution of the digital transformation of the Banks and the competitive field formed by the developments that took place in the banking sector, Human Resources Education subdivision remains an important factor for Attica Bank. The Bank provides customized knowledge and skills to the personnel so as to respond to the changing conditions of the banking sector.

The above data clearly reflect the increase in training programs provided by Attica Bank and more specifically the increase of the training hours (38% increase compared to 2017), as well as the increase by 65% of the average training hours per participation in the training programs.

The Bank's training programs are in line with Attica Bank's business goals such as the digital transformation that is currently taking place. More specifically, within 2018, Attica Bank's Human Resources training focused on the following areas:

- IT Systems & Procedures
- Risk Management
- Finance
- Banking
- Regulatory Framework
- Entrepreneurship & Innovation
- Health & Safety
- Skills development

Indicatively, 39% of the training activity was given to Skills Development training, while 21% of the training activity was given to actions related to changes in the Regulatory Framework.

The Bank confirms the recognition of the important role of e-learning as a means of modern, flexible and versatile method. A significant part of the training programs were implemented within Attica Bank.

Finally, in 2018 Attica Bank Talent Management Program was completed in coordination with the University of Piraeus. This program offered a highly educational field combining practical experience and high-level academic expertise.

Furthermore, the Bank is constantly participating in the training / examination procedures related to the statutory obligation in order to certify the suitability of the personnel who provides services in accordance with the Article 93 of Law 4514/2018, as well as in the training/examination procedures related to the Certification of Insurance Ombudsmen based on the provisions for the Credit Institutions.

The efficiency of all the above training programs has been mediated to be extremely satisfactory for 2018 thus rewarding the Bank's confidence concerning the value of education, the interest of personnel in participating in high-level educational activities.

Employees Benefits

The Bank invests in its most valuable capital, its people, and, in recognition of them and their families, it has laid down additional benefits.

In particular, the Bank offers to its employees a Personnel Group Insurance Program for Hospital Care, in collaboration with an insurance company (hospital care, childbirth services, free annual medical check-up program, etc.)

In addition, the Bank, wishing to reward the efforts and the achievement of high performances of the children of its employees who excel in Secondary Education as well as those who have entered Higher Education, awards symbolic money awards. In 2018, money prizes were granted to 111 children of employees.

09

Corporate Governance

9. Corporate Governance

Corporate Governance. Strategic and Supervisory Bodies

Corporate governance, along with Corporate Social Responsibility and Sustainable Development, are the three pillars of entrepreneurship for Attica Bank.

Corporate governance is expressed as a system of relations between the Board of Directors (BoD), the Management of the Bank, its shareholders and other stakeholders. It also constitutes the structure through which the objectives of the Bank are approached and set, the main risks that it faces in its operation are identified, the means to achieve the objectives are determined, the risk management system is organized and the monitoring of the performance of the management during the implementation process of the above becomes possible.

Harmonizing the objectives and incentives of BoD members, senior executives and other employees of the Bank with those of its shareholders, is a key issue of proper corporate governance.

With the purpose to constantly defend the general corporate interest, the long-term sustainability and growth of Attica Bank and the preservation and improvement of its credibility, the BoD of the Bank has set a framework of general principles for the effective management of resources and for risk-taking, adapted to the specific characteristics of the Bank, which constantly complies with the current legislative framework of the banking system.

In application of these general principles, the Bank has put in place the following supervisory bodies and transparency mechanisms:

General Meeting

The General Meeting is the supreme body of the Bank, represents the shareholders and is entitled to decide on every corporate affair. Its decisions on all issues are mandatory for all shareholders, even for those who were absent from the meeting or who disagree with the decisions made.

The procedures and rules on the General Meeting's convocation, participation and decision-making, as well as its responsibilities, are regulated in detail by the provisions of the Bank's Articles of Association as amended and Codified Law 2190/1920, as amended by Law 4548/2018.

The General Meeting is the only competent body to decide on:

- The amendments to the Articles of Association, including any increases or decreases in the Bank's share capital. Decisions on amendments to the Articles of Association are valid unless they are prohibited by an express provision in the Articles of Association
- The election or replacement of members of the Board of Directors and auditors, except in the case of article 18 par. 1 of the Articles of Association on the appointment of new members in replacement of resigned, deceased or absent ones in any other way
- The approval of the Company's annual financial statements
- The allocation of annual profits
- The issue of a bond loan, subject to Article 8 par. 2 and 4 of these Articles of Association
- Merging, splitting, transforming, reviving, extending the duration or dissolving the Bank
- The appointment of liquidators
- Any other matter provided for in the Bank's Articles of Association.

The rights of the shareholders in the General Assemblies of the Bank are set out by article 6 of Law 3884/2010, which amended Codified Law 2190/1920, as replaced by Law 4548/2018, and the Bank's Articles of Association.

Board Of Directors

The Board of Directors is collectively responsible for setting the strategic objectives of the Group, overseeing top and higher management executives, as well as for the ensuring the adequate and effective control of the Bank in order to defend its general corporate interests and achieve the maximum long-term value under the law.

The current Board of Directors is composed of twelve (12) members of which three (3) are executive, four (4) non-executive, four (4) independent non executive and one is a representative of the Greek State designated pursuant to the relevant provisions of Law 3723/2008.

The independent members of the Board of Directors pursuant to Law 3016/2002, as amended and applicable to corporate governance, are appointed by the General Meeting of Shareholders.

The Board of Directors of the Bank elected by the Extraordinary General Meeting of Shareholders on September 20, 2016 comprised the following members:

1. Panagiotis Roumeliotis, Chairman of the Board of Directors, Non-Executive Member.
2. Theodoros Pantalakis, Chief Executive Officer, Executive Member.
3. Athanasios Tsadaris, Deputy Chief Executive Officer, Executive Member.
4. Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive Member.
5. Efstathios Anagnostou, Non-Executive Member.
6. Dimitris Tzanninis, Non-Executive Member.
7. Charalambos Brilakis, Independent Non-Executive Member.
8. Ioannis Marmangiolis, Independent Non-Executive Member.
9. Georgios Vlahakis, Independent Non-Executive Member.
10. Georgios Panagiotou, Independent Non-Executive Member.
11. Athanasios Stathopoulos, Non-Executive Member.
12. Stefania Georgakakou - Koutsonikou, Adjunct Non-Executive Member and Representative of the Greek State pursuant to the provisions of Law 3723/2008.

Mr. Efstathios Anagnostou resigned on October 31, 2016 and Ms. Stefania Georgakakou-Koutsonikou, who was resigned, was appointed by Ms. Zacharoula Papatheodorou on November 22, 2016, under the provisions of Law 3723/2008 and pursuant to Decision No GDOP 0001614 EK 2016 of the Minister for Finance.

In the BoD which took place on December 22, 2017, Mr. Stavros Papagiannopoulos was appointed as Non- Executive Member to replace the resigning member, Mr. Efstathios Anagnostou.

The Chairman of the Board of Directors, Mr. Panagiotis Roumeliotis resigned on March 13, 2019 and Mr. Georgios Michelis was elected Member and Chairman of the Board of Directors on March 26, 2019.

Mr. Stavros Papagiannopoulos was elected Vice-Chairman of the Board of Directors on April 18, 2019

1. Stavros Papagiannopoulos, Vice-Chairman, Non-Executive Member
2. Theodoros Pantalakis, Chief Executive Officer, Executive Member.
3. Athanasios Tsadaris, Deputy Chief Executive Officer, Executive Member.
4. Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive Member.
5. Dimitris Tzanninis, Non-Executive Member.
6. Charalambos Brilakis, Independent Non-Executive Member.
7. Ioannis Marmangiolis, Independent Non-Executive Member.
8. Georgios Vlahakis, Independent Non-Executive Member.
9. Georgios Panagiotou, Independent Non-Executive Member.
10. Athanasios Stathopoulos, Non-Executive Member.
11. Zacharoula Papatheodorou, Adjunct Non-Executive Member and Representative of the Greek State pursuant to the provisions of Law 3723/2008.

The Board of Directors is competent to decide on any act relating to the management of the company, the management of its property and, generally, the pursuit of corporate objects, with the exception of matters which, by an express provision of the Law or the Articles of Association, fall within the competence of the General Meeting.

Moreover, pursuant to Law 4261/2014, the Board of Directors:

- Has the overall responsibility for the management and operation of the credit institution and approves and oversees the implementation of the credit institution's strategic objectives, risk strategy and internal governance.
- Ensures the integrity of accounting and financial reporting systems, including financial and operational controls and compliance with the law and related standards.
- Oversees the process of statutory disclosures and announcements.
Is responsible for the effective supervision of top management executives within the meaning of Article 3(1)(9) of Law 4261/2014.
- Monitors and evaluates periodically the effectiveness of the institution's corporate governance arrangements and takes appropriate action to address any shortcomings.
- The responsibilities of the Board of Directors of the Bank are detailed in its Articles of Association and Rules of Operation.

The composition of the Board of Directors of the Bank is in line with the requirements of the current regulatory framework regarding the experience and skills of its members.

Its members shall have internationally recognized experience and expertise in strategically important areas such as banking, auditing, risk management, problem loan management and restructuring, financial administration, etc.

Moreover, the Bank recognizes the need to strengthen the female participation rate in the Board of Directors, and will work in that direction, taking into account the range of candidates available.

The achieved diversity of the members of the Board contributes effectively to expressing different opinions, avoiding "consensual group thinking" and constructive dialogue among its members, so that final decisions are subject to a critical review of the Management by the non-executive members of the Board of Directors.

Brief CVs of the members of the Board of Directors

BoD VICE-CHAIRMAN (Non-Executive Member)

Stavros Papagiannopoulos

Stavros Papagiannopoulos is a graduate of the Department of Economics at Pierce, Athens, and holds an Economics MSc at the University College London. He has almost 40 years of work experience in the private sector as a business consultant, and has worked as a financial manager in private companies, mainly in the industry.

CHIEF EXECUTIVE OFFICER (Executive Member)

Theodoros Pantalakis

Theodoros Pantalakis was born in Heraklion, Crete, on 28.09.1954. He is a graduate of the Higher Industrial School of Piraeus and specifically of the Department of Business Administration. He worked in the banking sector from 1980 to 27.07.2012. Specifically, he worked for 11 years in the National Investment Bank for Industrial Development (ETEBA) as Deputy Director in the Investment and Finance Division as well as Deputy Director and Founding Member of the Acquisitions & Mergers Division and Financial Adviser since 1980. From 1991 to 1996 he worked as Deputy General Manager of Economic Development of the INTERAMERICAN Group with the following responsibilities: investment, treasury management, planning and financial reorganization. From 1996 to 2004 he served as Deputy Governor of the National Bank of Greece. At the same time, he served as Chairman of the Executive Committee of the "Union of Greek Banks", Chairman of the EIB Employee Self -Insurance Fund, Chairman of the EIB Pension Fund and Chairman of the "Supplementary Fund Management Committee" for the EIB staff. Within the same period, he also served on the Board of Directors of companies affiliated with the National Bank Group, namely: Chairman of Ethniki Asfalistikí SA, Chairman of ASTIR PALLAS Vouliagmenis SA, Chairman of ASTIR Alexandroupolis SA, Chairman of National Development of Real Estate and General Warehouses SA, Chairman of the construction company EKTENEPOL SA, Vice - Chairman of AGET IRAKLIS, member of the Board of Directors of Elliniki Technodomikí, Techniki Ependitiki Viomichaniki, Vice-Chairman of the National Bank of Greece, member of the Board of Directors of "SABA the South Africa Bank of Athens" LTD. He was also Vice Chairman of the Athens Stock Exchange, Chairman of the Central Securities Depositary SA, Chairman of the banking sector of the Association of Societies Anonymes and Limited Liability Companies and Chairman of the executive committee of the Hellenic Bank Association. He was a member of the Supreme Audit Committee of the Economics of the Church of Greece and a member of the General Council of the Hellenic Federation of Enterprises. From 2004 to 2009, he held positions of high responsibility at Piraeus Bank Group, initially as Deputy Chief Executive Officer and then as Chief Executive Officer and also Vice-Chairman of the Board of Directors. At the same time, he was member of the Board of Directors of Piraeus Bank Group companies (Chairman of the Board of Directors of EVROPAIKI PISTI SA, Chairman of the Board of Directors of PIRAEUS FACTORING and others). Finally, from December 2009 to 27.07.2012, he served as the Governor of the Agricultural Bank of Greece, while at the same time he was Chairman of the Board of Directors of Agrotiki Asfalistikí other subsidiaries of "ATE LEASING SA" as well as a member of the Hellenic Bank Association. He was a member of the Board of Directors of the company Hellenic Petroleum SA.

He is currently Chief Executive Officer of Attica Bank of Athens since September 2016. He is Vice-Chairman of the Association of Societies Anonymes and Limited Liability Companies, Member of the Board of Directors of Hellenic Petroleum SA, member of the Board of Directors of ELLAKTOR, i.e. the company REDS and the company ANEMOS.

DEPUTY CHIEF EXECUTIVE OFFICER (Executive Member)

Athanasios Tsadaris

Athanasios Tsadaris is a graduate of the Department of Mathematics of the Aristotle University of Thessaloniki and holds an MBA in Business Administration from the Athens University of Economics and Business. He has 34 years of experience in the banking sector (Hellenic Postbank, Geniki Bank, Doriki - Telesis- EFG Eurobank, Bank of Macedonia-Thrace) and since 2008 has been appointed as Financial Markets and Capital Markets Manager at Attica Bank. In June 2016, he was elected executive member of the Board of Directors of the Bank. In July 2016, he was elected Executive Director and from September 2016 he serves as Deputy Chief Executive Officer and Executive Member of the Bank's Board of Directors. He is also a member of the Executive Committee of the Hellenic Bank Association.

DEPUTY CHIEF EXECUTIVE OFFICER (Executive Member)

Ioannis Tsakirakis

Ioannis Tsakirakis studied Economics at the Athens University of Economics and Business and holds a postgraduate degree in Economic Statistics & Econometrics from the Athens University of Economics and Business. He has had over 28 years of work experience in banking, having worked in various banks as well as holding companies. In May 2015 he was appointed Deputy General Manager and Head of the Attica Bank’s Credit Restructuring Directorate General and in September 2016 he was elected executive member of the Board of Directors of the Bank and took up the duties of Deputy Chief Executive Officer.

NON-EXECUTIVE MEMBERS

Dimitris Tzanninis

Dimitris Tzanninis is an economist with experience in the fields of utilities, banking, finance, mergers & acquisitions, international organizations, and in economic policy design. He graduated from the Department of Economics of the National Kapodistrian University of Athens, holds a Master’s degree in Economics from McMaster University and has a Doctoral Degree in Economics from the University of Western Ontario. He is (i) Deputy Chief Executive Officer and executive member of the Board of Directors of PPC SA, (ii) Member of the Audit Committee of Allianz Greece and (iii) Non-Executive Member of the Board of Directors, Chairman of the Risk Management Committee and member of the Audit Committee, the Nomination of Candidate Members Committee and the Remuneration Committee of Attica Bank.

He has served as Chairman of the Council of Economic Experts, member of the Economic and Financial Committee and the European Union’s Eurogroup Working Group, Deputy Minister to the Eurogroup and ECOFIN, member of the OECD Economic Policy Committee, Alternate Governor for Greece on the Board of Governors of the World Bank Group, PPC Management Advisor, member of the Board of Directors of the Public Debt Management Agency of Greece and member of the Board of Directors of the Audit Committee of the National Bank of Greece. He taught economics at the University of Western Ontario from 1990 to 1993. From 1993 to 2008, he worked at the International Monetary Fund in the Asian, European, and Policy Development and Review Departments. He has also worked as an independent financial advisor to investment banks, hedge funds, private equity and investment funds.

Athanasios Stathopoulos

Athanasios Stathopoulos is a graduate of the Accounting Department of the Patras Higher Technological Educational Institute, and has had teaching experience in the field of finance and accounting. He has been working at Attica Bank since 1995 and he has been in charge of the Capital Markets and Investment Banking Division from 2004 to 2006, when he was elected Chairman of the Attica Bank Employees’ Association. He is a member of the Board of Directors of the Bank since 2008, as well as a member of the Management of the Labour Institute of the Greek General Confederation of Labour-National Federation of the Bank Workers in Greece. He is also a member of the Board of Directors of the Inter-bank Training and Documentation Center of the National Federation of the Bank Workers in Greece and a member of the 3-member Tertiary Inter-Bank Disciplinary Board of the Ministry of Labor, Social Security and Social Solidarity.

NON-EXECUTIVE INDEPENDENT MEMBERS

Charalambos Brilakis

Haralambos Brilakis holds the degree of Electrical Engineer from the National Technical University of Athens (BSc in 1992) and from the Columbia University in New York (MSc. in 1995). He is a member of the Institute of Internal Auditors (IIA) and the Information Systems Audit & Control Association (ISACA), holder of the CISA professional certification, and has been elected a member of the Board of Directors of the Greek ISACA Branch since 2014. In the past, he has worked as an internal auditor (Sr. Audit Manager) at Eurobank (2004-2016) and as an experienced software engineer for companies in Greece (O1Π) and the USA (Bell Communications Research, QWest Communications). In September 2016 he was elected a member of the Board of Directors of Attica Bank.

Ioannis Marmangiolis

He has graduated from the Athens University of Economics and Business and holds a postgraduate degree from the University of Middlesex. He has had more than 30 years of experience in the banking sector, specialising in corporate funding. He has worked as Head of Client Coverage for Mid-Sized and Big Companies for Emporiki Bank and as Management Consultant for ALPHA BANK in Wholesale Banking issues. In September 2016, he was re-elected member of the Bank’s BoD. Since August 2018, he has been a member of the Special Clearing Committee.

Georgios Vlachakis

He has had 35 years of professional experience in the banking sector in Greece (Emporiki Bank, Citibank) and abroad (Citibank UK and IPB) specialising in retail banking and private banking. Since June 2016 he has been elected as non-executive member of the Attica Bank. From 2001 to 2012 he worked at Emporiki Bank as Head of Retail Banking, responsible for Distribution Networks, the Bank’s modernization program, while he also participated as a member of the board of directors of Emporiki Bank’s subsidiaries. He started his career at DINERS CLUB OF GREECE in 1978, and from 1984 to 2001 he worked for CITIBANK GREECE, most of the time as Chief Financial Officer (CFO), and was also appointed to key regional posts. He studied Economics in the Athens University of Economics and Business and holds a postgraduate degree in Finance from the University of Stirling, Great Britain.

Georgios Panayiotou

He has had more than 20 years of experience in senior banking and investment positions in Greece and abroad, having worked at Chase Manhattan Bank London, Eurobank Private Bank Luxembourg, Ionian Bank and Elliniki Bank. He started his career in macroeconomic planning and has served in executive positions in public and private companies, such as Executive Chairman of Olympic Property SA, Executive Director of ETAD SA, Chief Financial Officer of Athens International Airport SA, Managing Director of a private group of companies. He holds a Master in Business Administration from the MIT Sloan School of Management, an MSc in Economics and Econometrics from the University of Southampton and a BA in Economics and Statistics from the University of Exeter. In September 2016, he was re-elected member of the Bank’s BoD.

NON-EXECUTIVE MEMBER (pursuant to the provisions of L. 3723/2008)

Zacharoula Papatheodorou

She studied Chemistry-Engineering in the Aristotle University of Thessaloniki and holds a postgraduate degree from the Open University. She has had almost 30 years of experience in the domestic banking sector, having worked in regional and central banking, and especially in the assessment and lending of individuals and businesses. She has been in charge of evaluation and integration of investment projects in development programs and has taught in a number of seminars.

BoD Committees

The Board of Directors shall be assisted in its work by Committees to which it may delegate responsibilities for the Internal Audit System, clearly identifying their duties, composition and operating procedures, and always ensuring their internal coherence, complementarity and coordination..

The Board of Directors has set up the following committees 1:

- Audit Committee
- Remuneration Committee
- BoD Candidate Members Nomination Committee
- Strategic Planning and Communication Committee
- Risk Management Committee

Moreover, it will also be supported in its work by the Audit Committee, whose members are elected by the General Meeting of Shareholders.

All the above committees shall report their activities to the Board of Directors at least on a quarterly basis.

Audit Committee

The purpose of the Audit Committee of Attica Bank SA is to assist the Board of Directors in the performance of its duties in the area of developing and ensuring the operation of an adequate and effective Internal Audit System at the Bank and Group level and, in particular, to ensure:

- the integrity of the financial statements of the Bank and the Group,
- the independence of internal and external audit of the Bank and the Group and
- compliance with the legal and regulatory framework, internal regulations and best practices to which the Bank and the Group are subject.

The Audit Committee is composed of at least three (3) non-executive members of the Bank's Board of Directors, two (2) of whom are independent non-executive members. The Members of the Audit Committee are elected by the General Meeting of Shareholders.

The term of office of the Members of the Audit Committee is three years. Renewal of the mandate or modification of the composition of the Audit Committee shall always be decided by the Bank's General Meeting. In case of resignation of a member of the Audit Committee, the vacant post shall be filled upon decision of the Bank's Board of Directors, which

shall be submitted to the next General Meeting of Shareholders for approval. The General Meeting shall also appoint the Chairman of the Audit Committee, who may not be the same person as the Chairman of the Board of Directors or the Chairman of the Risk Management Committee. The Audit Committee may invite to its meetings any member of the Board of Directors, an executive of the Bank or any subsidiaries of its Group or another person (employee or associate) who, in its opinion, can assist in the execution of its work.

The secretary of the Audit Committee shall be an officer of the Bank, who works in a department of the Bank that is not controlled by the Internal Audit Division (hereinafter referred to as "IAD"). The secretary shall be appointed by decision of the Audit Committee.

The responsibilities of the Audit Committee as described in its Rules of Operation (the update of which was approved on 22.11.2018 by the Bank's Board of Directors) include:

External audit and financial reporting procedure.

- It monitors the procedure and implementation of the statutory audit of the individual and consolidated financial statements of the Bank and the Group pursuant to Article 26(6) of Regulation (EU) No 537/2014 of the European Parliament, informs the Bank's BoD of the outcome of the statutory audit and explains how the statutory audit contributed to the quality and integrity of financial reporting.
- It monitors, reviews and evaluates the financial reporting procedure, i.e. the mechanisms and production systems, the flow and dissemination of financial information produced by the Bank's organizational units, and makes recommendations or proposals to ensure its integrity, if appropriate.
It reviews the annual financial statements of the Bank and the Group, the annual report of the BoD and the consolidated quarterly and six-month statements of the Bank and the Group before submitting them for approval to the BoD

Internal Audit System.

- It monitors, reviews and evaluates the adequacy and effectiveness of the Bank's overall policies, procedures and safeguards with regard to the Internal Audit, Quality Assurance and Risk Management of the Bank concerning financial reporting issues.
- It evaluates annually the adequacy and effectiveness of the Money Laundering and Terrorist Financing Policy and the report of the competent executive manager, it reports to the Board of Directors and generally supervises the proper implementation of this policy.
- It studies and evaluates the Reports of the IAD and informs the Board of Directors of:
 - the adequacy and effectiveness of the Internal Audit System at Bank and Group level,
 - the effectiveness and adherence to the risk management procedures and associated credit procedures, including impairment policy,
 - the adequacy of procedures in relation to the internal assessment of the Bank's capital adequacy,
 - the completeness of the procedure or methodology for calculating the impairment of loans and other assets and any changes during the financial year,
 - the information systems,
 - the effectiveness of procedures for the prevention and suppression of money laundering and terrorist financing,
 - the issues falling under the Regulatory Compliance Unit's competence.

External auditors.

- It reviews and monitors the independence of statutory auditors-accountants or audit firms in accordance with Articles 6, 21-23 and 26-27 of Regulation (EU) No 537/2014 and in particular the appropriateness of providing non-audit services to the Bank (in accordance with Article 5 of the same Regulation).
- It is responsible for the procedure for the selection of statutory auditors-accountants or audit firms and proposes the statutory auditors-accountants or the audit firms to be appointed (in accordance with Article 16 of Regulation (EU) No 537/2014).

Other responsibilities and duties

- The Audit Committee receives confidential or even anonymous written or oral reports and observations on irregularities or omissions by Management Executives and Officers or for violations of accounting and auditing practices.
- It is informed by the Head of the Internal Audit of the Bank, by the statutory auditors-accountants and audit companies, of the audits carried out at every stage of the proceedings, on the computerized procedures and the information and accounting systems, on the safeguards that are determined to prevent mistakes, misuse of systems and fraudulent actions.
- In addition, it receives, through the competent Business Units, the reports of the Bank of Greece's Supervision Department and the audit findings by other Authorities (e.g. tax audits).

Remuneration Committee

The Remuneration Committee has been set up and operates in accordance with the applicable regulatory framework and oversees the activities of both the credit institution and its subsidiaries.

The main responsibilities of the Committee are to provide a specialized and independent opinion on remuneration policies and their implementation and to ensure the effective alignment of staff remuneration with the risks incurred by the Bank in its overall operation and its capital and liquidity management.

The term of office of the members of the Committee is the same as the term of office as the members of the Board of Directors.

The Chairman and the members of the Committee are appointed and the exact number of its members is set by decision of the Board of Directors of the Bank.

The Committee's duties include the following:

- to submit proposals on the remuneration of the Bank's and the Group's staff, including those that have an impact on the risks undertaken, and to manage such risks and submit to the Board of Directors its suggestions for the latter to decide on them; in preparing these proposals, the Remuneration Committee shall take into account the long-term interests of shareholders, investors and other stakeholders in relation to the Bank as well as the public interest, focusing on the long-term prudent and sound management of the Bank and the deterrence or minimization of conflicts of interest that may have an impact on such management; it shall also make suggestions to the Board of Directors about the remuneration of the Management, in particular the executive members of the Board of Directors, as well as the highest remunerated employees of the Bank and the Group, in accordance with its applicable Policy;
- to directly supervise the remuneration of the senior executives of the Risk Management Division, the Regulatory Compliance Division and the Internal Audit Department;
- to inform, provide advices to and assist the Board of Directors in the design, preparation, revision, updating and oversight of the implementation of the Remuneration Policy and to support the Board of Directors as regards the oversight of remuneration policies, practices and procedures, and compliance with the Remuneration Policy;
- to evaluate the mechanisms and systems established to ensure that the remuneration system takes due account of the levels of all types of risk, liquidity and capital and that the Remuneration Policy promotes and is consistent as a whole with the sound and effective risk management and is in line with business strategy, objectives, corporate culture and corporate values, as well as with the long-term interests of the Bank;
- to recommend corrective actions, if it finds that it is impossible to implement the Remuneration Policy established, or any deviations from its implementation;
- to ensure the proper consultation of the relevant Units and Divisions of the Bank (Risk Management, Regulatory Compliance, Internal Audit, Human Resources, Strategic Planning) in the preparation, revision and consistent implementation of the Remuneration Policy, as well as external experts, when deemed necessary by the BoD;
- to assess the achievement of performance targets and the need for ex -post risk-based adjustment;

- to examine various scenarios to establish how remuneration policies and practices are affected by external or internal events and to perform back tests of the criteria used to determine remunerations and prior adaptation based on the risk according to the actual results of the risks;
- to evaluate the appointment of external experts on the provision of advisory or support services with respect to remuneration;
- to ensure the adequacy of the information provided to shareholders on remuneration policies and practices, particularly in relation to the ratio between fixed and variable remuneration, if any;
- to receive and evaluate the reports submitted by the Internal Audit Department, at least annually, which it shall review and submit its findings from the central and independent internal control of the remuneration policy it shall perform and its proposals for any revision of the applicable Remuneration Policy, in particular with a view to avoiding the creation of incentives for excessive risk-taking or other behavior incompatible with the Bank's objectives .

BoD Candidate Members Nomination Committee.

The BoD Candidate Members Nomination Committee's duties are (a) to identify, nominate and submit candidates for the Board of Directors, and (b) to assess the adequacy, efficiency and effectiveness of the BoD.

The Committee consists of at least three (3) non-executive members of the Board of Directors of which at least its Chairman is an independent non-executive member.

The term of office of the members of the Committee is the same as the term of office as the members of the Board of Directors.

The Chairman and the members of the Committee are appointed and the exact number of its members is set by decision of the Board of Directors of the Bank.

Responsibilities of the Committee:

The responsibilities of the Committee include, but are not limited to the following:

- Planning and coordinating the implementation of the process of identifying and selecting candidates for the Board of Directors and its committees;
- Describing the individual skills and qualifications required to fill the positions of the members of the Board of Directors and the estimated term of the corresponding position;
- Assessing periodically and at least annually:
 - the structure, size, composition and performance of the BoD and making recommendations to it regarding any changes it deems appropriate;
 - the combination of broadness, knowledge, skills and experience per subject of the members of the Board of Directors on an individual and collective level and submitting a relevant report to the Board of Directors;
- Reviewing periodically and at least annually:
 - the Bank's Policy on the Nomination of BoD Candidates
 - the Bank's Policy on the Selection and Appointment of Top Executives
- Validating the appointment of top executives
- Submitting proposals to the Board of Directors concerning its diversity policy;
- Reviewing on a six-month basis the independence of the independent non-executive members of the Board of Directors;
- Monitoring, on a quarterly basis, the members' participation in the BoD and its committees;
- Reviewing on an annual basis any other significant commitments of the members of the Board of Directors outside the Bank;
- Assessing existing or potential conflicts of interests of the members of the Board of Directors with those of the Bank, including transactions of members of the Board of Directors with the Group, and submitting relevant proposals to the BoD;
- Preparing and implementing an induction program for the new members of the Board of Directors, and providing periodic training to the existing members of the Board of Directors;
- Reviewing periodically the succession planning for top executives and submitting relevant information to the Board of Directors.

Strategic Planning and Communication Committee

The Strategic Planning and Communication Committee shall aim to assist the Board of Directors in drawing up guidelines for the Bank's strategy to improve the efficiency of its operations.

In this context, it shall supervise the implementation of the Business Plan and propose and decide on any issue of strategic importance to the Bank.

In addition, it shall be responsible for the elaboration of the Communication Policy and the notification of the investors. The Strategic Planning and Communication Committee shall support the Board of Directors in relation to the preparation and implementation of the strategic planning of the Group.

The Strategic Planning and Communication Committee shall consist of at least five (5) BoD members (executive and non-executive) as well as by any advisory members with voting rights. The Chairman of the Committee shall be the Chairman of the Board. The number of members, the Chairman and the composition of the Committee shall be determined by the Board of Directors of the Bank.

The responsibilities of the Committee include, but are not limited to the following:

- recommendation for the determination of the Bank's key long-term objectives and the drafting of its medium- and long-term strategy, in line with the guidelines and objectives set by the Board;
- final elaboration and submission of the Bank's business plan and annual budget to the Board of Directors, as well as the monitoring of their implementation;
- revision of the key objectives and the review of important business decisions before submitting them for approval to the BoD; monitoring of the Bank's strategy, update of the main performance indicators that are relevant or affecting it, and submission of proposals for corrective actions to the Bank;
- evaluation of proposals for the transformation of the Bank's business and operating model (strategic partnerships, acquisitions or sales, capital increases, etc.);
- update and oversight of the Bank's strategic projects provided for in its business plan or required by the institutional and regulatory framework;
- supervision of the communication with analysts and institutional investors, the overall image of the Bank towards the public (investors, customers, etc.) and the development of effective relations with it.

Management Committees and Councils

Executive Committee

The Executive Committee monitors and ensures the smooth and efficient operation of the Bank in implementing its strategy, business plan and budget, as approved by the Board of Directors. It consists of at least nine (nine) members, one of whom is the Managing Director and is appointed as its Chairman. Among other things, the Commission has the following duties:

- to prepare the strategy and elaborate the proposed Operational Plan and the annual budget before they are discussed in the Strategic Planning and Communication Committee;
- to specify the implementation of the strategy, by coordinating the actions of the Bank's Units;
- to monitor the achievement of the objectives set at Bank and Unit level, to examine any deviations, to decide on corrective measures and to provide guidance to the competent corporate structures;
- to decide on the development policy of the networks and the Group;
- to ensure that the risk management guidelines are incorporated into the Bank's operations and budget;
- to decide on the approval limits for investments and expenditure that apply to the relevant units.

to meet regularly at least twice a month or exceptionally when required by the circumstances, at the discretion of its Chairman, or if immediate decision-making is required.

The Committee shall be quorum if the number of members present at the meeting exceeds half of its appointed members and provided that in each case the number of members present is not less than 5 (five), including the Chairman and his substitute, in case there is a need to be replaced. The Committee's decisions shall be made by the majority of its present members, subject to the agreement of its Chairman. In the event of a tie, the Chairman's vote shall prevail.

Default Management Committee (DOK)

In the context of harmonization with the Act of the Executive Committee of the Bank of Greece No 42/30.05.2014, the Act of the Executive Committee of the Bank of Greece No 47/09.02.2015, the Act of the Executive Committee of the Bank of Greece No 102/30.08.2016, Attica Bank has set up and operates an administrative body for the monitoring of defaults (DOK). This body consists of three executive members and has the appropriate degree of independence in relation to the other operating units of the Bank and in particular in relation to the credit operations and the management of the smoothly performing part of the portfolio. Its responsibilities are described in the Regulatory Framework for the Management of Exposures in Default and Non-Performing Exposures, as applicable, which include, but are not limited to:

- centralized processing of all internal reports related to defaults;
- determining the available types of settlement and final settlement per sub-portfolio of loans and monitoring their effectiveness through appropriate performance indicators;
- defining and documenting the criteria to be used to determine the long-term viability of each type of settlement or final settlement (development and use of specific tree charts);
- defining the parameters and scope of responsibilities of the bodies and persons involved in assessing the viability and suitability of the proposed type of settlement and in the subsequent monitoring of its implementation;
- planning, monitoring and evaluation of pilot schemes, in cooperation with the business units; receiving information on the content of the reports to be submitted to the Bank of Greece before submitting them and
- reviewing their content;

DOK shall meet, following consultation with its members, once a quarter, or exceptionally whenever it is deemed appropriate on specific matters, and upon invitation from its President. Sittings shall be valid if there is a quorum of two of its three members, either by attending personally at its meetings or from another place by setting up conference/telephone calls. Moreover, DOK can also invite to his meetings executives of the Bank who are not members of its composition to facilitate its work.

Asset-Liability Committee (ALCO)

The Asset-Liability Committee (ALCO) consists of at least three members, one of whom is the Bank's Chief Executive Officer, who is designated as its Chairman, and non-voting advisers. The principal members may be either executive members of the Board of Directors or executives of the Bank. It establishes the policy of the Bank and the Group's companies in matters concerning the structure, pricing and management of Assets and Liabilities, and sets out risk limits, taking into account the Bank's strategy resulting from decisions of the competent governing bodies (BoD, Executive Committee), the applicable regulatory framework, corporate governance rules, current conditions in the money and capital markets, and the risk limits set by the Bank. It monitors their implementation and makes decisions on the necessary corrective and improvement measures.

The Asset-Liability Committee (ALCO) takes, among other things, the following actions:

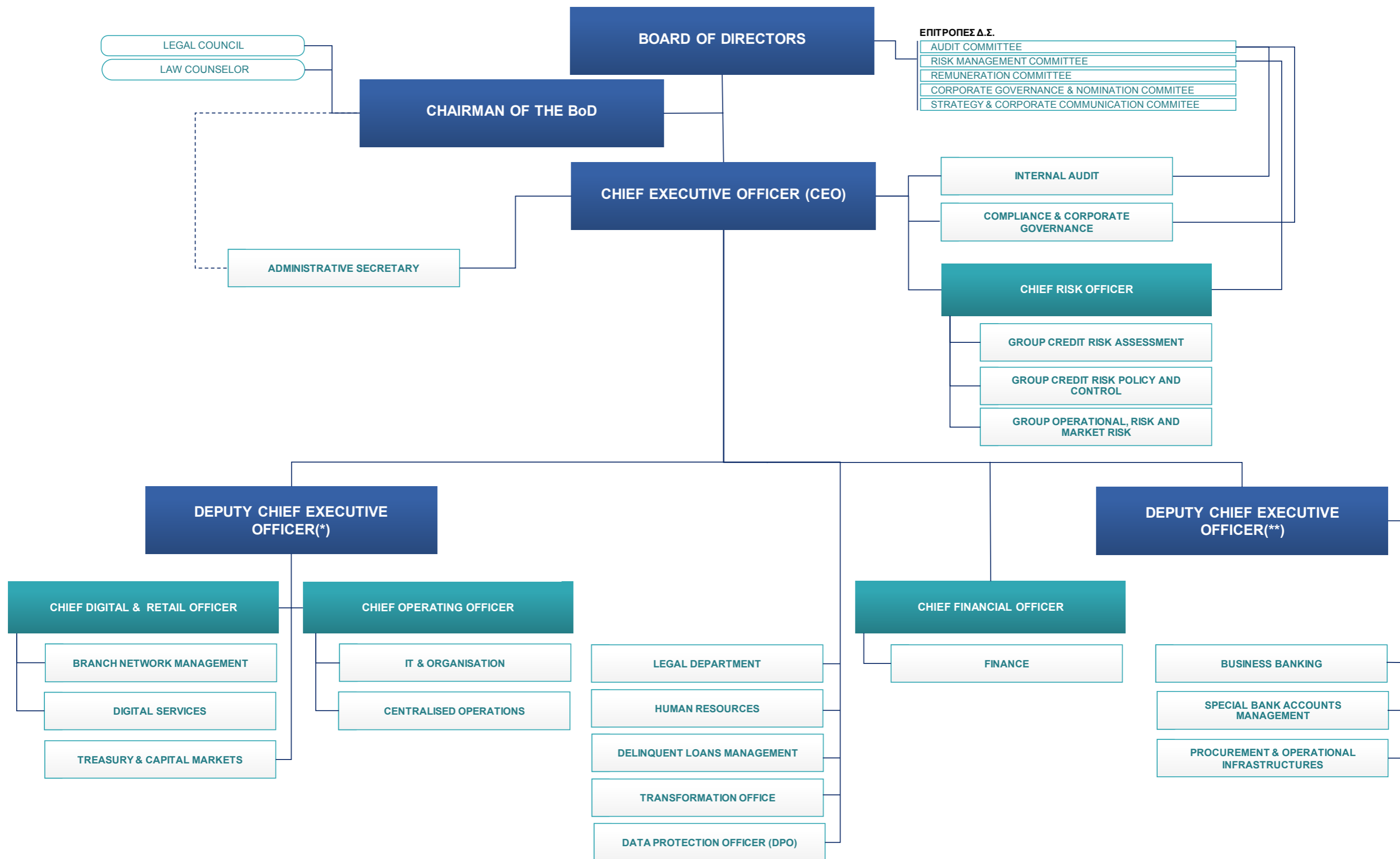
- It decides on the framework for liquidity and interest rate risk taking and hedging using the appropriate tools.
- It shapes the broader interest rate policy of the Bank and the Group's companies.
- It defines and supervises the application of the Bank's internal pricing system and establishes internal pricing policy between deposit/lending units.
- It approves the liquidity contingency plan and ensures diversification of the Bank's sources of liquidity.
- It approves the stress test program and examines the results from the application of scenarios for extreme changes in capital markets.
- It evaluates and approves the release of new deposit or loan products as well as the potential offering by the Bank of new products or services that are consistent with its strategic planning.

The Committee meets regularly on a monthly basis or more frequently, on an exceptional basis, when required by the market circumstances, at the discretion of its Chairman, or if immediate decision-making is required. The Committee shall be quorum if the number of members present at the meeting exceeds half of its appointed members, including its Chairman, and provided that in each case the number of members present is not less than three (3). The Committee's decisions shall be made by the majority of its present members, subject to the agreement of its Chairman. In the event of a tie, the Chairman's vote shall prevail.

Supreme Credit Committee

The Supreme Credit Committee is the Bank's supreme body entrusted with the approval of all timely and overdue credit, as well as other specific related cases. It consists of at least three (3) principal members, as well as non-voting advisers. The Chairman of the Committee is a senior officer of the Bank holding a position at least equivalent to the level of Deputy Chief Executive Officer, and may be different on a case-by-case basis for timely or overdue credit issues. The composition of the Committee is defined by the Board of Directors or the Chief Executive Officer within the scope of the powers and competencies granted to him/her. It shall act in line with the procedures described in the applicable Credit Regulation, evaluate and decide on the requests submitted by the relevant Divisions on both timely and overdue credit.

The Committee shall meet regularly at least every week or even exceptionally when required by the circumstances, at the discretion of its Chairman, or if immediate decision-making is required. The Commission shall be in quorum when the number of members present at the meeting exceeds one half of its appointed members, including its Chairman and the advisory member representing the Risk Management Division, if he/she is not already one of its present principal members. The decisions of the Committee shall be made by the majority of its current members, which shall consist of at least two (2) members, on the condition that their Chairman agrees with them. In the event of a tie, the Chairman's vote shall prevail.



(*) Supervision of Attica: Wealth Management, Finance, Ventures, Attica Bancassurance
 (**) Supervision of: Attica Properties and Thea Artemis S.A

JUNE 2019

10

Risk Management

10. Risk Management

The Group is exposed to a variety of risks, the most important of which are credit risk, market risk which refers to risks arising from fluctuations in foreign exchange rates, interest rates and market prices, operational risk and liquidity risk. Risk management is an integral part of the business strategy development process, including the business planning process and risk taking policy, as it determines the admissible risk caps for each type of risk.

During the year 2018 and within the framework of the business plan, the Group has adopted both for administrative and operational aspects of risk management, a process of corporate governance, international standards, and the provisions of the supervisory authorities. In this context it develops continuously advanced mechanisms and organizational structures for the identification, quantification, monitoring and management of all kinds of risks. Within the framework of the new organizational structure of the Bank, the Risk Management Division is reorganized and is now organized into Units chaired by the Chief Risk Officer, who maintains his / her independent role on demand to the Board of Directors through the Risk Management Committee (RMC).

The strategy for taking and managing all kinds of risks is in line with best international practices, current legislation and the supervisory framework, and is constantly evolving through the development of a single risk management concept for the Group. The Risk Management Committee of the Board of Directors is responsible for the approval and periodic review of the Group's risk-appetite profile.

The Board of Directors is responsible for the approval and periodic review of the risk profile that the Group undertakes (Risk Appetite Framework). More specifically, the BoD monitors the overall risk, chooses the people and bodies that bear the responsibility for managing the risks faced by the Group and assigns to the pertinent committees and directorates, responsibilities for adopting risk management policies and practices.

In the context of the effort for a more effective management of the risks to which the Group is exposed and also to avoid a departure from the risk limits as defined by the Risk Assurance Framework, the Group has designed an Early Warning System to address such purpose.

Credit Risk

Credit risk is the most significant risk for the Group and for that reason, the Group's main target is to systematically monitor and effectively manage credit risk. For purposes of better credit risk management, there is continuous reassessment of the Group credit policies and monitoring of compliance of the relevant operating units with these policies.

Great emphasis is given to portfolio quality assessment in the segments of corporate loans as well as consumer and mortgage loans. Through the use of developed systems of credit risk measurement and assessment of the borrowers based on qualitative and quantitative criteria, the credit risks involved are evaluated and met in a timely and efficient way. The Bank attaches considerable importance to developing tools for the internal assessment of risks, based on specific characteristics, according to the type of credit exposure. This effort is in line with the requirements imposed by the supervisory framework for the calculation of capital adequacy for banks (Basel III).

The responsibility for the approval of the bank loan portfolio is provided by the Credit Departments (Private and Businesses), which are independent from the Bank's operational revenue units. For loans that exceed the approval limits of these Directorates, the responsibility lies with the Credit Committee and the Higher Credit Committee of the Bank, in order of precedence. During the making of business decisions about undertaking important risks, beyond the participation of the Credit Department, the Head of Risk Management's participation as a member of the Higher Credit Committee is also ensured.

As far as consumer and mortgage loans are concerned, a system of customers' creditworthiness evaluation - credit scoring - is implemented on an application level. The credit rating system consists of a 7-grade scaling and classifies customers based on creditworthiness rating scales.

At the end of year 2018, the Bank's Credit Regulation was updated, while in the context of a more pro- active credit management, with particular emphasis on the timely identification of borrowers with characteristics (alerts) that make it possible to breach their obligations towards the Bank, a System (Policy- Procedures) was developed in order to categorize, on the basis of risk, the enterprise creditors and to take preventative measures and actions.

Impairment risk

The Group carries out regular impairment tests of its portfolios, whether loans or not, on a quarterly basis for each financial statement date, but also extraordinarily for stress testing purposes. The risk assessment process is fully based on Bank's statistics, while historical data of default payments and values of collateral are kept, as provided by the regulatory framework and in line with the Bank of Greece guidelines. Additionally, the Group has taken the necessary steps to comply fully with the prudential requirements set out in IFRS 9.

According to IAS 39, credit losses were recognized when a default event had already taken place, while through transition to IFRS 9, the Bank is obliged to estimate and record Expected Credit Losses (ECL) through the lifetime of its financial assets, irrespective of a default event having taken place.

The Group performs the calculation of ECL at each reporting date, in order to assess the changes in the financial instrument's credit risk since its initial recognition. To this regard, the calculation incorporates current, historical and forward-looking information related to the Group's financial instruments.

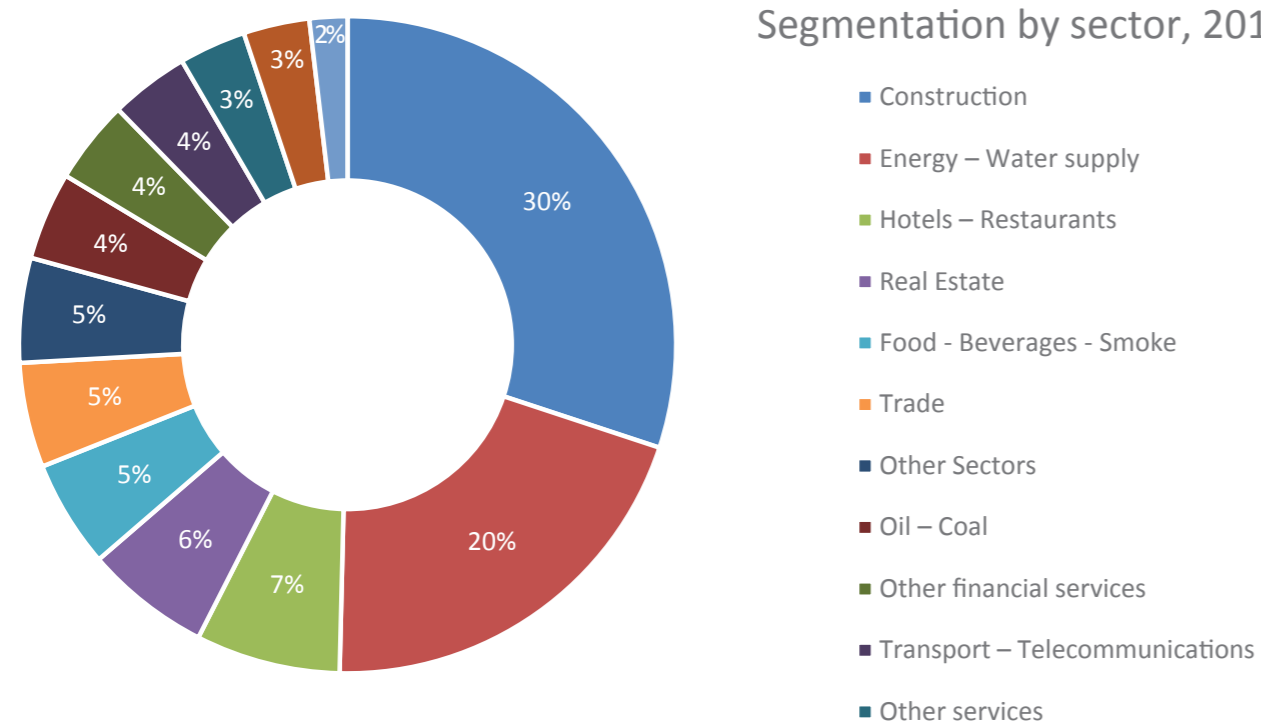
Concentration Risk

Concentration risk can arise from exposures to particular customers or groups of customers and/or exposures to groups of counterparties whose probability of default is affected by common factors such as operating market segment, macroeconomic environment, geographical position, currency, use of risk mitigating techniques.

The Group recognizes concentration risk arising from:

- Large credit exposures to particular customers or groups of customers
- Concentration on a particular operating segment whose probability of default is affected by their activity in this operating segment or in supplementary segments in case of a crisis event
- The risk arising from geographical position is considered immaterial.

According to the new organizational structure, concentration risk is monitored and managed within the framework of credit risk. Furthermore, within the Risk Appetite Framework, the Group has adopted quantitative ratios for monitoring concentration risk, their measurement and internal acceptable limits.



Market Risk

Market risk is defined as the probability of loss from the management of Assets and Liabilities, and the management of various trading portfolios arising from potential adverse changes in the prices of the products included in those portfolios. The Bank is exposed to market risks arising from the change in the fair value of its financial products due to adverse changes in market variables, such as changes in interest rates, stock exchange rates and exchange rates.

Furthermore, within the Risk Appetite Framework, the Group has adopted quantitative ratios for monitoring concentration risk, their measurement and internal acceptable limits. The Group has significantly reduced its exposure at market risk.

Interest Rate Risk on Banking Book

Interest rate risk arises from a possible reduction in profit or in value of assets, caused by shifts in the interest rate curve and stemming from the deferral in the revaluation of the Group's assets and liabilities. Interest rate risk refers to changes in future cash flows of financial instruments due to fluctuations in interest rates (regarding deposits or funding).

Such changes in interest rates can affect the financial position of the Group/the Bank, since it can also affect:

- The net interest rate result.
- The value of income and expenses, sensitive to interest rate changes.
- The value of Assets and Liabilities, since the present value of future cash flows (and often the cash flows itself) varies as the interest rates change.

For interest rate risk, measurement methods used are associated with the re-pricing risk, the yield curve risk, the basis risk and optionality.

Market risk scenarios for the trading book (banking), 2018

RATE CHANGE TYPE	RISK FACTORS	PARALLEL SHIFT OF THE YIELD CURVE
SCENARIO 1	Net Interest Income	+200 bps
SCENARIO 2	Net Interest Income	-200 bps
SCENARIO 3	Equity	+200 bps
SCENARIO 4	Equity	-200 bps

Stress Test Results for Interest Rate Risk (amounts in € 000's)

Net Interest Income estimate for the next 12 months without yield change	69,000.00
Net Interest Income change as a result of parallel shift of the yield curve downwards by 200 bps	-11,924.00
Net Interest Income estimate following the change by - 200 bps	57,076.00
Net Interest Income change as a result of parallel shift of the yield curve upwards by 200 bps	11,924.00
Net Interest Income estimate following the change by + 200 bps	80,924.00

Economic Value of Equity (EVE)	
Economic Value of Equity estimate without yield change	442,000.00
Economic Value of Equity change as a result of parallel shift of the yield curve downwards by 200 bps	144.26
Economic Value of Equity estimate following the change by - 200 bps	442,144.26
Economic Value of Equity change as a result of parallel shift of the yield curve upwards by 200 bps	-144.26
Economic Value of Equity following the change by + 200 bps	441,855.74

Operational Risk

Operational Risk is defined as the risk of loss resulting from inadequate internal processes or violations of those processes, people and systems, or from external events. It refers to the probability of loss due to failure to comply with internal procedures, information systems, human resources, the organization’s policy and strategy, the legal and institutional environment and any other non-exogenous risk, while its prudential management aims at protecting both its clients as well as the institution. Operational Risk is inherent in every banking activity and derives from inadequate internal procedures or violations of the said procedures, human behavior, IT systems or external factors. Operational risk also includes the legal risk and compliance risk, whereas it does not include other risks, such as strategy risk and reputation risk.

For the measurement, recognition and management of Operational Risk, the Operational Risk Record is taken into account, the Reports of Internal Audit Department concerning possible or potential loss, reports from external auditors, reports from the Compliance Department and action plans prepared by the IT and Technology Department (ie Business Continuity Plan).

The monitoring of operational risk by the Bank is based on five main pillars and in particular on recording the losses deriving from:

- External fraud (impersonation, voluntary incorrect valuation of collateral by third parties, etc.).
- System and infrastructure malfunction (IT systems issues, physical security, electronic security, telecommunication and infrastructure issues, etc.).
- Execution, integration and management of processes (human errors, customer data management, satisfactory customer information about the risks undertaken, knowledge / ability to process procedures, etc.)
- Status and work safety
- Internal fraud (including cases where fraud is being carried out at the expense of the Bank by its employees, as well as the cases of cooperation of the Bank’s employees with external partners / Customers).

The quantification of exposure to Operational Risk events is carried out in cooperation with the competent Units through the Operational Risk Record and recorded in the Monthly Operational Risk Report.

For ensuring the smooth and uninterrupted operation of the Bank in its entire business activities and structures, a Business Continuity Policy has been established, which is an effective organizational approach and procedure to address and minimize the adverse effects that may affect the continuity of the operational business in an extraordinary stress situation of impairment losses from written off or non-performing exposures are collected, these amounts are recognized in the income statement.

Liquidity Risk

Liquidity risk is defined as the Group’s possibility of not being able to fully or promptly repay the current and future financial liabilities when they become due - cause to the lack of necessary liquidity. This risk also includes the probability of refinancing funds at higher interest rates, and selling Assets.

During the management of liquidity risk, the Group’s aim is to ensure to a satisfactory degree the existence of liquidity with the ultimate goal of fulfilling its obligations under any circumstances and without a disproportionate additional cost.

The monitoring of the Group’s liquidity risk focuses on managing cash inflows and outflows. In particular, in the context of the examination of quantitative data, the following are assessed on a Bank and Group level:

- The monitoring of the volatility of the deposits, placing particular emphasis on the large deposits amounts
- The relation of deposits to total assets - liabilities and loans
- The measurement and monitoring of the coverage cost of open positions
- The diversification of financing sources
- The evolution of main liquidity risk measurement ratios
- The percentage of available portfolio assigned to the ECB
- The percentage of securitized loans per portfolio

In order to monitor liquidity more efficiently, an automated and daily report of liquidity is produced and distributed to the relevant business units in order to monitor changes in key liquidity sources and the timeliness of appropriate measures.

The supervisory authorities have set liquidity assessment ratios, in order to control the net liquidity exposure. In particular, as per Regulation 575/2013, the Bank should maintain liquid assets, the sum of whose values should cover liquidity outflows under extreme conditions. In this way, it is ensured that the Bank maintains sufficient liquidity reserves so as to face potential imbalances between inflows and outflows of liquidity under particularly extreme conditions for a time period of up to 30 days. The aforementioned obligation is quantified through the Liquidity Coverage Ratio, which is defined as the quotient of the cash reserves in relation to the net outflows of the Bank. In addition, in the same context, the Bank should make sure that long-term liabilities are suitably covered by a wide range of stable funding tools, both under stable and extreme conditions. The above obligation is quantified through the Net Stable Funding Ratio, which is defined as the quotient of items that provide stable funding to items that require stable funding.

The Treasury and Capital Markets Department is responsible for coordinating the access to the money markets so that the Group meets the liquidity needs that arise at any given time. All information concerning the Group’s capital inflows and outflows is directed to the competent departments of Management, with the aim to effectively manage the liquidity which results from its units and activities. Moreover, it determines a specific level of liquidity reserve in the form of unencumbered immediately liquidable assets (liquidity buffer) that can be sold, also taking into consideration their liquidation value in conditions of crisis.

At regular intervals, stress tests are conducted, based on the particular characteristics of the Group and on changes in the characteristics and conditions of the markets. The results of the liquidity crisis stress tests are of utmost importance in order to determine the appropriate measures and to adjust the internal procedures and limits, so as to effectively face a liquidity crisis.

In application of the Bank of Greece Governor’s Act 2614 / 07.04.2009 regarding the liquidity risk, the Bank developed and submits to the Bank of Greece internal liquidity limits and a Contingency Funding Plan, taking into account the consequences that a liquidity decrease in all the market or a downgrading of the Group might have on the funding cost.

Data for leverage ratio calculation – Bank

	2018	2017
Leverage Ratio	12.74%	13.5%

Leverage risk management is integrated in the general framework of the Group’s overall business strategy regarding risk management. The Risk Management Division is responsible for the calculation and notification of the leverage ratio to the Group’s operational bodies. In addition to gathering the data for the calculation of the ratio, the Risk Management Division also examines the individual elements which shape the Group’s exposure to a leverage risk and accordingly recommends it in cases where divergences from the undertaken risk forbearance levels are ascertained. του Ομίλου σε κίνδυνο μόχλευσης και εισηγείται αρμοδίως στις περιπτώσεις όπου διαπιστώνονται αποκλίσεις από τα αναληφθέντα επίπεδα ανοχής κινδύνου.

Other Risks

The Risk Management Department addresses the issues regarding the other risks that the Bank faces.

For capital risk:

- It ascertains the level, structure and stability of regulatory funds.
- It analyzes the composition of funds, the quality of CET 1 funds, including the participation rate of innovative securities, minority rights and hybrid funds.
- It controls the sufficiency and stability of operating profits (on an individual and consolidated basis), in order to cover, among others, a potential increasing need for the creation of reserves or provisions due to impairment of assets.
- It monitors the Policy and the pace of credit expansion as it may weaken capital adequacy through the reduction of regulatory funds items or through the increase of weighted Assets items against the capital adequacy ratio.
- It controls the current level of the capital adequacy ratio in relation to the corresponding ratio of other credit institutions.
- It analyzes the possibility of raising additional funds on reasonable terms (valid raising and cost), as this is determined by the analysis of capital structure, asset structure and the institution’s access to the markets.

For profitability risk:

- It dynamically and statically monitors the Bank’s key profitability ratios by proceeding to comparative and time-series analyses.

For compliance risk:

- The Compliance Department monitors the compliance risk, defined as the risk of legal or supervisory sanctions, financial loss or consequences on the credit institution’s reputation, as a result of non-compliance with laws, regulations and codes of conduct. Losses from non-compliance in the legislative and regulatory framework are included in operational risk. Nevertheless, losses from non-material compliance also extend to the institution’s reputation with a serious impact on its profitability, the value of its share, etc.

Capital Adequacy

Specialized units of the Bank monitor the capital adequacy at regular intervals and submit data to the Bank of Greece on a quarterly basis.

The supervisory funds of credit institutions are divided into:

- Tier 1 funds, which are further broken down into:
 - o Common Equity Tier 1 (CET 1)
 - o Additional Category 1 funds
- Tier 2 funds

The Capital Adequacy Ratio is defined as the ratio of the Supervisory Equity Funds to the Assets, as well as items off the Statement of Financial Position weighted against the risk they involve. The Tier 1 Ratio is defined as the ratio of Tier 1 Funds to the weighted assets (on and off-balance sheet), while the CET 1 common equity tier ratio is also defined in a similar way.

In accordance with Regulation 575/2013 and Credit and Insurance Committee Decision 114 / 04.08.2014, banks must on an individual and consolidated basis meet a minimum Basis of at least a CET 1 Ratio of 4.5%, a TIER 1capital ratio of 6% and a Total Capital Ratio of 8%.

It is noted that this Credit and Insurance Committee Decision has abolished the Bank of Greece Executive Committee Act 13 / 28.3.2013, while it also provides for transitional provisions regarding the application of supervisory deductions from CET 1.

Furthermore, in force of Directive 2013/36 / EU, banks will also be required to gradually create a capital conservation buffer of 2.5% until 01/01/2019 (0.625% on 01/01/2016, of 1.25% on 01/01/2017 and of 1.875% on 01/01/2018) beyond the existing CET 1 capitals and the minimum supervisory equity funds.

In all, the minimum ratios that should be observed, including the capital conservation buffer, effective as of 01/01/2019, are:

- The minimum common equity ratio of 7%.
- The total Capital Adequacy Ratio of 10.5%.

Finally, Directive 2013/36 / EU provides for the discretion of Member States to impose the following security reserves:

- Countercyclical capital buffer
- Systemic risk buffer

The main priorities of the Group are the preservation and harmonization of the capital requirements within the current regulatory framework, the ability of the Group to uninhibitedly continue its activities and the preservation of the capital base at such a level that will allow the achievement of its business plan.

Capital Adequacy Table - Bank

	2018	2017	2016	2015	2014
Credit Risk	3,005,315	3,206,912	3,277,277	3,174,082	3,149,614
Market Risk	1,600	4,129	3,100	20,635	102,579
Operational Risk	197,723	209,965	185,677	148,682	144,552
Total Risk - Weighted Assets	3,421,006	3,421,006	3,466,054	3,343,399	3,396,745
Regulatory Capital					
CET I Capital	431,148	499,984	508,084	564,363	236,960
Core Tier I Capital					
Tier I Capital	431,148	499,984	508,084	564,363	309,398
Total Regulatory Capital	530,833	499,984	508,084	564,363	325,244
Capital Adequacy Ratios					
CET I Ratio	13.50%	14.62%	14.66%	16.88%	6.98%
Core Tier I Ratio	13.50%	14.62%	14.66%	16.88%	9.11%
Tier I Ratio	16.40%	14.62%	14.66%	16.88%	9.58%

The movement in the Capital Adequacy Ratios from 31/12/2017 is attributed to the implementation of the new IFRS standard (IFRS 9) as well as to the capital actions completed in 2018. The Bank uses the transitional provisions of the EU Regulation 2395/2017.

On 21st of January 2019, Bank of Greece informed Attica Bank, with a similar decision, that for the year 2019 the minimum threshold for the Total Capital Ratio is 12.92%. The aforementioned ratio is comprised from the minimum threshold of the Total Capital Adequacy Ratio (8%), according to the article 92(1) of CRF, the additional Pillar II supervisory requirements, along with the capital requirements for security deposit in accordance with the provisions of Law 4261/2014. The minimum index should be kept on an ongoing basis, taking into account the CRR / CRD IV transitional provisions.

The de-recognition of the non-performing exposures completed in the fourth quarter of 2018 did not lead to a reduction in the Bank's weighted assets.

The Group has at its disposal reliable, effective and integrated strategies and procedures for the evaluation on a permanent basis of the amount, composition and allocation of equity funds which are considered to be sufficient to cover the nature and level of the risks undertaken (internal capital).

Within the context of the Internal Capital Adequacy Assessment Procedure, quantitative and qualitative data are examined. These include the level and structure of regulatory funds, market risk, liquidity risk, interest rate risk, the level and allocation of internal capital etc. The assessment of these fields determine the funds required for the further coverage of the following:

- Underestimation of Credit Risk according to the Standardized method.
- Market Risk Underestimation.
- Underestimation of Operational Risk during the use of the Basic Ratio methodology.
- Other Risks such as interest rate risk, concentration risk, liquidity risk, leverage, profitability risk, capital risk and reputation risk.

Within the context of the Internal Liquidity Adequacy Assessment Procedure, the Group assesses the management of liquidity risk, including the measurement of quantitative ratios, stress tests, the assessment of liquidity management strategy, the Contingency Funding Plan and the overall funding strategy of its Business Plan.

11

Appendix
Annual Financial Report
FY 2018



ANNUAL FINANCIAL REPORT
From 1st January to 31st December 2018

(In accordance with Law 3556/2007)

TABLE OF CONTENTS OF ANNUAL FINANCIAL REPORT

- I. Statement of the Members of the Board of Directors
- II. Boards of Directors' Annual Management Report in accordance with Law 3556/2007 including the Corporate Governance Statement (Law 3873/2010)
- III. Annual Individual and Consolidated Financial Information as at 31 December 2018 (including Independent Auditors' Report)
- IV. Disclosures of Law 4374/2016
- V. Availability of Annual Financial Report

Annual Individual and Consolidated Financial Information of ATTICA BANK S.A is available on:
<https://www.atticabank.gr/el/investors/investor-financial-results/periodical-financial-data>

I. STATEMENT OF THE MEMBERS OF THE BOARD OF DIRECTORS

To the best of our knowledge and belief, it is stated that:

- The Annual Financial Statements of "ATTICA BANK S.A." and the Group for the year ended on 31st of December 2018, have been prepared according to the existing accounting standards and present fairly the assets and liabilities, the equity as well as the income statement of the Bank and the entities that are included in the consolidation.
- The annual Directors' report, presents fairly the progress, the performance and the financial position of the Bank as well as the entities that are included in the consolidation, including a description of the main risks and uncertainties that they face.

Athens, 23 April 2019

For the Board of Directors

**THE CHAIRMAN OF THE
BOARD OF DIRECTORS**

**THE CHIEF EXECUTIVE
OFFICER**

**THE DEPUTY CHIEF
EXECUTIVE OFFICER**

**GEORGIOS I.
MICHELIS
ID No. AI 310803**

**THODOROS N.
PANTALAKIS
ID No. AE 119288**

**IOANNIS EM.
TSAKIRAKIS
ID No. A 024276**

Board of Directors' Annual Management Report

II. BOARD OF DIRECTORS' ANNUAL MANAGEMENT REPORT (According to L. 3556/2007)

INTRODUCTION

Dear shareholders,

We present to you the annual report of the Board of Directors for the fiscal year 01/01/2018 to 31/12/2018.

This report summarizes financial information about the Group and the Bank, "ATTICA BANK S.A.", aiming at briefing, in general terms, shareholders and investors, on the financial situation and the results, the overall course of action and the changes that were initiated during the period (1/1/2018-31/12/2018), as well as, significant events that took place and their impact on the financial statements of the year. It also describes the main risks and uncertainties that the Group and the Bank may face in the future and lists the most important transactions that have been taken place between the Bank and its affiliates.

For 2018, the economic environment was as follows:

International Economy

Global GDP growth for 2017 is estimated at 3.7% and it is projected to remain on the same level for 2018 and 2019. In advanced economies, annual GDP growth in terms of volume is estimated to be 2.4% for 2018 from 2.3% in 2017, while for emerging and developing economies 4.7% as of 2017. Inflation in advanced economies, as measured by the CPI, accelerated in 2017 (at 1.7% from 0.8% in 2016), has remained consistently low at 2.0% in 2018, while in emerging and developing economies inflation remained 4.7% in 2018 as in 2017. Global trade in goods and services in all economic areas is estimated that has increased in volume by 4.0% in 2018 from 5.3% in 2017.

USA:

Annual GDP change in terms of volume is estimated at 2.9% for 2018 from 2.2% in 2017. Inflation increased to 2.4% in 2018 from 2.1% in 2017. The budget deficit as a share of GDP increased by 4.7% in 2018 from 3.8% in 2017. Gross Public Debt as a percentage of GDP increases to 106.1% in 2018 from 105.2% in 2017. The estimation for the current account deficit as a percentage of GDP is a slight increase to 2.5% in 2018 from 2.3% in 2017. The unemployment rate is estimated to have fallen further to 3.9% in 2018 from 4.3% in 2017.

ASIA:

As far as Japan is concerned, the annual change in GDP in terms of volume for 2018 decreased to 1.1% from 1.7% in 2017. Inflation increased to 1.2% in 2018 from 0.5% in 2017. The budget deficit as a share of GDP, is estimated that will be decreased to 3.7% in 2018, from 4.3% in 2017. Gross Government Debt as a share of GDP in 2018 is expected to be 238.2% from 237.3%. The current account balance as a percentage of GDP is in surplus and is estimated at 3.6% in 2018, compared to 4.0% as a percentage of GDP in 2017.

For China the estimate is that the annual change in GDP in terms of volume decreased to 6.6% in 2018, from 6.9% in 2017. Inflation increased in 2018 and reached 2.4% from 2.2% in 2017. The government deficit as a share of GDP is 4.1% in 2018, compared to 3.9% in 2017. The government deficit in 2018 is expected to increase to 50.1%, from 47% in 2017. The current account balance as a percentage of GDP is in surplus and for 2018 the estimation is 0.7%, from 1.4% as a percentage of GDP in 2017.

Eurozone:

In the euro area, for the year 2017, GDP growth is estimated to have reached the highest post-crisis rate of 2.5%, while it is expected to decline slightly in 2018 to 1.7%. Inflation remains low, reaching 1.8% in 2018 from 1.5% in 2017.

ECB continues to implement the securities purchasing program during 2018, but with reduced monthly net purchases. At the monetary policy meeting on 13 December, the Board of Directors decided to discontinue net asset purchases in December 2018, to keep key interest rates of ECB unchanged and to reinforce the indications of the future direction of reinvestments. Labor market improvement in Eurozone continued in 2018, as economic activity recovers; the unemployment rate declined to 8.2% of the labor force, the lowest since January 2009, from 9.1 in 2017. The demand for loans continued to rise, but banks expect some retention of their demand for the new year 2019. The net demand for corporate loans continued to rise during the fourth quarter of 2018 (net rate 9%, after 12% during the third quarter), almost in line with the expectations of the

banks during the previous ECB survey cycle. The net demand continued also to grow for mortgage loans (net rate 12%, after 5%) for consumer credit and other borrowing to households (8%, after 22%). In 2017, fiscal developments in Eurozone area were characterized by a continuing decline in the government deficit, albeit at a slowing pace, which is expected to continue in 2018. Thus, the fiscal deficit in Eurozone as a whole is estimated to 0,5% in 2018 from 1,1% of GDP in 2017. The current account balance as a percentage of GDP is in surplus at 3,1% in 2017 and the estimate is that for 2018 it will be 3,0%.

The Greek Economy and the Banking System

According to the first estimates and figures of Bank of Greece is important that following recovery of 2017, economic activity in 2018 seems to have accelerated and GDP in constant prices to rise by the approximately 2,1% from 2017.

The main pillars of the growth of the economy were exports of goods and services and private consumption.

During 2018 inflation slowed down due to the base effects of energy goods and processed foods. International oil prices have been increasing, while non-energy commodity prices continue with negative rates of change.

Exceeding the budgetary target in recent years has helped to restrain public debt and strengthened market confidence.

According to the forecast of Bank of Greece, economic activity is estimated to increase by 2.1% in 2018, 2,3% in 2019 and 2,2% in 2020. This progress is expected to rely on business investment, exports, but also to private consumption growth progress.

Investments are expected to increase, particularly from 2019 onwards, in line with the strengthening of confidence and the gradual restoration of private sector funding.

Employment is expected to continue to grow, relying mainly on the positive course of individual sectors of economic activity such as tourism, trade and manufacturing, contributing to a further decline in the unemployment rate.

A key challenge for the Greek economy in the near future is the continuation of the systematic return of the Greek State to the financial markets on sustainable terms.

With the successful completion of the adjustment program last August and the debt relief measures decided by the Eurogroup in June 2018, which are expected to ensure sustainability in the medium term, Greek government bonds are closer to obtain investment grade

The recent successful issuance in January of 2019 of 2.5 billion and 3.6% yield, is the first Greek debt issuance without the support of EU and IMF nearly after a decade. According to Moody's note "Greece's exit to the international capital markets is positive for the solvency as it reflects the improved investor confidence and opens the way for Greece to return to its full financing by the markets"

Investors' offers for the five-year bond exceeded five times the requested amount (2 billion euros) and exceeded 10 billion euros. The Government Debt Management Agency accepted bids totaling € 2.5 billion, or € 500 million more than initially requested. The cost of borrowing was significantly lower than the indicative coupon of 3.75% - 3.875% which was given as the starting point for the contractors and eventually closed at 3.6%. The significant investment contribution to the issuance of the five-year bond has led buyers into existing bonds and their returns to move lower. Is indicative that the four-year maturity bond on 30 January 2023 recorded a return of 2.994% and the bond maturing on 30 January 2028 recorded a return of 3.994%.

With regard to the banking system, the improved economic prospects has strengthened the economic climate, contributing to the increase in deposits and improving Greece's creditworthiness, resulting in a reduction in the dependence of banks on the Emergency Liquidity Facility (ELA).

Strengthening banks' liquidity and improving the climate of trust have allowed the withdrawal of most restrictions on capital movements.

Although banks have made a remarkable progress in reducing their non-performing exposures, the bank's non-performing loans stock remains high.

Concerning capital adequacy, Common Equity Tier 1 – CET1 on a consolidated basis and Capital Adequacy Ratio, according to Bank of Greece data for the third quarter of 2018, remain at a satisfactory level (15,6% and 16,2%).

Attica Bank in its economic environment in 2018 followed its strategic planning, continuing the administrative and organizational changes of 2017.

The most important events within 2018 for the Bank were,

- The successful completion of the Voluntary Retirement Scheme.
- Completion with partial coverage of the Share Capital Increase.
- The change in shareholder structure. In relation to the two major shareholders, with a reduction of the percentage owned by E.F.K.A and the increase of the percentage owned by T.M.E.D.E.
- The completion of the second issuance of the Junior Note.

Specifically:

- On 26.04.2018, the Voluntary Retirement Scheme was completed successfully. The participation in this Scheme amounted to 164 people, representing approximately 23% of all Bank staff.
- At the meeting held on 21.05.2018, the Board of Directors of the Bank certified the completion with partial coverage of the Share Capital Increase, by 88,883,536.80 euros, with the issuance of 296,278,456 new common registered shares with a nominal value of 0,30 euros each.
- The initial transfer on 16.05.2018 and the second transfer on 27.07.2018 of common registered shares by the E.F.K.A to T.M.E.D.E resulted in the change in the Bank's shareholding composition with the new percentages on the Bank's common registered shares being formed at 46.16% for E.F.K.A and at 32.50% for T.M.E.D.E. On 31.07.2018 an agreement followed between E.F.K.A and Hellenic Financial Stability Fund under which the voting rights of the Bank's shares held by E.F.K.A at a rate exceeding 33.00%, ie 13.16%, are exercised by the Hellenic Financial Stability Fund
- The General Meeting of shareholders on 27.06.2018 as completed on 25.07.2018 decided, the sale of Junior Note, resulting in the second securitization of non-performing exposures of the Bank with a nominal value of € 357.25 million. The cooperation with an important financial institution such as PIMCO, which was approved as the preferred investor for the management of the second securitization of non-performing loans of the Bank, was a new and decisive step for the strengthening of the Bank and opened up prospects for wider synergies in the future.
- The completion of the sale procedure on 26.10.2018 of Junior Note with a nominal value of € 357,25 million of the transaction of Metexelxis and the consequent derecognition of a portfolio of non-performing exposures of a nominal value of approximately € 701 million carried by the Bank. The amount received by the Bank is € 47 million and is shown in the income statement for the year ended 2018.

With the completion of the operations mentioned above, the Bank ensured its total capital needs, amounting to approximately € 136 million in cash (€ 88.9 million from the Share Capital Increase and € 47 million earnings through the sale of the Junior Note of the 2nd Securitization). Furthermore, on 20.12.2018 the Bank proceeded with the acquisition of preferred Greek government shares by issuing an equivalent bond loan.

At the same time, the Bank is continuously reorganizing by,

- a) significantly increasing the amount of its deposits,
- b) diminishing the borrowing from ELA,
- c) significantly reducing its operating costs after the completion of Voluntary Retirement Scheme (April 2018) and

In this way and with no diversions, the Bank can focus on banking services and to achieve digitization, providing high-quality services to its customers, focusing on small and medium-sized businesses and households.

The year of 2018 was the transitional period for solving the main issues of the Bank, by increasing its capital, securitizing non-performing loans, continuing of deletion and reorganization the Bank and as a result the figures of 2018, reflect the above changes made.

The cost of the 2nd Voluntary Retirement, charged the Income Statement for the year ended 31.12.2018 with €17 million. Interest and commissions had no significant change due to the securitizations and the continuing deleveraging of the Bank's assets. This policy, in conjunction (at the same time) with the continuation of the upward trend in deposits, has led to a reduction of the expensive (approximately 1.5% interest) borrowing of capital through ELA, which leads to a future reduction in the cost of capital of the Bank.

The management nevertheless notes that the developments of the Share Capital Increase, the 2nd securitization, the continuing decrease of borrowing from ELA, in line with the Bank's commitment to banking

operations and the prospects for the successful implementation of the strategic planning of the Bank, which are further strengthened by the stabilization of the Greek economy as well as the improvement of a number of key macroeconomic and financial indicators have a positive impact.

Management expects the Bank to return in the next years, to sound operating profitability, with strong capital ratios and to create internal capital for the benefit of the Greek economy, its shareholders, its customers and its employees.

A. Financial Development and Progress of the Fiscal Year

Key figures and Results for the Group

For the year ended 31.12.2018, the key figures and results of the Group, as well as their respective variations were as follows:

- The Group's total assets amounted to € 3,351 million, decreased by 5,3% compared to the year ended 31.12.2017.
- Total loans (loans and corporate bonds) amounted, before provisions for impairment amounted to €1,845.1 million, decreased by 30.8% of the comparative period of 2017.

Group's loans and advances to customers are analyzed in the table below:

<i>(in million €)</i>	31.12.2018	31.12.2017	Variation %
	(1)	(2)	(1)/(2)
Loans	1,387	2,006	-30.8%
From which:			
- Consumer loans	95	138	-31.0%
- Credit cards	22	33	-33.8%
- Mortgages	411	432	-4.8%
- Leasing	89	140	-36.1%
Corporate Bond Loans	458	661	-30.7%
Total Loans	1,845	2,667	-30.8%

- Deposits as at 31.12.2018 amounted to €2,281.9 million increased approximately by 19% compared to 31.12.2017.
- Provisions for credit risk in the year 2018 amounted to € 27.5 million, which are analyzed into provisions for impairment of loans and advances to customers amounted to € 22.8 million, off-balance sheet provisions for impairment amounted to € 5 million and reversal of provisions for impairment of investment securities amounting to € 0.3 million, forming the credit risk ratio of the year to total revenues to 34%. The accumulated provisions of financial assets amounted to €253 million from €474,7 million as of 31.12.2017, due to the derecognition of the portfolio amounted to €700.5 million and the corresponding provision for impairment. The NPE's EBA Definition coverage ratio was 33.5%. As coverage ratio is defined the quotient of credit risk provisions for all NPEs and as NPEs are defined the exposures including loans with a delay of more than 90 days and loans of uncertain performance, ie loans that are considered non-performing even though they are still performing or late for up to 90 days if there are indications of full repayment difficulties without securing collateral.
- Accumulated provisions cover 13.7% of the loan portfolio without taking into account tangible collateral.
- The net interest income amounted to €69.3 million, demonstrating an decrease of 20.3% compared to 2017 due to the significant deleveraging of the non-performing loan portfolio.
- The net commission income amounted to €7 million presenting a decrease of 34.5% compared to 2017. Taking into account the impact of the management fee of the interim period between the first securitization of €4 million and the fee of €1 million of the second securitization, then there is a decrease of net income from commissions by 8%.

- Profits from financial activities during the financial year of 2018 were affected by the profits generated by the Greek government bond portfolio. In 2018 total financial gains amounted to € 2.1 million compared to € 1.5 million in the previous year.
- Operating income amounted to €128 million, decreased by 23.2% compared to 2017.
- "Personnel expenses" amounted to €33.7 million, decreased by 12.6% compared to the previous year as a result of the successful completion of the Voluntary Retirement Scheme.
- General Operating Expenses, after deducting provisions for other assets, decreased 1.8% compared to the previous year.
- The relative expense ratio, excluding the €47 million for the year 2018 and €70 million for 2017, to total income, stood at 88.9%.
- The number of the Bank's branches as at 31.12.2018 were 55.

Results on a consolidated basis

<i>(in thousand €)</i>	12M 2018	12M 2017	Variation %
Net Interest Income	69,290	86,992	-20.3%
Net Fee and Commission Income	6,956	10,626	-34.5%
Profit/(Loss) from Financial Activities	2,108	1,489	41.6%
Gain from the transfer of loans through securitisation	47,000	70,000	-32.9%
Other income	2,634	(2,478)	-206.3%
Operating Income	127,987	166,629	-23.2%
Personnel Expenses	(33,704)	(38,554)	-12.6%
General Administrative Expenses	(30,494)	(31,051)	-1.8%
Depreciation	(7,780)	(6,511)	19.5%
Total Operating Expenses before provisions	(71,978)	(76,116)	-5.4%
Profit / (Loss) before provisions	56,009	90,513	-38.1%
Allowance for impairment purposes	(27,527)	(73,500)	-62.5%
Other Assets Provisions	(3,191)	(14,925)	-78.6%
Personnel Retirement Scheme compensation cost	(17,214)	0	-
Loss from investment in associates	(3,329)	(953)	249.2%
Profit before income tax	4,748	1,134	318.5%
Profit after income tax	(2,357)	430	-648.0%

- Basic earnings / (losses) per share amounted to € (0,0022) compared to € 0,0002 for the respective twelve-month period in 2017.
- The Group's return on Equity after taxes on 31.12.2018 stood at -0,5% compared to 0,1% in 2017.

Results before and after income tax for the Group companies are presented in the following table:

(in thousand €)	Consolidation Method	Profit/(loss) before income tax		Profit/(loss) after income tax and non-controlling interest	
		12M 2018	12M 2017	12M 2018	12M 2017
Company					
Attica Bank S.A.		7,837	1,639	567	1,056
Attica Funds PLC	Subsidiary (Full consolidation)	0	(7)	0	(7)
Attica Wealth Management Mutual Funds	Subsidiary (Full consolidation)	(17)	(49)	(59)	(51)
AtticaBank Properties S.A.	Subsidiary (Full consolidation)	35	(146)	34	(146)
Zaitech Innovation Venture Capital Fund	Associate (Equity method consolidation)	(3,326)	(953)	(3,326)	(953)
Attica Bancassurance Agency S.A.	Subsidiary (Full consolidation)	223	414	70	294
Attica Ventures S.A.	Subsidiary (Full consolidation)	0	(25)	0	(25)
Thea Artemis Societe Anonyme for Management of Loans and Appropriations	Associate (Equity method consolidation)	(3)	0	(3)	0

• The amounts in the above table are listed before eliminations.

Events that took place during the fiscal year and had a significant effect on the financial statements

A) Due to the application of IFRS 9 on 01.01.2018, the Group decreased its net position by €136.2 million. Considering the recognition of a deferred tax asset of approximately € 39.5 million, the final charge to the Group's net worth amounted to € 96.7 million.

B) Following the decision of the Bank's Board of Directors dated 15.03.2018 on the basis of which the Voluntary Retirement Scheme was adopted, taking into account the conditions prevailing in the domestic banking system, the Bank's business plan, which presupposes the creation of internal capital while maintaining a smooth working climate. The Management of the Bank on 19.03.2018 announced the terms of the Voluntary Exit Scheme and the period of participation declarations, which was determined in the period from 26.03.2018 to 13.04.2018, which with a newer Communication was extended from 20.04.2018 to 26.04.2018.

The Voluntary Retirement Scheme was successfully completed. The participation in this Scheme amounted to 177 employees, representing approximately 23% of all Bank staff. The cost of the voluntary retirement, taking into account the contractual obligations of the Bank for which a provision against the results and the net position of previous years was formed, amounted to a total of approximately € 20 million.

C) On 16.05.2018 were transferred 8,354,559 common shares of the Bank and the corresponding rights of preference from the portfolio of the Single Social Security Body (E.F.K.A) to the portfolio of the Civil Engineer Contractors Fund (T.M.E.D.E), According to the no. B / 7 / hom.24635 / 2013 / 30.04.2018 (Government Gazette B 1587 / 8-5-2018) and decision 388 of the BoD meeting. E.F.K.A 21 / 10.05.2018.

Following the transfer, the percentage of the total voting rights of the Bank held by E.F.K.A is 45,58% of the common registered shares and the percentage of the total voting rights on the Bank's shares held by T.M.E.D.E is 10.69% of the common registered shares.

D) The capital increase by cash payment and with option rights in favor of the old shareholders up to the amount of €197,970,668.40 through the issuance of up to 659,902,228 new common shares at a ratio of 4 new to 1 old share and issue price of €0.30, which was decided by the Extraordinary General Meeting of Shareholders dated 22.12.2017 and ratified by the 22.12.2017 Independent General Meeting of the Bank's preferred shareholders, and was covered by 44.90%

At the meeting on May 21, 2018, the Board of Directors of the Bank noted that the capital increase was partly covered according to the article 13a par. 1 of C.L. 2190/1920, ie by €88,883,536.80, with the issue of

296,278,456 new common registered shares with nominal value of € 0.30 each and approved the issuance and distribution of the new shares.

Furthermore, the Board of Directors of the Bank at its meeting held on 21 May, 2018, certified the payment of the amount of the increase following its partial coverage.

Thus, the total share capital of the Bank after the issue of the new common shares amounted to €238,576,203.80 divided into 461,254,013 common registered shares with nominal value of € 0.30 each and 286,285,714 preference shares with nominal value € 0.35 each. The total number of voting rights on common registered shares of the Bank will be 461,254,013. In addition with the repayment of the preference shares of the Greek State amounting to € 100,199,999,90.90 million on 21.12.2018, the total share capital of the Bank amounted to € 138,376,203.90, divided into 461,254,013 common shares with nominal value of € 0.30 each.

E) With the certification of the partial increase in the equity capital of the Bank, the percentage of the total voting rights of the Bank held by the shareholders is analyzed as follows:

- Single Social Security Body (E.F.K.A). The percentage of the total voting rights of the Bank is 66.89%, which corresponds to 308,524,368 voting rights on common registered shares, against 50.64%, which corresponded to 1,184,676,539 voting rights on common registered shares, held prior to the share capital increase.

- Public Constructors' Engineering Contractors Fund (T.M.E.D.E.), The percentage of the total voting rights of the Bank is 11.78%, which corresponds to 54,301,213 voting rights on common registered shares, against 5.63% representing 131,590,263 voting rights on common shares, held prior to the share capital increase.

- T.A.P.I.L.T.-A.T. The percentage of the total voting rights of the Bank amounts to 2.83%, which corresponds to 13,046,573 voting rights on common registered shares, against 7.91% representing 185,000,418 voting rights on common registered shares, held prior to the share capital increase.

The date on which the E.F.K.A ownership was 66.89%, TMEDE was 11.78% and T.A.PI.LT.A.'s to 2.83% is 30.05.2018 when the new shares were traded on the Athens Stock Exchange.

F) Following the decision 61662/3406 / 30.12.2016 of the Minister of Labor, Social Security and Social Solidarity on the "Transfer of assets of the former Sector of TSMEDE of E.T.A.A TO N.P.I.D to Public Constructors' Engineering Contractors Fund (T.M.E.D.E.), " Civil Engineer Contractors Fund (TMEDE) "as is in force from 15.06.2018 (Government Gazette B '2280) was completed in Article 1 as a second paragraph the following:

"The transfer of an additional 95,606,341 shares from the total number of shares of Attica Bank S.A, held by E.F.K.A. on 30.05.2018, at the NIPID Public Constructors' Engineering Contractors Fund (T.M.E.D.E.) "

For the rest, the 61662/3406 / 30.12.2016 (Government Gazette B '4413), B / 7 / 24635/2013 / 30.04.2018 (Government Gazette 1587) and B / 7 / B / 7/27872/2259 / 17.05.2018 (Government Gazette B'1881) decisions of the Minister of Labor, Social Security and Social Solidarity.

G) According to the Government Gazette 8661 / 14.06.2018 article 114 is added at the end of paragraph 6 of article 27A of Law 4172/2013 (A 167) the following: "If the right to convert the securities into common shares or cooperative shares of credit institutions is exercised by the Greek State, the ownership of such common shares or cooperative shares shall be included automatically and without any payment in the Financial Stability Fund».

Therefore, if the Bank presents in the future after-tax accounting losses, the Article 27A of Law 4172/2002 is activated as amended and is in force and for the amount of the final and receivable common shares should be issued in favor of the Financial Stability Fund.

H) The Extraordinary General Meeting of the Company : "Attica Wealth Management Mutual Funds" decided on 28.02.2018 the reduction of the share capital with a cash return of €1.82 million, forming the new share capital of the company at € 501,699.00 divided into 198,300 registered shares with a nominal value of €2.53 each. The above decision was approved in April 2018 by the General Commercial Registry (G.E.M.I.).

I) The Bank issued on 25.05.2018 a bond loan with total nominal value of € 350 million with the Greek State guarantee and the simultaneous early repayment on the same date of the € 380 million bond re-issued with the Greek State guarantee on 19.10.2017 with a duration of 1 year following the relevant decisions of the Board of Directors of the Bank on 8 February and 28 March, 2018. The new bond amounted to € 350 million has a 2-year maturity with 3 months Euribor floating rate plus a margin of 7%, which divides in 3,500 bonds with a nominal value of €100,000 each. This bond is intended to be used as a liquidity surplus through ELA and has maturity date of 25.05.2020.

J) In the absence of distributable profits for the year 2017, the Bank did not proceed to dividend distribution on both common and preferred shares, either in cash or with the issue of new shares.

K) At 31.12.2018, the Bank held own shares of "Attica Bank SA" of total 27 units and a value of € 97,332.30. These shares came after the reverse split of the 380 common registered shares held on 30.04.2018, which took place in the context of the share capital increase. These shares represent a percentage of 0.00008% of ordinary voting shares at 31.12.2018. The rest Group companies included in the consolidation did not hold any shares of the Bank as at 31.12.2018.

L) On 26.10.2018, the Non-performing Loan Management Transaction was completed, during which the Bank de-recognized the non-performing loan portfolio that has been securitized under the Transaction and recognized a profit of € 47 million through the income statement. More detailed information is provided in Note 18.4 of the Annual Financial Statements.

M) According to the provisions of article 80 of Law 4484/2017, the Bank issued on 21 December 2018 a subordinated bond (TIER II) for the repayment of preference shares of the Greek State amounting to € 100,199,999.90 million. Under the terms of the "Redemption and Coverage Agreement" between the Bank and the Greek State, Category 2 capital instruments have a maturity of ten years (until 20 December 2028) and pay a fixed nominal rate of 6.41%. On 21 December, 2018, the share capital of the Bank decreased by 100,199,999.90 with the cancellation of the 286,285,714 preferred shares issued according to Law 3723/2008 and from that date the Greek State does not hold any preference shares of the bank.

N) In the context of the reorganization of the Group and following the meeting of the Bank's Board of Directors on 22 November, 2018, it was decided to sell the 100% stake in the share capital of the subsidiary Attica Wealth Management Mutual Funds to bidder investor. The Bank has examined the process of negotiations with the investor and considers that the criteria for the classification of the holding as an asset for sale are not met.

O) On 17.12.2018, the Bank proceeded with an agreement amounted to € 175 million interbank loan (repos), reducing the dependency on the Emergency Liquidity Facility.

B. Important Events

Important events that occurred after 31st December 2018

A) At the meeting held on 26 March, 2019, the Board of Directors of the Bank elected a new, non-executive Chairman, Mr. Georgios Michelis, in place of the resigned Mr. Panayiotis Roumeliotis.

B) On 21.03.2019, the Bank eliminated its dependency on Emergency Liquidation Assistance (ELA).

C) The credit balances that arose under the provisions of Law 4046/2012 and have not been set off after the end of the five-year period from the year of their creation will be offset in ten equal annual installments with any tax liability of banks starting on 01.01.2020 as required by Law 4605/2019. The Bank assesses the new legislative framework and its implementation.

D) On 01.03.2019 a new Staff Regulation was signed between the Bank and the Association of Employees of Attica Bank, which changed the amount of the employees' retirement indemnity. The positive effect for the Bank is expected to be determined by the actuarial study of the first half of 2019.

E) On 29 March 2019, the Greek Parliament voted the revised law for the protection of the primary residence. Compared to the pre-existing framework, the subsumption of borrowers in the new law to protect their home from seizure becomes now more stringent. The Bank at this stage evaluates all the data and business choices stemming from this new framework.

F) From 01.01.2019, the Law 4548/2018 "Reform of the Law of public limited companies" came into force, which in combination with the Law on Internal Formations, fully replaces the previous company law 2190/1920 for public limited companies. The main changes concern the following sections:

- Establishment of a public limited company (legal documents of incorporation, branding, corporate documents)
- Share capital (valuation of contributions in tangible assets, certification of payment of initial share capital or its increase)
- Board of Directors (composition and function, tasks, defective decisions, remuneration policy, salary report)
- Transactions with related parties
- Securities issued by public limited companies: Shares (abolition of shares, transfer of shares, minimum nominal value of shares, electronic stock retention), warrants, bonds (extension of the bond loans, responsibilities of the Board of Directors), founding securities

- General Assembly (types of General Assembly, terms of participation, decision-making rules)
- Minority rights (possibility to set up joint ventures)
- Profit distribution (distribution of minimum or temporary dividend and optional reserves)

The impact of the new law is not expected to be significant for the Group.

C. Risk and Uncertainties

Description of the most significant risks and uncertainties

With regard to the challenges of the fiscal year, the main risks and uncertainties derive from the current macroeconomic environment in Greece.

Specifically: a) the risk of prolonged political uncertainty as a result of the repeating elections, b) the high unemployment rate and c) the restoration of liquidity conditions in the economy and the banking system (complete restraint of capital controls). Possible implementation of those risks could have a negative impact on the liquidity and capital adequacy of Greek banks.

As regards the evolution of the Bank's key figures and results, this will be in line with the course and the achievement of the Greek economy's objectives, since they will contribute to a significant degree in the restoration of liquidity and consequently in the development and implementation of the Bank's objectives.

Additionally, at the end of each period, the Group estimates and reassesses the recoverability of deferred tax assets taking into account the economic environment and the evolution of its results as they have been developed by the business plan. The main uncertainties associated with future taxable profits and the confirmation of the Bank's business plan are:

A) the domestic and international economic environment and the impact that such will have on the implementation of the Bank's business plan;

B) the decrease of the Bank's liquidity cost.

Finally, in relation to the legislative framework governing deferred taxation, it is noted that any future modification of the legal framework governing deferred tax claims, which will nullify or limit their inclusion in the regulatory capital, will result in a deterioration of the capital of the Group's indices

The Bank is exposed to various financial risks, the most important of which are Credit Risk, Capital Risk, Profitability Risk, Market Risk, Operating Risk, Liquidity Risk, Reputation, and others. The main objective of the Bank is to establish ways to effectively manage the risks it faces in its day-to-day operation and to deal with emergencies that may arise.

The political and economic environment in Greece is a key factor in the Bank's growth. Any worsening in the economic environment would affect the Bank's business operations and strategic orientation, with a negative impact on the Bank's and Group's operating activities, operating results and prospects. The financial outcomes of Greece during 2017-18 led to an upgrade of the Greek State international creditworthiness, however Greece still has the lowest credit rating in the Eurozone, standing at 4 degrees lower from the investment grade.

The Bank managed to achieve a high degree of compliance in the years 2017-18 with the recommendations followed by Supervisory Audits, but its primary objective is the immediate implementation of residual actions and corrective actions in 2019 and its continuing compliance with the changes and new Supervisory requirements.

Given the Bank's current economic conditions and capabilities, it is intended to maintain sufficient levels of capital to ensure that a slight deterioration in portfolio / capital quality will not jeopardize the capitalization of the Bank against supervisory requirements.

The Bank's pursuit is its continued credit expansion to Small and Medium-sized Enterprises (SMEs) and Freelancers, while attempting to shrink the Corporate Loan portfolio.

In the context of the Bank's effort to more effectively manage credit risk in conjunction with profitability risk, loan rates are differentiated on the basis of the credit assessment of borrowers and the collateral received.

In the context of the broader strategy and the achievement of its objectives, the Bank aims to the following strategies:

- A) Effective implementation of the non-performing exposures plan submitted by the Deficit Management Division (Submission of a revised operational strategy for the non-performing exposures on 29.03.2019 to the BoG).
- B) Implement the actions of the Liquidity Coverage Index (LCR) recovery plan and optimize the allocation of the Bank's capital.

Estimation of future developments and limitation of exposure of the Bank to them in order to limit future losses. Development of Stress scenarios for the areas under the provision of the DAEK/DAEER and the Recovery Plan, macroeconomic factors and the Bank's specific characteristics, linking them to Key Performance Indicators (KPIs), assessment of their effects, development of restriction techniques and active risk management.

Description of the major risks

Credit Risk

Credit risk is the risk of the Bank suffering losses in case its counterparties are unable to meet their contractual obligations. This risk mainly arises from loans, collaterals, guarantees and cash management.

Credit Risk is the most important source of risk for the Bank and its systematic observation and the effective management is considered to be the primary target of the Group. For better management purposes, it is imperative to continuously review the Bank's Credit Policies and to monitor the compliance of the relevant business units with these policies.

The Bank in the context of improving the quality of its portfolio, does not seek new financing for low rating customer's (lower than E).

The determination of the credit limits in the Banking Portfolio is based on the rational dispersion of the Bank's capital and the avoidance of high concentrations or percentages in various sectors of the economy, in geographies or in affiliated counterparties, taking into account:

Sectoral studies on credit risk in order to identify high risk sectors to which credit expansion needs to be curtailed.

An assessment of the concentration risk that may arise from exposures to specific customers or groups of Group clients and / or exposures to counterparties whose default risk is affected by common factors such as: macroeconomic environment, geographic location, industry, currency and used collateral.

Performance of Stress Tests and the use of their results in the boundary system.

The Bank gives high priority to the development of internal risk assessment tools which are based on specific characteristic per type of credit exposure. This policy is aligned with the requirements relating to the calculation of capital adequacy for the banks, as these are determined by the regulatory framework.

Further disclosure is provided in note 42.3 of the Annual Financial Statements.

Market risk

The Bank is exposed to market risks arising from the change in the fair value of its financial products due to adverse changes in market variables, such as changes in interest rates, stock exchange rates and exchange rates.

The Bank's targets are:

Low exposure to market risk and the definition of internal management and control procedures within the policy and management of the limits set by the Asset and Liability Management Committee (ALCO).

The development of investment strategy consistent with the Bank's risk profile, which will move within the limits of PAK.

Ensuring the interests of the Bank through the effective management of the interest rate of the exposures from its banking portfolios (IRRBB). In particular, the objective is to be able to manage the impact of a possible increase in interest rates at pre-crisis levels.

Further disclosure is provided in note 42.2 of the Annual Financial Statements.

IRR on Banking Book

The Interest Rate Risk in the Banking Portfolio arises from the time differentials in the interest rates adjustments on the Bank's assets and liabilities.

The main objective of the Bank is to assess the effect of potential interest rate changes on net interest income (NII).

In the context of the Bank's effort to manage more effectively the credit risk in conjunction with profitability risk, loan rates are differentiated on the basis of the credit assessment of borrowers and the collateral received.

Further disclosure is provided in note 42.2.3 of the Annual Financial Statements.

Liquidity Risk

Liquidity Risk is defined as the Group's inability to fully or promptly repay current and future financial liabilities when they become due because of lack of the necessary liquidity.

The Bank's objective in managing liquidity risk is to ensure, to the best of its ability, the existence of satisfactory liquidity in order to meet its obligations, both in normal and in extreme situations, without disproportionate additional costs.

The Bank's targets are:

- The intensification of efforts to maintain the Bank's liquidity (Zero ELA Plan) and the fulfillment of supervisory requirements for the LCR and NSFR indicators.
- The development of a financing plan designed to maintain liquidity buffers that adequately limit the liquidity risk and reduce the possibility of using emergency funds.
- The diversification of sources of funding and the utilization of the directorates responsible for liquidity management.
- Strengthening and expanding sources of funding by increasing customer deposits, issuing securities and accessing interbank markets for secured finance.

Finally, for the effective management and monitoring of liquidity, the Bank performs stress testing scenarios, at least twice a year, based on the Bank's specific characteristics and changes in market characteristics and conditions.

Further disclosure is provided in note 42.1 of the Annual Financial Statements.

Operational Risk

As Operational Risk is defined as the risk of loss resulting from inadequate internal processes or violations of those processes, people and systems, or from external events. The scope of operational risk includes risks arising from the legal coverage of the Bank's issues as well as the broader application of legal and regulatory frameworks.

The Bank aims to zero exposure to losses from internal fraud and the minimization of exposure to damage caused by employees. In order to achieve the above objectives of the Bank, it is necessary to fully comply with the guides and its procedures, as well as to cover, where appropriate, guides and / or procedures in all the Bank's operations.

In addition, it aims to strengthen risk and compliance frameworks, internal control and corporate governance, and develop a risk management culture across all of the Bank's departments.

Finally, the Bank has undertaken actions to integrate systems and automate procedures for the recognition, measurement, monitoring and management of operational risk, by using new systems, in combination with the existing IT equipment of the Bank.

Further disclosure is provided in note 42 of the Annual Financial Statements.

D. FUTURE OUTLOOK

Prospects

For the year 2019 the Group continues the actions for the implementation of the business plan (2019-2023), whose main pillars are:

- The further reduction to levels below 10% of total loans in a 3-year period of non-performing exposures and the effective management of non-performing loans remaining after the completion of the two non-performing exposures securitisations
- The pursuit of collaborations that aim to enhance the income from activities that do not involve credit risk taking on behalf of the Bank,
- The sale of non-core assets, such as immovable and movable property from the recovery of non-performing exposures and for which the Group does not have the purpose of using them,
- A conservative and sector-specific credit expansion,
- Further strengthening of the Bank's liquidity,
- Improving the quality of services provided to customers through digitization and
- The rationalization of operating cost so that the cost to income ratio is normalized to levels comparable to those of the four systemic banks.

The implementation of the above goals and their contribution to the Group's profitability is estimated to be related to other factors, which are linked to the achievement of Greek economy goals, compliance with institutionalized reforms to meet the country's objectives after the termination of the Third Stability Program, the possibility of attracting new investments, the full lifting of restrictions on the free movement of capital abroad, strengthening of the liquidity of the banking system, the further enhancing of the climate of confidence, the increase in household disposable income and the efficient management of non-performing loans.

Securitization-Transfer of Non-performing Loans

The completion of the securitization transactions of the Non-Performing Exposures portfolio improves the Bank's prospects as it contributes significantly to improving the quality of its loan portfolio.

At the same time, by taking over the management of the securitized loan portfolio by a third company, resources are released within the Bank which will be available to intensify the management of the remaining non-performing portfolio as well as to grow the Bank and the Bank's development.

Finally, it should be noted that through these transactions the Bank has acquired specialized know-how which it will be able to develop and exploit, if necessary, in the future.

Loan portfolio management

For the year 2019, the Group's main objective is to effectively manage the non-performing loans that remain after the transfer of the securitized loans. To address these loans, the Bank has focused on a clear and realistic strategy and on the implementation of a series of structural changes aim to reform the portfolio management mechanism through cooperation with a specialized external partner. Goal setting and actions have as main direction:

- **The increase in the number of settlements** achieved on the basis of the evaluation and implementation of standard solutions in exposures grouped on the basis of heterogeneous features and the personalized approach of exposures with special characteristics.
 - **The adaptation of the Bank** to the immediate application of the methodologies and solutions offered to borrowers (mainly at retail banking) from the applicable legal framework (e.g. home protection).
 - **The maximization of inputs** by implementing legal measures and exchanging the type of exposure - seizures, auctions, debt-to-equity swaps, overdrafts, loan sales, foreclosure / out-of-court settlement procedures.
 - **Limiting the creation of new MTAs** and reducing re-default risk-adjusted exposures.
- **Law 4605/2019 PROGRAM FOR SUBSIDY PROGRAMME FOR REPAYMENT OF CORPORATE AND MORTGAGE LOANS HAVING A MORTGAGE ON DEBTOR'S MAIN RESIDENCE**

In the context of the application of Law 4605/2019 regarding the mechanism for settlement of debts from mortgages and business loans with a mortgage in the main residence of the borrower, a digital e-submission and application management platform will be put in place, supported by the Special Secretariat for the Management of Private Debt, through which interested debtors can apply for debt settlement. The purpose of

the mechanism for settling debts from mortgages and business loans with a mortgage on the main residence of the borrower is to regulate debtors' total debts to credit institutions.

The Bank for the optimal application of the Law participates in interbank working groups in order to address all the parameters set for the implementation of the Law while also assigning to its specialized executives the management of the regulatory applications submitted under the Law.

By providing appropriate training to its executives and utilizing the relevant provision, the Bank develops the necessary infrastructure to exchange information with credit institutions that have overdue receivables against their own borrowers in order to submit a proposal to the concerned debtors by aiming to find a sustainable solution.

The Bank tries to use the Law as an additional tool for effectively managing the bad loan portfolio by achieving viable settlement solutions with debtors facing difficulties in repaying their obligations.

E. TRANSACTIONS WITH RELATED PARTIES

All transactions with related parties were carried out in the ordinary course of business and on an arm's length basis. The aforementioned transactions for the period ended 31.12.2018 are presented in the tables below distinguished between transactions with related companies and transactions with members of management:

E1. Transactions with Related Companies

Receivables

Company (amounts in thousands €)	Attica Bank's Participation as at 31.12.2018	Participation	Loans	Other
Attica Wealth Management Mutual Funds	502	100.00%		
Attica Finance A.E.P.E.Y.	0	0.00%		
Attica Bancassurance Agency S.A.	100	100.00%		1,192
AtticaBank Properties S.A.	500	100.00%		4
Zaitech Innovation Venture Capital Fund	7,682	50.00%		
Thea Artemis Societe Anonyme for Management of Loans and Appropriations	20	20.00%	6,000	
Total	8,804		6,000	1,196

Payables

Company (amounts in thousands €)	Sight Deposits	Time Deposits
Attica Wealth Management Mutual Funds	985	
Attica Bancassurance Agency S.A.	5,026	
AtticaBank Properties S.A.	464	
Thea Artemis Societe Anonyme for Management of Loans and Appropriations	1,297	
T.M.E.D.E (Civil Engineer Contractors Fund)	5,862	30,000
E.F.K.A. (Single Social Security Body)	166,023	
Total	179,657	30,000

Income

Company (amounts in thousands €)	Rents	Commission Income	Loan Interest
Attica Wealth Management Mutual Funds		1	
Attica Bancassurance Agency S.A.	1	208	
AtticaBank Properties S.A.		1	
Thea Artemis Societe Anonyme for Management of Loans and Appropriations			118
Total	1	210	118

Expenses

Company (amounts in thousands €)	Interest Payable on Deposits	Service rendering
Attica Wealth Management M.F.M.C	20	
Attica Bancassurance Agency S.A.	10	
AtticaBank Properties S.A.	0	372
T.M.E.D.E (Civil Engineer Contractors Fund)	136	
E.F.K.A (Single Social Security Body)	2,221	
Total	2,387	372

Letters of guarantee

Company (amounts in thousands €)	Letters of Guarantee
Attica Wealth Management Mutual Funds	57
AtticaBank Properties S.A.	2
Total	59

E2. Transactions with members of the management

The table below lists the transactions with members of the Management (Chairman and Chief Executive Officer, members of the Board of Directors, members of the Executive Committee) at 31.12.2018 at Bank and Group level.

Transactions with members of the management

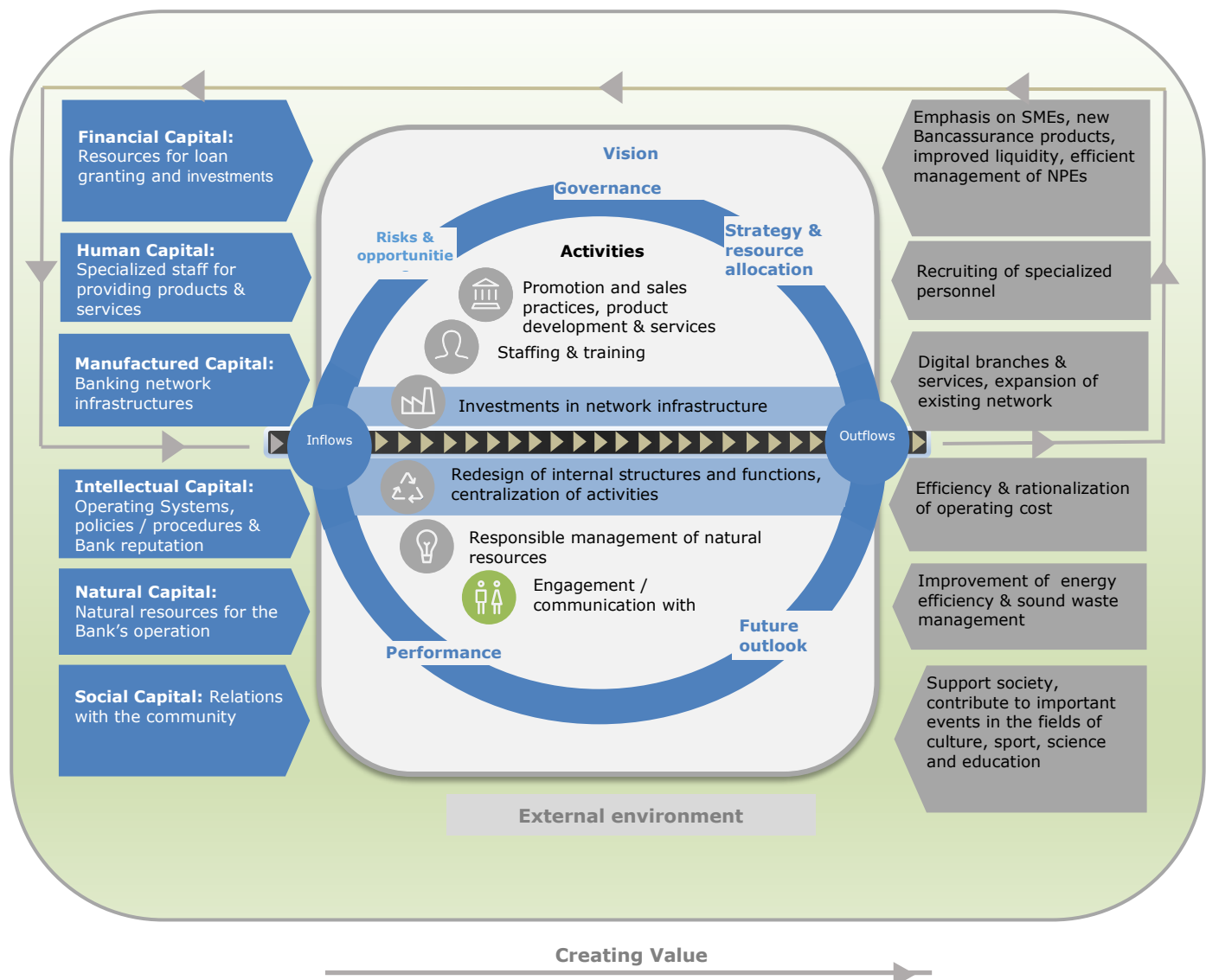
(amounts in thousand €)	Bank	Group
Receivables	612	612
Payables	723	723
Interest Income	23	23
Interest Expense	6	5
Wages and Salaries	1,854	1,924
Board of Directors' fees	563	708

F. Non-financial information

Section A: Business Model

The Bank has established itself as a key pillar of the Greek economy for investors and retail banking customers.

In this context, the Bank implements a new business and operating model that focuses on the digitalizing the Bank, that is also a strategic pillar for Management. In order to achieve its strategic objective, the Bank is implementing new projects intending to improve the quality of the provided digital services while is planning to create digital branches and to gradually transform the traditional banking network into points of sales of digital products and services that meet the needs of the public.



The Bank, based on its business model and business activities, uses specific resources to provide products and services to its customers and to create value. In addition, through continuous monitoring of the outside environment and the recognition of opportunities and risks, the Group adapts its strategy and business model, redistributes resources and develops activities aiming to maximize opportunities, while it introduces policies, procedures, control mechanisms and systems in order to manage risk effectively.

The Bank's strategy and business model is governed by the principles and values as defined in its Code of Ethical Behavior and Business Ethics, while strategic decisions are taken based on the principles of corporate governance. The Bank adapts and improves its strategy and ensures that its individual business activities are aligned for the accomplishment of the strategic plan, through the regular review and monitoring of key performance indicators in conjunction with the monitoring of the supervisory indicators submitted to the Bank of Greece on a regular basis.

Section B: Environmental Issues

The Group, having recognized the direct and indirect potential environmental impacts of its activities and the climate change risk, has decided to dedicate a large part of its social initiatives to the protection of the environment and raising the awareness of the public, customers and employees about environmental issues.

The Bank's and its subsidiaries' commitment to an environmentally responsible operation also derives from the Group's Code of Ethical Behavior and Business Ethics, where environmental protection is one of the core values of the Code that all employees are committed to upholding.

To this end, the Group has developed and implements Environmental Policy measures intending to protect the environment, to save the natural resources and to minimize the environmental footprint. In particular, the Group's objectives are the following:

- Energy saving (electricity, oil, natural gas)
- Restriction of paper use,
- Recycling of paper and other recyclable materials, and
- Reduction of water consumption.

Indicative measures for the environmental protection implemented by the Group are the following:

- Usage of energy-saving lamps in various branches and administrative buildings,
- Replacement of the light bulbs in eighteen (18) branches with energy-saving ones,
- Reduction of the temperature of the central heating system of the headquarters,
- Replacing or upgrading, if possible, old air-conditioning units with new ones that use Freon R410a instead of R22 in order to reduce harmful greenhouse gas emissions,
- Installation of a Building Management System in order to schedule and control power consumption,
- Centralized management of purchase orders for paper,
- Implementation of a pilot program, intending to use bins for the safe destruction of documents/ forms, which are then sent for recycling,
- Placement of special containers for the collection and recycling of batteries in various branches and administrative buildings

Given the nature of its business, the Group's operations do not inherently generate, at an increased likelihood, direct environmental risk. On the contrary, there is a significant indirect environmental risk arising from financing companies whose activities or products have an increased environmental impact. In this context, the Group, during the decision making process, takes into account the precautionary approach (United Nations Declaration). In particular, according to its Credit Policy Manual, the Group evaluates the environmental risk of its corporate clients during the assessment stage, prior to granting credit, by applying basic principles of the current legislative and regulatory framework. Furthermore, the Group, considering the environmental risk as well as the new opportunities presented, offers ecological loans, in order to promote 'green' banking. Specifically, the Group offers the "Energy Saving at Home II" program that aims to improve the energy efficiency of homes on favorable terms. The program is funded by the European Regional Development Fund (ERDF), while its beneficiary is the Hellenic Fund for Entrepreneurship and Development (ETEAN SA). The total number of approved applications for this program, in 2018, amounted to 213, while the total amount of the approved loans reached € 1,4 million.

Indicative environmental performance indicators for 2018 are listed below:

Environmental performance	
Performance Indicators	Year 2018
Electric energy consumption	4.8 GWh / 17,403 GJ
Water consumption	9.4ML
Car fleet fuel consumption	93,133L
Paper consumption	20,570 bundles A4 and 110 bundles A3
Consumption of compuprint ribbon cartridges	1,118 pieces
Consumption of cash vouchers	75,545 blocks
Envelopes of various kinds	150,000 pieces
ATM consumables	2,465 pieces

Calculation assumptions:

- Electric energy consumption: For the calculation of the electric energy consumption, the rates of the Professional Invoice Γ21 were used, as published on the website of the Public Power Corporation (PPC SA).
- Water consumption: For the calculation of the water consumption, the average value per cubic meter of water was used, according to the domestic water rates of the Athens Water Supply and Sewerage Company (EYDAP S.A.).
- Car Fleet Fuel Consumption: For the calculation of the car fleet fuel consumption, the average retail fuel prices of unleaded 95 octane gasoline across Greece were used, based on the 2018 fuel price observatories, published by the General Secretariat of Trade and Consumer Protection.

For 2019, the Group aims to expand its initiative for recycling batteries to various administrative buildings.

Section C: Social and Work Issues

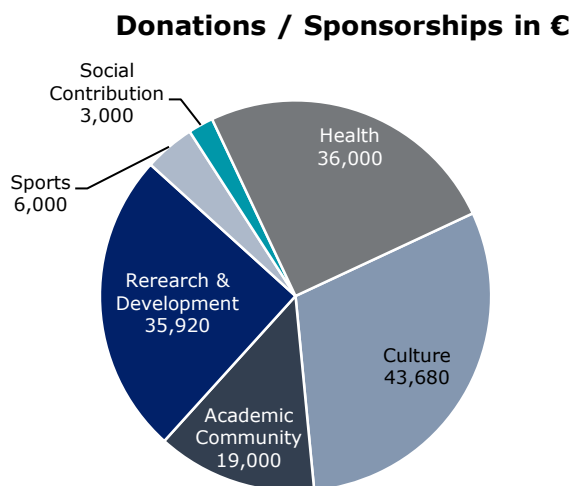
Social issues

The contribution to society is an integral part of the corporate identity of the Group that is distinguished by a sense of responsibility towards the community and people with special needs, helping as much as possible to address social problems and supporting philanthropic initiatives as well as the work of reputable organizations and social institutions.

Regarding its contribution to the society, the Group, having embraced the fact that its long-term success and increase in value is interlinked with the growth and prosperity of the societies in which it operates, follows the below principles:

- Supports the social, intellectual and artistic life and cares for the preservation and enhancement of cultural heritage, sponsors intellectual works, artistic and cultural events and contributes to the development of sports.
- Complies with decisions imposing non-cooperation with countries, companies or individuals who support terrorism or violate human rights. It does not directly or indirectly support political parties.

During 2018, as part of the corporate social responsibility program, the Group contributed to important actions in the field of Culture, Academic Community, Research and Technology, Sports, Social Contribution and Health. More specifically, the main donations and sponsorships per category are presented the following chart:



In addition, the Group has adopted the following initiatives in order to support its employees and the community:

- Installation of special access ramps for people with mobility issues in six (6) branches and two (2) administrative buildings,
- Wheelchair accessible entrances in twenty five (25) branches and three (3) administrative buildings,
- Establishment of a "Blood Bank", holding two blood drives per year in cooperation with the Bank's Employees' Association,
- Establishment of an internship program for university students, and
- Establishment of an apprenticeship program for students in the last year of studies / graduates or post-graduate students in order to support them with the necessary skills for their smooth integration into the labor market.

Finally, it is noted that among the objectives approved by the Bank's Management for 2019, is the conduct of a Market Survey. This survey will investigate the profile of the Bank's customers, their degree of satisfaction and their experience with the Bank so far. Additionally, as part of the survey, a research on the profile and behavior of the target group will be conducted in order to explore ways to attract them as potential clients.

Work Issues

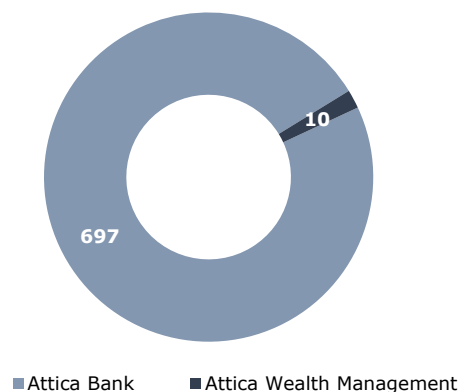
The employees of the Group are the most important capital for its success and development. In accordance with the Personnel Regulation and taking into account the Organization for Economic Co-operation and Development (OECD) Guidelines for enterprises and the fundamental labor conventions of the International Labor Organization (ILO), the focus of the Group is to ensure the following:

- Equal treatment and respect for the diversity of employees,
- Professional development and staff training,
- Safe working conditions, and
- Right to participate in union organizations.

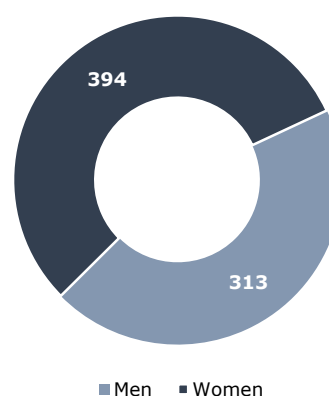
The importance of the Group's human resources is also confirmed by an anonymous online survey on workplace culture, which was conducted in order to highlight the strong areas and provide insight into the areas for improvement with respect to business organization, working and individual life and team performance.

On December 31, 2018, the Group had 707 employees under open ended contracts. The gender distribution reflects the equal opportunities scheme that the Group firmly stands for, with the proportion of women accounting for 55% of all employees.

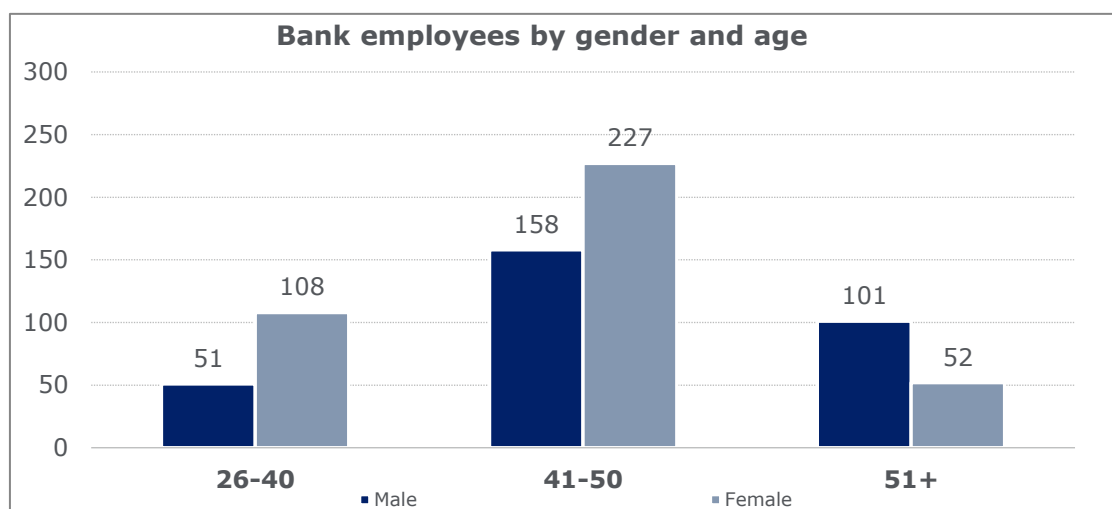
Total Group Employees



Group breakdown by gender



Regarding the age distribution of the majority of the human resources that is concentrated in Attica Bank, about 78% of the human resources are under 50, while about 23% are aged up to 40 years.



It is noteworthy that the Bank hired eighty nine (89) new employees in 2018, while a Voluntary Exit Scheme was carried out involving one hundred and sixty four (164) employees.

The Bank recognizes that the professional development of its employees plays an important role in the achievement of its strategic objectives. As such, the Bank takes the following measures:

- Implements a merit-based system for employee performance, promotion and remuneration. The goal is to recognize and reward the effort of each employee.
- Invests in the continuous improvement of employees' skills and encourages for lifelong education and training through educational and advancement programs and educational opportunities, in accordance with the relevant policy in force.
- Ensures proper and safe working conditions, providing equal rights and opportunities for all, aiming to achieve an appropriate work-life balance for its employees.

Evaluation

The implementation of employee evaluation systems has a positive effect, by rewarding good professional performance and encouraging the employees' efforts to continually improve their performance and develop their skills. For this reason, the Bank applies a merit-based evaluation system on an annual basis, for the performance of all its employees based on their the duties and responsibilities.

Additionally, the Bank has adopted the following policies for the appointment and evaluation of the members of the Board of Directors and the Executive Officers:

- Board of Directors and Committees Evaluation Policy and Procedures, which set out the procedures for evaluating the overall performance of the Board of Directors and its Committees, as well as the individual performance of its members.
- Chief Executive Officer and Executive Management Performance Evaluation Policy, which sets out the principles and the methodology used to evaluate the performance of the Chief Executive Officer and other Executive Officers of the Bank.
- The Board of Directors Nomination Policy, which sets the framework for the nomination and evaluation of the candidates for the Board of Directors.

In 2019, the Bank, in order to cope with the new conditions in the banking market, will implement a new Evaluation System that will be in alignment with the Group's strategic objectives taking into account the job descriptions of the employees.

Remuneration and benefits framework

The Group recognizes the dedication and productivity of its employees and to this end, the Group implements modern reward systems. In particular, the Group has established the Remuneration Policy, which is in line with its overall operating policy, business strategy, objectives, values and long-term interests. This Policy is reviewed annually in order to attract and retain human resources, as well as to comply with any legislative and supervisory constraints. The individual objectives of the remuneration and benefits framework are as follows:

- Promoting sound and effective management of the risks that the Group has accepted or will accept,
- Discouraging excessive risk-taking,
- Contributing to the sound, prudent and effective management of the risks undertaken,
- Contributing to the prevention and mitigation of conflicts of interest or influences that impact the management of risks, and
- Compliance with the general principles and requirements of transparency and the current legal framework.

As part of an attractive benefits package, the Group, in co-operation with its Bank Employees' Union, offers a number of benefits that include but are not limited to:

- Life insurance and health care through a Group Insurance Policy for employees and their dependent members (spouse and children),
- Supplementary Health Care Program, which offers a wide range of medical and dental coverage including examinations,
- Rechargeable electronic meal card,
- Granting loans to employees, up to a maximum of five (5) gross monthly wages to meet urgent needs,
- Financial awards for the children of the employees who excel and are admitted to universities and technical institutions in the country, and
- Books for the employees' children before the beginning of the school year.

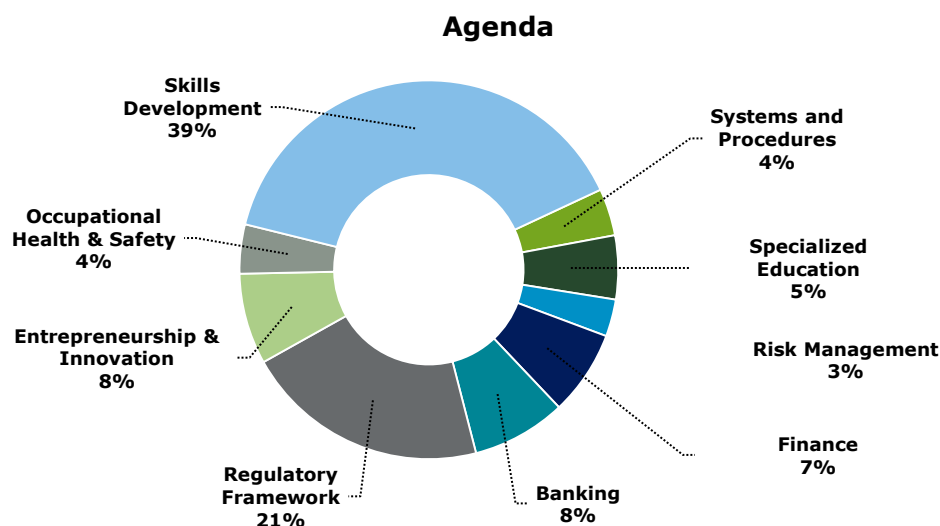
Education

The Group monitors, manages and evaluates the educational needs of all employees, aiming at:

- The improvement of the educational level of its employees,
- The provision of professional training and experience, and
- The timely and smooth adaptation of knowledge and skills to new technological, organizational and modern banking requirements.

As defined in the Personnel Regulation, education is offered to all employees and is ongoing and proportionate to the training needs of each employee. Prior to the implementation of the annual training plan, an assessment of the training needs is carried out, followed by the review of the plan in order to prioritize and confirm the training needs.

In 2018, the Bank's educational program covered a wide range of learning needs through onsite and e-learning training sessions. Details of the curriculum are presented below:



In addition to the above training programs, the Group ensures that the level of proficiency required with respect to the Professional Qualifications Certificates is in full compliance with its institutional obligations. In this context, professional aptitude certification is ensured for roles in service units that provide Investment Advisory or Insurance Brokerage (Bancassurance) services. Also, the Group encourages the acquisition of professional certifications in various other fields, such as audit, fraud, IT, accounting, compliance etc.

In addition, the Board of Directors Training and Development Policy has been established. Through this policy, the members of the Board of Directors are given the opportunity to enrich their knowledge regarding the Group's business model and to further develop their professional skills intending to contribute substantially to the Group's management.

Health and Safety

The Group, with a view to improve working life and by recognizing the importance of good physical and mental health of employees, has established a modern, healthy and safe working environment according to the legal provisions for workers' health and safety.

To this end, the Group monitors and controls the relevant risks and takes the necessary preventive measures, such as the following:

- Educational programs for employees' health and safety on an annual basis, as per the agenda of the educational program,
- Building evacuation drills conducted on a quarterly basis, in the event of fire, earthquake, terrorist attacks, etc., for the purpose of which an internal circular has been issued regarding the "Building Evacuation in Case of an Emergency Plan", and
- Safety Engineer and Occupational Physician visits in accordance with the applicable law
- .

It is noted that no accidents were recorded in 2018.

Unions

As defined in the Personnel Regulation, the Group respects the constitutional right of each employee to participate in employee unions. Specifically, the "Employees' Union of Attica Bank" operates within the Bank, which represents 649 registered members, i.e. over 90% of all employees. The Union participates in regular meetings with Management representatives, in order to ensure the smooth progress of the budget, the

achievement of results and the improvement of the working environment. It is noted that after a long period of consultation and negotiations, a convergence of views and positions of the social partners was achieved, resulting in signing of the new Personnel Regulation.

Lastly, the mutual respect and understanding that governs the long-standing relationship between the Bank and its social partners is regulated by the Collective Labor Agreements of Industry and Business.

Section D: Respect for Human Rights

The Group with a strong sense of responsibility and taking into account the guidelines of the Organization for Economic Co-operation and Development (OECD) for enterprises and the International Labor Organization (ILO) Fundamental Conventions, supports and defends human rights and is committed to protecting them through the Code of Ethical Behavior and Business Ethics.

The Group promotes equal opportunities and treatment, and recognizes the freedom of expression of its people. It recognizes that diversity is a key component of a responsible business strategy and excludes any form of discrimination, harassment or unprofessional behavior at work, while it prohibits the employment of minors under the age of eighteen (18), as well as all any form of forced labor (such as compulsory overtime and threats of dismissal). To this end, the Group intends to adopt the Diversification Policy for Members of the Board of Directors, that aims to provide equal opportunities to men and women and focuses on the qualifications and managerial experience when selecting Board members and appointing other senior management staff.

Respecting human rights is a fundamental element for the sustainable development of both the Group and the societies in which it operates. The Group, in order to address the risk of human rights violations, encourages the reporting of such incidents through a confidential communication channel. The Group has informed its personnel about the operation of the communication channel and all reports are evaluated and investigated by the Internal Audit Department.

In addition, the Group in order to eliminate the risk of human rights violations by third parties fully complies with decisions that prohibit co-operation with countries, companies or individuals that support violence and terrorism.

Section E: Anti-corruption and bribery issues

The Group's Management has adopted a zero tolerance policy with respect to fraud and illicit actions in general. These actions are contrary to the fundamental values and principles (as set out in the Code of Ethical Behavior and Business Ethics of the Bank and the Group), governing the business activities of the Bank and its subsidiaries and constitute a significant risk to the Group with a serious impact on its reputation and the interests of its customers, shareholders and employees.

In this context, and taking into account the Organization for Economic Co-operation and Development (OECD) guidelines for enterprises, the Group has adopted the following policies for the prevention, deterrence and management of corruption and bribery incidents:

Ethics and Behavior

The Code of Ethical Behavior and Business Ethics sets values and principles and defines standards of behavior and rules for dealing with corruption and bribery phenomena, which could jeopardize the reputation and interests of the Group. According to the Code of Ethical Behavior and Business Ethics, any member of the Group's staff, as well as first-degree relatives, are prohibited from engaging, directly or indirectly, in any case of bribery of any kind.

Prevention and Suppression of Money Laundering and Terrorist Financing

The Policy to Prevent Money Laundering and Funding of Terrorism, sets out customer due diligence procedures in full compliance with the legislative and regulatory framework and the Financial Action Task Force (F.A.T.F.) recommendations. The due diligence measures indicatively include, the certification and verification of the identity of the customer and the beneficial owner, the ongoing supervision of the business relationship, the thorough examination of the transactions and the immediate notification of the relative Committee and Bank of Greece in case of serious indications or suspicions that money laundering or terrorism financing is being committed / is being attempted to be committed or it has been committed / has been attempted to be committed.

Anti-Fraud

The Group is about to set up an Anti-Fraud Policy in 2019 in order to ensure that its operations are secure and effective and fraud is prevented. The Anti-Fraud Policy defines fraud; it describes the organization and the structures for managing fraud, the employees' obligations, responsibilities, authorities and steps that have to be followed when an attempt to commit fraud occurs or when fraud is committed or is suspected to be committed and the relevant actions of the authorized Bodies.

Conflict of interests

The Group recognizes the risk that conflicts of interest may arise while conducting business activities and offering investment and banking services. In this context, the Group has established the Conflict of Interest Policy and the Conflict of Interest Prevention Policy for the Members of the Board of Directors and Bank's senior executives that set out a series of organizational measures, processes and systems, to prevent and / or manage actual or potential conflicts of interest.

The main measures adopted by the Group for the prevention and treatment of corruption and bribery incidents include the following:

Staff Training

Regular educational programs take place, aiming to raise staff's awareness and to shape a mutual approach towards corruption and bribery. The educational programs take into account the legislative and regulatory framework in force and contain topics on the Prevention and Suppression of Money Laundering and Terrorism Financing.

Reports / Complaints

The Group has established a confidential communication channel through which staff can anonymously report serious irregularities, omissions, offenses and illegal practices that have come to their attention during the execution of their duties. All reports are evaluated and investigated by the Internal Audit Division in complete confidentiality. The Internal Audit Division is responsible for immediately updating Management and the Audit Committee accordingly.

The Group has also established the Customer Complaint Management Policy, which sets out the framework for the effective management of complaints / reports / protests of customers with regard to the services offered.

Internal Audit and Compliance

The Internal Audit Division assesses fraud risk and performs regular and ad hoc internal audits in order to ensure that internal controls are adequate and operating effectively. It is noted that during the regular internal audits of the branches, the Internal Audit Division tests all controls concerning Money Laundering Activities and Terrorism Financing. In 2018, 25 branches were audited (i.e. 45% of total branches).

The objective of the Compliance and Corporate Governance Division is to prevent and effectively manage the Bank's and the Group's risk of non-compliance with the regulatory framework that regulates their operation. This is achieved by establishing appropriate policies and procedures and adopting mechanisms for identifying, controlling and monitoring these risks. Particular emphasis is placed on compliance with the Anti-Money Laundering and Counter Terrorism Financing legislative and regulatory framework. Additionally, within its scope is the monitoring of the principles and practices on the basis of which the Group operates and is managed, in order to safeguard the legitimate interests of all those associated with the Group.

Section F: Supply Chain Issues

As a part of its responsible operational framework, the Group has established policies and procedures that define the principles and rules for the effective management of suppliers and outsourcers. In particular, it has adopted the Expenditure Authorization Policy and the Outsourcing Policy, which promote transparency and impartiality, and ensure the robust risk management by defining specific criteria and procedures.

The main suppliers of the Group are companies that provide network support services, IT services and customer service. According to the Code of Ethical Behavior and Business Ethics, employees are required to abide by all applicable procedures for the evaluation, assessment and selection of suppliers on behalf of the Bank and the Group companies by applying objective criteria. This enables the Group to preserve its reputation and interests.

In order to manage the risk of a breach in the existing legislation by third parties entrusted with the execution of projects, a specific clause is included in all contracts. This clause mentions that third parties are obliged to

abide to the labor and social security legislation, the health and safety legislation, as well as the occupational risk prevention legislation. In addition, remuneration, compensations and insurance contributions as per Law 4554/2018 are regularly monitored.

In addition, based on the Outsourcing Policy, regular audits are performed on the relationships with providers while the risks arising from these relationships are evaluated based on predefined criteria and are monitored on a regular basis.

Performance 2018

Indicative indexes for Attica Bank's performance for the year 2018 are presented in the table below:

Indexes	Bank	Group
Employees (number of employees)	697	707
Female employees (%)	56	56
Male employees (%)	44	44
Employee training (hours of training per employee)	25	25

Athens, 23 April 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS

Georgios Michelis

I.D No. AI 310803

Z. EXPLANATORY REPORT ART. 4, par. 7 & 8, LAW 3556/2007

The present explanatory report of the Board of Directors (in compliance with Article 4 of Law 3556/2007), to the Ordinary General Meeting of the Shareholders contains information pertaining to 31.12.2018.

a. Share Capital

The total share capital of the Bank, as at 31.12.2018, amounted to €138.376.203,90, divided into 461.254.013 common registered shares with a nominal value of €0.30 each.

Common shares are listed in Athens Stock Exchange. The Bank's shares are common registered shares with voting rights. Each Bank's share incorporates all the rights and obligations defined by the Legislation and the Articles of Incorporation of the Bank. The possession of securities/shares, according to law; implies automatically the acceptance of the Bank's Articles of Incorporation and the legal decisions of the General Assembly of the Bank. The shareholders liability is limited to the General Meeting of shareholders of the Bank, defined by the legislation and Articles of Incorporation of the Bank. Rights and obligations arising from each share are outstanding pertaining to every general or special share successor. Moreover, the shareholders participate in distribution of profits or other distributions according to legislation and Articles of Incorporation. Shareholders exercise their rights pertaining to the bank's Management through General Meetings and in compliance with the Legislation.

- Treasury Shares

As at 31.12.2018, the bank held 26 treasury shares at the cost €97,332.30. These shares represent a rate of 0.00000563680732681235% of the total common shares with voting rights at the same date. The other Group companies included in the consolidation did not hold any shares of the Bank as of 31.12.2018.

According to Article 28 of Law 3756/2009 "Depository Securities System, capital markets regulations, tax and other provisions", all banks participating under the terms of the liquidity plan of the Ministry of Economy and Finance, are not allowed to purchase treasury shares during the period of their participation in the program. For this reason, the last purchase of treasury shares took place on 18.2.2009 and since then there has been no change in the number held by the Bank.

According to decision 1/503/13.03.2009 of the Board of Directors of the Hellenic Capital Market Commission, the purchase of own shares and their holding with a view to acquire shares in another company in the future is considered as an acceptable market practice.

b. Limitations to transfer of Bank's shares

Transfers of Bank's shares are carried out as prescribed by Law and there are no limitations stated in its Articles of Incorporation.

c. Significant direct or indirect participating interests as defined by P.D. 51/1992

Significant direct participating interests in the share capital of the Bank as these are defined in Articles 9-11 of Law 3556/07, as at 31.12.2018 were as follows:

	Shares	Participation Percentage
SINGLE SOCIAL SECURITY BODY	212,918,027	46.16%
CIVIL ENGINEER CONTRACTORS FUND	149,907,554	32.5%
TAPILTAT	13,046,573	2.829%

Law 4387/2016 provides for the incorporation of E.T.A.A./T.S.M.E.D.E. to the Single Social Security Body (E.F.K.A.) as of 01.01.2017. In accordance with the decision 61662/3406/30.12.2016 issued by the Minister of Labor, Social Security and Solidarity, 5.63% of the Bank's ordinary shares that were held by E.T.A.A./T.S.M.E.D.E. was transferred to the Public Constructors' Engineering Contractors Fund (T.M.E.D.E.), while the remaining 50.64% was transferred to E.F.K.A.

In accordance with the decision no. B / 7 / ec.24635 / 2013 / 30.04.2018 (Government Gazette B1587 / 08.05.2018) issued by the Minister and decision 388 of the BoD meeting. EFKA 21 / 10.05.2018, on 16.05.2018 8,354,559 common shares of the Bank were transferred, as well as the corresponding preference rights, from the portfolio of EFKA, to the portfolio of T.M.E.D. E. Thus the participation of EFKA in the share capital of the Bank was 45.58% and T.M.E.D.E. was 10.69%.

Following the increase in share capital of the Bank with the decision of Extraordinary General Meeting of Shareholders held on 22.12.2017, in conjunction with the decision of the Board of Directors held on 21.05.2018, the participation of EFKA in share capital of the Bank stood at percentage of 66.89%, TMEDE at 11.78% and T.A.P.I.L.T.A.T at 2.83% (30.05.2018 trading date of new shares in the Athens Stock Exchange).

In accordance with the Ministerial Decision No. 33379/2703 / 15.06.2018 (Government Gazette B2280 / 15.06.2018), on 27.07.2018 were transferred 95,606,341 common shares of the Bank from the portfolio of EFKA to the portfolio of T.M.E.D.E. Thus, the participation of EFKA in the share capital of the Bank stood at 46.16% and T.M.E.D.E. at 32.50%

Following the disclosure of E.F.K.A to the Capital Market Commission (No 7961 / 02.08.2018) according to voting rights deriving from ordinary shares of EFKA to the Bank are exercised by the Financial Stability Fund, if the share capital of the Bank exceeds 33% and only in relation to the excess percentage, the percentage of the total voting rights held by EFKA at the Bank now stands at 33.00% and the Financial Stability Fund has the 13.16% of the voting rights resulting from the common shares of the EFKA in the share capital of the Bank in accordance with article 70 par.14 of Law 4387/2016 (Government Gazette A 85/2016), as amended by article 114, par.8 of Law 4549 / 2018 (Government Gazette A 105/2018), and the special agreement of article 114, par. 8 of Law 4549/2018, signed between the EFKA and the Financial Stability Fund July 31, 2018 regarding the voting rights in Attica Bank without any transfer of ownership of the aforementioned shares to the Financial Stability Fund.

d. Owners of shares granting special control rights

There are no holders of ordinary shares of the Bank that provide special control rights. The Bank was subject to the provisions of L. 3723/2008 as it stands, with all the privileges it provides to the Greek State and for that purpose were issued preferential shares, the regime of which was governed by the provisions of Law 3723/2008, in combination and with no. Cf. 54201 / B / 2884 / 26.11.2008 Decision of the Minister of Economy and Finance.

The Bank during the ordinary General Meeting held on 25.07.2018 decided to acquire all the preference shares of the Greek State in exchange for the issuance to the Greek State of a subordinated bond in accordance with Law 3723/2008, following its total share capital, as well as the amendment of article 5 on the share capital of the Articles of Incorporation, which was approved by the Extraordinary General Meeting of the preferential shareholders on 25.07.2018. In accordance with the decision with No. ΜΑΔΚΑΕΣ 0003791 ΕΞ 2018/10.02.2018 issued by the Minister of Finance (Government Gazette 5589/12.12.2018), the above acquisition in exchange was approved and withdrawal by the Hellenic Republic of category 2, according to the regulation 575/2013 of the Bank. The amendment of Article 5 on the share capital of the Bank's Articles of Incorporation, which was the consequence of the reduction of the share capital, was approved by the decision of the Ministry of Economy and Development No. 14951 / 05.02.2019 which was registered with the General Secretariat announcement with no. 14944 / 05.02.2019.

e. Limitations to voting rights

There are no restrictions on voting rights.

f. Agreements among the shareholders of the Bank (known to the issuer) that entail limitations in the transfer of shares/exercise of voting rights.

In accordance with the no. protocol 7961 / 02.08.2018 disclosure to the Hellenic Capital Market Commission, EFKA announced that the voting rights deriving from ordinary shares of EFKA to Attica Bank are exercised by the Financial Stability Fund, since the participation of EFKA in the share capital of the Bank exceeds 33% and only in relation to the excess percentage, in accordance with article 70 par. 14 of Law No. 4387/2016 (Official Gazette A 85/2016) as amended by the Article 114, paragraph 8 of Law 4549/2018 (Government Gazette A 105/2018), and the special agreement of article 114, par. 8 of Law 4549/2018, signed between E.F.K.A and the Financial Stability Fund on 31 July 2018 regarding the voting rights in Attica Bank.

Thus, the percentage of the total voting rights held by EFKA to the Bank now stands at 33.00% and the Financial Stability Fund exercises the 13.16% of the voting rights resulting from the common shares of the EFKA in the share capital of the Bank.

The agreement above does not entail the transfer of the ownership of EFKA excess shares to the Financial Stability Fund. There are no other shareholder agreements which are disclosed to the Bank and entail restrictions on the transfer of share/exercise of voting rights.

g. Regulations on appointment and replacement of members of the Board of Directors and amendments to the Articles of Incorporation.

There are no regulations on appointment/replacement of BoD members or amendments to the Articles of Incorporation that do not fall within Law 2190/1920.

h. Authorization of the Board of Directors or certain members for issuance of new shares or acquisition of treasury shares.

Authorization for the issuance of shares exists only under the conditions of Article 6 of the Bank's Articles of Incorporation.

Regarding treasury shares, according to Article 28 of Law 3756/2009 "Depository Securities System, capital markets regulations, tax and other provisions", all banks participating in the liquidity enhancement plan of the Ministry of Economy and Finance, are not allowed to purchase treasury shares during the period of their participation in the program. For this reason, the Bank has neither set any treasury shares purchase program in progress nor acquired any treasury shares during 2018.

i. Significant agreements made by the Bank that become effective, are amended or cease to be in effect in case of a change in the control of the issuer following a public offering and its related results, unless the disclosure of such information to the public would incur heavy losses to the issuer (the exemption for the disclosure is not valid if it is required by other provisions).

There is no agreement that would become effective, or amended or would cease to be in effect in case there is a change in the controlling interests for the Bank due to a public offering.

j. Agreements made by the Bank with members of the Board of Directors or with members of personnel, foreseeing reimbursement in case of resignation or dismissal without cause or termination of their service tenure or employment due to a public offering.

There are agreements with the BoD members pertaining to reimbursement in case of termination without cause.

There are no agreements with the BoD members pertaining to reimbursement in case of termination of their service tenure or employment due to a public offering.

Alternative Performance measures

According to European Securities and Markets Authority (ESMA) guidelines in relation to Alternative Performance Measures (APMs) which published in October 2015 and came into force on 3 July 2016, on the following tables are disclosed the definitions and the calculations of the related (APMs) which are included to Board of Directors annual Financial Report 2018.

Definition		Calculation	31.12.2018	31.12.2017
Accumulated Provisions to cover Credit Risk / Loans and advances to customers before provisions	Numerator	+ Accumulated provisions to cover credit risk	252,994	474,667
	Denominator	+ Loans and advances to customers before provisions	1,845,138	2,666,741
	Ratio	=	13.7%	17.8%
Definition		Calculation	31.12.2018	31.12.2017
Provisions to cover Credit Risk of the current year / Income from Operating Activities	Numerator	+ Provisions to cover credit risk	27,527	73,500
	Denominator	+ Income from Operating Activities	127,987	166,629
	Ratio	= Non-recurring Income *	47,000	70,000
			34.0%	76.1%
Definition		Calculation	31.12.2018	31.12.2017
Profit / (Losses) after taxes / Income from Operating Activities	Numerator	+ Profit / (Losses) after taxes	(2,357)	430
	Denominator	+ Income from Operating Activities	127,987	166,629
	Ratio	= Non-recurring Income *	47,000	70,000
			-2.9%	0.4%
Definition		Calculation	31.12.2018	31.12.2017
Expenses / Income Ratio	Numerator	+ Personnel expenses	33,704	38,554
		+ General operating expenses	30,494	31,051
		+ Depreciation	7,780	6,511
	Denominator	+ Income from operating activities	127,987	166,629
	Ratio	= Non-recurring Income *	47,000	70,000
			88.9%	78.8%

Definition	Calculation		31.12.2018	31.12.2017
	Numerator	+ Loans and advances to customers (before provisions)	1,845,138	2,666,741
Loans and Advances to customers (before provisions) to Deposit Ratio	Denominator	+ Due to customers	2,281,875	1,924,131
	Ratio	=	80.9%	138.6%

Definition	Calculation		31.12.2018	31.12.2017
	Numerator	+ Profit / (Loss) after taxes	(2,357)	430
Return on Equity (after taxes)	Denominator	+ Equity	490,897	632,705
	Ratio	=	-0.5%	0.1%

* Non - recurring income is the profit realized as a consideration for the investor transaction (Note 18.4) for the year 2017 and 2018 and the financial profit arising with the investor.

Declaration of Corporate Governance

Declaration of corporate governance for the fiscal year 2018**Introduction**

The bank has adopted and implements a Corporate Governance Code in accordance with Greek law and corporate governance best practices.

The Code has been posted on the Bank's website

https://www.atticabank.gr/images/attica/files/corporate_governance/Kodikas_Etairikis_Diakivernisis_042017.pdf.

1. Board of Directors (BoD)

The Board of Directors is collectively responsible for setting the strategic objectives of the Group, overseeing top and higher management executives, as well as for ensuring the adequate and effective control of the Bank in order to defend its general corporate interests and achieve the maximum long-term value under the law.

The current Board of Directors is composed of twelve (12) members of which three (3) are executive, four (4) non-executive, four (4) independent non-executive and one is a representative of the Greek State designated pursuant to the relevant provisions of Law 3723/2008.

The independent members of the Board of Directors pursuant to Law 3016/2002, as amended and applicable to corporate governance, are appointed by the General Meeting of Shareholders.

The Board of Directors of the Bank elected by the Extraordinary General Meeting of Shareholders on September 20, 2016 comprised the following members:

1. Panagiotis Roumeliotis, Chairman of the Board of Directors, Non-Executive Member.
2. Theodoros Pantalakis, Chief Executive Officer, Executive Member.
3. Athanasios Tsadaris, Deputy Chief Executive Officer, Executive Member.
4. Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive Member.
5. Efstathios Anagnostou, Non-Executive Member.
6. Dimitris Tzanninis, Non-Executive Member.
7. Charalambos Brilakis, Independent Non-Executive Member.
8. Ioannis Marmangiolis, Independent Non-Executive Member.
9. Georgios Vlahakis, Independent Non-Executive Member.
10. Georgios Panagiotou, Independent Non-Executive Member.
11. Athanasios Stathopoulos, Non-Executive Member.
12. Stefania Georgakakou - Koutsonikou, Adjunct Non-Executive Member and Representative of the Greek State pursuant to the provisions of Law 3723/2008.

Mr. Efstathios Anagnostou resigned on October 31, 2016 and Ms. Stefania Georgakakou-Koutsonikou, who was resigned, was appointed by Ms. Zacharoula Papatheodorou on November 22, 2016, under the provisions of Law 3723/2008 and pursuant to Decision No GDOP 0001614 EK 2016 of the Minister for Finance.

In the BoD which took place on December 22, 2017, Mr. Stavros Papagiannopoulos was appointed as Non-Executive Member to replace the resigning member, Mr. Efstathios Anagnostou.

The Chairman of the Board of Directors, Mr. Panagiotis Roumeliotis resigned on March 13, 2019 and Mr. Georgios Michelis was elected Member and Chairman of the Board of Directors on March 26, 2019.

Mr. Stavros Papagiannopoulos was elected Vice-Chairman of the Board of Directors on April 18, 2019

Following the above changes, the current composition of the Board of Directors is as follows:

1. Georgios Michelis, Chairman, Non-Executive Member
2. Stavros Papagiannopoulos, Vice-Chairman, Non-Executive Member
3. Theodoros Pantalakis, Chief Executive Officer, Executive Member.
4. Athanasios Tsadaris, Deputy Chief Executive Officer, Executive Member.
5. Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive Member.
6. Dimitris Tzanninis, Non-Executive Member.
7. Charalambos Brilakis, Independent Non-Executive Member.
8. Ioannis Marmangiolis, Independent Non-Executive Member.
9. Georgios Vlahakis, Independent Non-Executive Member.
10. Georgios Panagiotou, Independent Non-Executive Member.

11. Athanasios Stathopoulos, Non-Executive Member.
12. Zacharoula Papatheodorou, Adjunct Non-Executive Member and Representative of the Greek State pursuant to the provisions of Law 3723/2008.

The Board of Directors is competent to decide on any act relating to the management of the company, the management of its property and, generally, the pursuit of corporate objects, with the exception of matters which, by an express provision of the Law or the Articles of Association, fall within the competence of the General Meeting.

Moreover, pursuant to Law 4261/2014, the Board of Directors.:

- Has the overall responsibility for the management and operation of the credit institution and approves and oversees the implementation of the credit institution's strategic objectives, risk strategy and internal governance.
- Ensures the integrity of accounting and financial reporting systems, including financial and operational controls and compliance with the law and related standards.
- Oversees the process of statutory disclosures and announcements.
- Is responsible for the effective supervision of top management executives within the meaning of Article 3(1)(9) of Law 4261/2014.
- Monitors and evaluates periodically the effectiveness of the institution's corporate governance arrangements and takes appropriate action to address any shortcomings.
- The responsibilities of the Board of Directors of the Bank are detailed in its Articles of Association and Rules of Operation.

The composition of the Board of Directors of the Bank is in line with the requirements of the current regulatory framework regarding the experience and skills of its members.

Its members shall have internationally recognized experience and expertise in strategically important areas such as banking, auditing, risk management, problem loan management and restructuring, financial administration, etc.

Moreover, the Bank recognizes the need to strengthen the female participation rate in the Board of Directors, and will work in that direction, taking into account the range of candidates available.

The achieved diversity of the members of the Board contributes effectively to expressing different opinions, avoiding "consensual group thinking" and constructive dialogue among its members, so that final decisions are subject to a critical review of the Management by the non-executive members of the Board of Directors.

In the context of the upgrading Corporate Governance structure and procedures, the Board of Directors adopted the following policies:

- BoD Candidate Members Nomination Policy
- Remuneration Policy
- Customer Asset Safe-Keeping Policy
- Rules of Operation of the Bank's Legal Council
- Rules of Operation of BoD Committees
- Corporate Governance Code

1.1. Operation of the Board of Directors

The Board of Directors shall meet at the registered office of the Bank at least once every calendar month, at the date and time and on the agenda items to be set and communicated by written invitation to the other members by the Chairman or his Deputy at least two (2) working days before the meeting.

The BoD shall meet extraordinarily when the Chairman or his Deputy deems it appropriate or necessary, or at the request of at least two of its members in writing (including by electronic means) to the Chairman or his Deputy. The BoD must meet within seven (7) days from the filing of the request. To be admissible, the request must clearly state the issues that the BoD will discuss.

BoD meetings shall be convened by the BoD Secretariat within the aforementioned timeframe and following an order by the Chairman of the BoD.

The agenda items shall be clearly stated in the invitation. The agenda of each BoD meeting shall be determined by the Chairman and forwarded to the members of the Board of Directors. The agenda and the relevant documents shall be distributed within a reasonable time, but not less than two working days before the meeting.

Their distribution by electronic means is considered valid. Suggestions should be clear and include, where appropriate, a concise description of the subject.

The Board of Directors shall be in quorum and meet validly when half plus one of its Members are present or represented.

The decisions of the Board of Directors shall be validly made by an absolute majority of the present and represented Members.

Each Member has one vote and each Member can validly represent another Member only with a specific proxy addressed to the Board of Directors or with a declaration recorded in the minutes.

The minutes of the BoD are signed by the present members. In the event of a refusal of any member to sign, this shall be recorded in the minutes. Copies and extracts of the BoD minutes shall be ratified by the Chairman or his Deputy.

The drawing up and signing of minutes by all members of the BoD or their representatives shall be equivalent to a BoD decision, even if no meeting had been held.

The Rules of Operation of the Board of Directors, adopted in 2019, is fully in line with the law governing public limited companies (L. 4548/2018), the more specific legislation applicable to credit institutions (L. 4261/2014, L. 3723/2008) and listed public limited companies (L. 3016/2002), the guidelines of the European Banking Authority on Corporate Governance Issues, the Basel Corporate Governance Principles for Banking Supervision and, generally, the best corporate governance practices at international, European and Greek level.

During 2018, the Board of Directors held 27 meetings and its meeting attendance rate reached 94%.

The main issues addressed by the Board of Directors in 2018 comprise the following:

a) Corporate Governance:

- Preparation and convening of the Annual General Meeting of the Bank's Shareholders.
- Planning and progress achieved in the BoD Committees work.
- Remuneration of top executives and BoD members
- Approval of the Remuneration Policy
- Reconstruction and changes in the composition of the BoD Committees
- Approval of BoD Committees Regulations
- Evaluation of the Bank's Board of Directors operation
- Powers and responsibilities of the Bank's Board of Directors
- Voluntary staff leaving scheme
- Update of the corporate governance code
- Update of the regulatory compliance policy
- Update of the asset safekeeping policy

b) Monitoring of Business Activities

- Approval of the Bank's budget for the year 2018
- Approval of the financial statements
- Approval of the Bank Group's Strategy Guidelines
- Keeping track of the Bank's key indicators and figures
- Approval of a schedule of actions for the Bank's Share Capital Increase and the Securitization of Non-performing Loans
- Progress-implementation of actions regarding the two Securitizations (Artemis – Metexelixis)
- Approval of the Bank's Funding Plan
- Implementation of the Bank's Business Plan for the year 2018
- Review for Financial Year 2018 & Budget Review for Year 2019
- Business Plan of the Bank 2019-2023
- Bank's Digital Systems - Internet Banking - Mobile Banking

c) Risk Management:

- Non-performing exposures of the Bank
- Regular monitoring of the Bank's liquidity.

- Approval of the Internal Capital Adequacy Assessment Procedure (DAEEK) and the Internal Liquidity Adequacy Assessment Procedure (DAEER).
- Approval of the Bank's write-offs
- Approval of the Bank's Recovery Plan
- Approval of the Finalized Risk Framework for the year 2018

1.2. Fees and compensation of BoD Members

Any fees paid by the Bank to BoD Members, Managers and Internal Auditors, as well as the Bank's overall remuneration policy shall be determined by a decision of the Board of Directors and approved by a special decision of the General Meeting, where required by law.

All the fees and any compensation of the members of the Board of Directors shall be reported in a separate section of the Bank's financial statements.

The duties, responsibilities and obligations of BoD members are detailed in the Board of Directors' Rules of Operation, as approved by the Bank's Board of Directors.

2. BoD Committees

The Board of Directors shall be assisted in its work by Committees to which it may delegate responsibilities for the Internal Audit System, clearly identifying their duties, composition and operating procedures, and always ensuring their internal coherence, complementarity and coordination..

The Board of Directors has set up the following committees ¹:

1. Audit Committee
2. Remuneration Committee
3. BoD Candidate Members Nomination Committee
4. Strategic Planning and Communication Committee
5. Risk Management Committee

Moreover, it will also be supported in its work by the Audit Committee, whose members are elected by the General Meeting of Shareholders.

All the above committees shall report their activities to the Board of Directors at least on a quarterly basis.

2.1. Audit Committee

The purpose of the Audit Committee of Attica Bank SA is to assist the Board of Directors in the performance of its duties in the area of developing and ensuring the operation of an adequate and effective Internal Audit System at the Bank and Group level and, in particular, to ensure:

- the integrity of the financial statements of the Bank and the Group,
- the independence of internal and external audit of the Bank and the Group and
- compliance with the legal and regulatory framework, internal regulations and best practices to which the Bank and the Group are subject.

The Audit Committee is composed of at least three (3) non-executive members of the Bank's Board of Directors, two (2) of whom are independent non-executive members. The Members of the Audit Committee are elected by the General Meeting of Shareholders

The term of office of the Members of the Audit Committee is three years. Renewal of the mandate or modification of the composition of the Audit Committee shall always be decided by the Bank's General Meeting. In case of resignation of a member of the Audit Committee, the vacant post shall be filled upon decision of the Bank's Board of Directors, which shall be submitted to the next General Meeting of Shareholders for approval. The General Meeting shall also appoint the Chairman of the Audit Committee, who may not be the same person as the Chairman of the Board of Directors or the Chairman of the Risk Management Committee. The Audit Committee may invite to its meetings any member of the Board of Directors, an executive of the Bank or

¹ The duties, responsibilities and operation of the BoD Committees are included in the Rules of Operation of the respective Committee, as approved by the Bank's Board of Directors.

any subsidiaries of its Group or another person (employee or associate) who, in its opinion, can assist in the execution of its work.

The secretary of the Audit Committee shall be an officer of the Bank, who works in a department of the Bank that is not controlled by the Internal Audit Division (hereinafter referred to as "IAD"). The secretary shall be appointed by decision of the Audit Committee.

By decision of the Extraordinary General Meeting of Shareholders on 20/09/2016, the composition of the Committee, which remained unchanged for the year 2018, was the following:

Chairman : Georgios Panagiotou, Independent Non-Executive BoD Member.

Member : Charalambos Brilakis, Independent Non-Executive BoD Member.

Member : Dimitris Tzanninis, Non-Executive BoD Member.

The responsibilities of the Audit Committee as described in its Rules of Operation (the update of which was approved on 22.11.2018 by the Bank's Board of Directors) include:

External audit and financial reporting procedure.

- It monitors the procedure and implementation of the statutory audit of the individual and consolidated financial statements of the Bank and the Group pursuant to Article 26(6) of Regulation (EU) No 537/2014 of the European Parliament, informs the Bank's BoD of the outcome of the statutory audit and explains how the statutory audit contributed to the quality and integrity of financial reporting.
- It monitors, reviews and evaluates the financial reporting procedure, i.e. the mechanisms and production systems, the flow and dissemination of financial information produced by the Bank's organizational units, and makes recommendations or proposals to ensure its integrity, if appropriate. It reviews the annual financial statements of the Bank and the Group, the annual report of the BoD and the consolidated quarterly and six-month statements of the Bank and the Group before submitting them for approval to the BoD

Internal Audit System.

- It monitors, reviews and evaluates the adequacy and effectiveness of the Bank's overall policies, procedures and safeguards with regard to the Internal Audit, Quality Assurance and Risk Management of the Bank concerning financial reporting issues.
- It evaluates annually the adequacy and effectiveness of the Money Laundering and Terrorist Financing Policy and the report of the competent executive manager, it reports to the Board of Directors and generally supervises the proper implementation of this policy.
- It studies and evaluates the Reports of the IAD and informs the Board of Directors of:
 - the adequacy and effectiveness of the Internal Audit System at Bank and Group level,
 - the effectiveness and adherence to the risk management procedures and associated credit procedures, including impairment policy,
 - the adequacy of procedures in relation to the internal assessment of the Bank's capital adequacy,
 - the completeness of the procedure or methodology for calculating the impairment of loans and other assets and any changes during the financial year,
 - the information systems,
 - the effectiveness of procedures for the prevention and suppression of money laundering and terrorist financing,
 - the issues falling under the Regulatory Compliance Unit's competence.

External auditors.

- It reviews and monitors the independence of statutory auditors-accountants or audit firms in accordance with Articles 6, 21-23 and 26-27 of Regulation (EU) No 537/2014 and in particular the appropriateness of providing non-audit services to the Bank (in accordance with Article 5 of the same Regulation).
- It is responsible for the procedure for the selection of statutory auditors-accountants or audit firms and proposes the statutory auditors-accountants or the audit firms to be appointed (in accordance with Article 16 of Regulation (EU) No 537/2014).

Other responsibilities and duties

- The Audit Committee receives confidential or even anonymous written or oral reports and observations on irregularities or omissions by Management Executives and Officers or for violations of accounting and auditing practices.
- It is informed by the Head of the Internal Audit of the Bank, by the statutory auditors-accountants and audit companies, of the audits carried out at every stage of the proceedings, on the computerized procedures and the information and accounting systems, on the safeguards that are determined to prevent mistakes, misuse of systems and fraudulent actions.

- In addition, it receives, through the competent Business Units, the reports of the Bank of Greece's Supervision Department and the audit findings by other Authorities (e.g. tax audits).

In 2018, the Audit Committee held 13 meetings and one working meeting. The attendance rate of its members reached 100.00%.

As part of its mission for 2018, the Audit Committee performed, among others, the following actions:

- ❖ It examined and discussed the Bank of Greece's SREP (Supervisory Review and Evaluation Process) and recommended to the Internal Audit Division to monitor the degree of implementation of the corrective actions that the Bank is required to perform.
- ❖ It examined and evaluated the IAD audit report on its findings in the context of the audit of implementation of the corrective actions proposed in the finding of the ECB/Bank of Greece.
- ❖ It monitored the Bank's Internal Audit System (IAS) through the reports of the IAD's regular, extraordinary and specific audits, the annual audit of the statutory auditors-accountants and the audits of external associates. It assessed the IAS for 2017 and drew up its report, based on the corresponding IAD's annual report.
- ❖ It examined and discussed on the quarterly IAD's report. It recommended to the Board of Directors, through its periodic reports, the implementation of the corrective measures agreed upon following the recommendations of the Internal and External Auditors and the Supervisory Authorities.
- ❖ It deliberated on and approved the revision of the IAD's annual audit plan for 2018, monitoring its implementation.
- ❖ It studied the assessment of the Bank's risk areas with a view to drafting the audit schedule for 2019 and assisted in its preparation.
- ❖ It examined the findings of the Follow-up Report and submitted its main findings and recommendations to the BoD.
- ❖ It examined the Annual Report of the Bank's competent Executive Manager on Prevention of Money Laundering and Terrorist Financing as well as the Annual Compliance Report for 2017 and prepared an assessment on these issues.
- ❖ It examined and discussed the quarterly reports of the DKSED and was informed of the malfunctions in its support systems.
- ❖ It recommended to the Board the renewal of the appointment and the remuneration of the Certified Auditors.
- ❖ It deliberated on issues related to the interim and annual financial statements of the Bank and the Group with the Heads of the Financial Division and Internal Audit Division, as well as with the Certified Auditors.
- ❖ It monitored the procedure and implementation of the statutory audit of the individual and consolidated financial statements of the Bank and the Group. It examined and evaluated the process of preparing the interim and annual financial statements (2017) and the work of the Chartered Auditors.
- ❖ It was updated by the Certified Auditor on the annual mandatory audit schedule for 2018 prior to its implementation, as well as on the procedure and timetable for the preparation of the annual consolidated financial statements for 2018.
- ❖ The Audit Committee made observations and suggestions which are recorded in its quarterly reports to the BoD and its assessments of the interim and annual financial statements.

2.2. Remuneration Committee

The Remuneration Committee has been set up and operates in accordance with the applicable regulatory framework and oversees the activities of both the credit institution and its subsidiaries.

The main responsibilities of the Committee are to provide a specialized and independent opinion on remuneration policies and their implementation and to ensure the effective alignment of staff remuneration with the risks incurred by the Bank in its overall operation and its capital and liquidity management.

The term of office of the members of the Committee is the same as the term of office as the members of the Board of Directors.

The Chairman and the members of the Committee are appointed and the exact number of its members is set by decision of the Board of Directors of the Bank.

The Committee's duties include the following:

- to submit proposals on the remuneration of the Bank's and the Group's staff, including those that have an impact on the risks undertaken, and to manage such risks and submit to the Board of Directors its suggestions for the latter to decide on them; in preparing these proposals, the Remuneration Committee shall take into account the long-term interests of shareholders, investors and other

stakeholders in relation to the Bank as well as the public interest, focusing on the long-term prudent and sound management of the Bank and the deterrence or minimization of conflicts of interest that may have an impact on such management; it shall also make suggestions to the Board of Directors about the remuneration of the Management, in particular the executive members of the Board of Directors, as well as the highest remunerated employees of the Bank and the Group, in accordance with its applicable Policy;

- to directly supervise the remuneration of the senior executives of the Risk Management Division, the Regulatory Compliance Division and the Internal Audit Department;
- to inform, provide advices to and assist the Board of Directors in the design, preparation, revision, updating and oversight of the implementation of the Remuneration Policy and to support the Board of Directors as regards the oversight of remuneration policies, practices and procedures, and compliance with the Remuneration Policy;
- to evaluate the mechanisms and systems established to ensure that the remuneration system takes due account of the levels of all types of risk, liquidity and capital and that the Remuneration Policy promotes and is consistent as a whole with the sound and effective risk management and is in line with business strategy, objectives, corporate culture and corporate values, as well as with the long-term interests of the Bank;
- to recommend corrective actions, if it finds that it is impossible to implement the Remuneration Policy established, or any deviations from its implementation;
- to ensure the proper consultation of the relevant Units and Divisions of the Bank (Risk Management, Regulatory Compliance, Internal Audit, Human Resources, Strategic Planning) in the preparation, revision and consistent implementation of the Remuneration Policy, as well as external experts, when deemed necessary by the BoD;
- to assess the achievement of performance targets and the need for ex-post risk-based adjustment;
- to examine various scenarios to establish how remuneration policies and practices are affected by external or internal events and to perform back tests of the criteria used to determine remunerations and prior adaptation based on the risk according to the actual results of the risks;
- to evaluate the appointment of external experts on the provision of advisory or support services with respect to remuneration;
- to ensure the adequacy of the information provided to shareholders on remuneration policies and practices, particularly in relation to the ratio between fixed and variable remuneration, if any;
- to receive and evaluate the reports submitted by the Internal Audit Department, at least annually, which it shall review and submit its findings from the central and independent internal control of the remuneration policy it shall perform and its proposals for any revision of the applicable Remuneration Policy, in particular with a view to avoiding the creation of incentives for excessive risk-taking or other behavior incompatible with the Bank's objectives.

By the Board of Directors decision of 27 July 2017, the Committee is composed of four members, who are non-executive members of the Board of Directors, three of whom are independent, and one is a permanent observer who is representative of the Greek State, and is regularly attended by executives of the Human Resources Department. The Committee's composition is as follows:

Chairman: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

Member: Dimitris Tzanninis, Non-Executive BoD Member.

Greek State Representative: Zacharoula Papatheodorou

By the Board of Directors decision of 21 May 2018, the Committee is composed of five members, who are non-executive members of the Board of Directors, four of whom are independent, and one is a permanent observer who is representative of the Greek State, and is regularly attended by executives of the Human Resources Department. The Committee's composition is as follows:

Chairman: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

Member: Dimitris Tzanninis, Non-Executive BoD Member.

Member: Georgios Panagiotou, Independent Non-Executive BoD Member.

Greek State Representative: Zacharoula Papatheodorou

During 2018, the **Remuneration Committee** held 2 regular and 7 extraordinary working meetings, with an attendance rate of 100%.

The most important issues that were high on the agenda of the Committee in 2018 were the following:

1. update and modernization of the Bank and Group Remuneration Policy based on pre-existing preparation by an internal working group as well as on the best practices of the Greek market;
2. alignment of the Policy with the current regulatory framework and in particular the incorporation of recent regulatory developments brought about by the MiFID II/MIFIR framework since 03-01-2018;
3. elaboration and implementation of a Single and Integrated Benefits Policy that is based on the same transparency and rational functioning principles as those of the new Remuneration Policy, and is in line with the current Business Work Agreement;
4. review and evaluation of Group Insurance policy (Life and Hospital Care) for the Bank's staff;
5. approval of executive managers;
6. preparation of material and recommendations to the Board on matters concerning fees, which are subject to the approval of the General Meetings of the Bank's shareholders;
7. update and modernization of the Remuneration Regulation in line with the current legislative and regulatory framework and best practices of the banking market; review and revision of holdings and remuneration of Non-Executive BoD Members as regards their participation in the BoD Committees.

2.3. BoD Candidate Members Nomination Committee.

The BoD Candidate Members Nomination Committee's duties are (a) to identify, nominate and submit candidates for the Board of Directors, and (b) to assess the adequacy, efficiency and effectiveness of the BoD.

The Committee consists of at least three (3) non-executive members of the Board of Directors of which at least its Chairman is an independent non-executive member.

The term of office of the members of the Committee is the same as the term of office as the members of the Board of Directors.

The Chairman and the members of the Committee are appointed and the exact number of its members is set by decision of the Board of Directors of the Bank.

Responsibilities of the Committee:

The responsibilities of the Committee include, but are not limited to the following:

- planning and coordinating the implementation of the process of identifying and selecting candidates for the Board of Directors and its committees;
- describing the individual skills and qualifications required to fill the positions of the members of the Board of Directors and the estimated term of the corresponding position;
- assessing periodically and at least annually:
 - o the structure, size, composition and performance of the BoD and making recommendations to it regarding any changes it deems appropriate;
 - o the combination of broadness, knowledge, skills and experience per subject of the members of the Board of Directors on an individual and collective level and submitting a relevant report to the Board of Directors;
- reviewing periodically and at least annually:
 - the Bank's Policy on the Nomination of BoD Candidates
 - the Bank's Policy on the Selection and Appointment of Top Executives
- validating the appointment of top executives
- submitting proposals to the Board of Directors concerning its diversity policy;
- reviewing on a six-month basis the independence of the independent non-executive members of the Board of Directors;
- monitoring, on a quarterly basis, the members' participation in the BoD and its committees;
- reviewing on an annual basis any other significant commitments of the members of the Board of Directors outside the Bank;
- assessing existing or potential conflicts of interests of the members of the Board of Directors with those of the Bank, including transactions of members of the Board of Directors with the Group, and submitting relevant proposals to the BoD;
- preparing and implementing an induction program for the new members of the Board of Directors, and providing periodic training to the existing members of the Board of Directors;
- reviewing periodically the succession planning for top executives and submitting relevant information to the Board of Directors.

The Committee, in accordance with the decision of the Board of Directors of 27 July 2017 is composed of the following members:

Chairman: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Athanasios Stathopoulos, Non-Executive BoD Member.

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

By decision of the Board of Directors of May 21, 2018, the composition of the Board of Directors was amended as follows:

Chairman: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Athanasios Stathopoulos, Non-Executive BoD Member.

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

Member: Dimitris Tzanninis, Non-Executive BoD Member.

Committee activity:

The BoD Candidate Members Nomination Committee held six (6) meetings in 2018 and the attendance rate of its members reached 100%.

In carrying out its duties during 2018, the Committee, among other things, performed the following:

- It supervised the training and recommended for approval to the Board:
 - ◆ the Annual Corporate Governance Statement
 - ◆ the updated the corporate governance code
 - ◆ the Committee's updated Regulation
- It completed the annual evaluation of the overall performance of the Board of Directors and its Committees with the support of a dedicated external consultant, as well as the CEO and top executives performance evaluation.
- It prepared and submitted for approval to the Board of Directors the reorganization of the Committees of the Board of Directors.
- It dealt with the implementation of the Conflict of Interest Policy.
- It carried out the following:
 - drafting of the Rules of Operation of the Board of Directors
 - revision of the Board of Directors' Members Fitness and Nomination Policy
 - drafting of the Bank's Policy on the Selection and Appointment of Top Executives.
- It reviewed the independence of the Independent Non-Executive BoD Members.
- It validated the recruitment of new Executive Managers.
- It reviewed the attendance of the BoD Members to the meetings of the Board of Directors and its Committees. For 2018, the Committee unanimously concluded that the attendance of all members of the Board of Directors to its meetings and the meetings of its Committees, was satisfactory.
- It was in charge for the implementation of the Training Program for the BoD Members on Risk Management.

BoD Candidate Members Nomination Policy

The BoD Candidate Members Nomination Policy defines the criteria and the procedure of selection and nomination of the candidate members of the Board of Directors.

The Board of Directors, with the assistance of the BoD Candidate Members Nomination Committee, nominates candidates who meet the following criteria:

Fitness and appropriateness criteria (fit and proper)

- Good reputation, honesty, integrity and credibility.

- Experience and previous service.
- Independent thought

Absence of Conflict of Interest - Incompatibility of BoD members

Devoting time

Desirable characteristics of BoD members

It is desirable that candidates have one or more of the characteristics listed below, and the Board of Directors should have collectively the following characteristics:

- i. financial (theoretical and practical) experience in the banking sector;
- ii. financial (theoretical and practical) experience in the banking sector;
- iii. regulatory framework and governance;
- iv. risk management;
- v. strategy;
- vi. leadership;
- vii. willingness to present constructive arguments in the BoD decision-making process;
- viii. independence;
- ix. achieving a good balance between men and women as BoD members.

The BoD Candidate Members Nomination Policy is approved by the Board of Directors and updated at least annually.

2.4. Strategic Planning and Communication Committee

The Strategic Planning and Communication Committee shall aim to assist the Board of Directors in drawing up guidelines for the Bank's strategy to improve the efficiency of its operations.

In this context, it shall supervise the implementation of the Business Plan and propose and decide on any issue of strategic importance to the Bank.

In addition, it shall be responsible for the elaboration of the Communication Policy and the notification of the investors.

The Strategic Planning and Communication Committee shall support the Board of Directors in relation to the preparation and implementation of the strategic planning of the Group.

The Strategic Planning and Communication Committee shall consist of at least five (5) BoD members (executive and non-executive) as well as by any advisory members with voting rights. The Chairman of the Committee shall be the Chairman of the Board. The number of members, the Chairman and the composition of the Committee shall be determined by the Board of Directors of the Bank.

The responsibilities of the Committee include, but are not limited to the following:

- recommendation for the determination of the Bank's key long-term objectives and the drafting of its medium- and long-term strategy, in line with the guidelines and objectives set by the Board;
- final elaboration and submission of the Bank's business plan and annual budget to the Board of Directors, as well as the monitoring of their implementation;
- revision of the key objectives and the review of important business decisions before submitting them for approval to the BoD; monitoring of the Bank's strategy, update of the main performance indicators that are relevant or affecting it, and submission of proposals for corrective actions to the Bank;
- evaluation of proposals for the transformation of the Bank's business and operating model (strategic partnerships, acquisitions or sales, capital increases, etc.);
- update and oversight of the Bank's strategic projects provided for in its business plan or required by the institutional and regulatory framework;
- supervision of the communication with analysts and institutional investors, the overall image of the Bank towards the public (investors, customers, etc.) and the development of effective relations with it.

On 31.12.2017 the composition of the Committee was as follows:

Chairman: Panagiotis Roumeliotis, Chairman of the Board of Directors, Non-Executive BoD Member.

Member: Theodoros Pantalakakis, Chief Executive Officer, Executive BoD Member.

Member: Athanasios Tsadaris, Deputy Chief Executive Officer, Executive BoD Member.

Member: Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Dimitris Tzanninis, Non-Executive BoD Member.

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.
Member: Georgios Triantafyllopoulos, Head of the Transformation Office
Member: Dimitris Anagnostopoulos, Director of the Risk Management Division
Member: Nikolaos Koutsogiannis, Chief Financial Officer,
Secretary: Ioanna Tsekoura, Deputy Director of the Subdivision of Statutory Bodies and Administration

Mr. Dimitris Anagnostopoulos, Director of the Risk Management Division, resigned on 31 January 2019 and the Chairman of the Board of Directors Mr. Panagiotis Roumeliotis resigned on 13 March 2019.

Following these changes, the current composition of the Strategic Planning and Communication Committee is as follows:

Chairman: Georgios Michelis, Chairman of the Board of Directors, Non-Executive BoD Member.

Member: Theodoros Pantalakis, Chief Executive Officer, Executive BoD Member.

Member: Athanasios Tsadaris, Deputy Chief Executive Officer, Executive BoD Member.

Member: Ioannis Tsakirakis, Deputy Chief Executive Officer, Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Member: Stavros Papagiannopoulos, (EFKA) Non-Executive BoD Member

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Georgios Triantafyllopoulos, Head of the Transformation Office

Member: Frangiskos Psyllas, Director of the Risk Management Division

Member: Nikolaos Koutsogiannis, Chief Financial Officer,

Member: Konstantinos Liapis, Financial Adviser to the Chairman

Secretary: Theodora Vlassopoulou, Director of the Secretariat of Administration

During 2018, the Strategic Planning and Communication Committee held 10 meetings, in full quorum, with the following main issues:

1. Budget for the year 2018 & business plan of the Bank
2. Annual Financial Report & Income Statement 2017 - Presentation to the Board of Directors
3. Schedule of actions for the Bank's Share Capital Increase and the Securitization of Non-performing Loans
4. Progress-implementation of actions regarding the two Securitizations (Artemis – Metexelixis)
5. Voluntary staff leaving scheme of the Bank
6. Summary Financial Report for the First Quarter of 2018
7. Semi-annual Financial Report
8. Approval of summary consolidated Financial Report for the nine months of the year 2018
9. Restructuring and Guidance Study on the Bank's Credit Policy
10. Update of the Corporate Governance Policies
11. Review for Financial Year 2018 & Budget Review for Year 2019
12. Business Plan of the Bank 2019-2023

2.5. Risk Management Committee

The Risk Management Committee is responsible for monitoring the risks incurred by the Group in carrying out its activities.

As part of its mission for 2018, the Committee performs, among others, the following actions:

- it oversees the development and implementation of an appropriate risk-taking framework, including specific risk tolerance limits;
- it monitors the pricing of the services offered, taking into account the business plan and the risk-taking framework of the institution;
- it recommends to the Board, whenever it deems appropriate, the revision of the Group's Risk Management Policy and Credit Policy following the recommendation of the Risk Management Director;
- it assesses on an annual basis the adequacy and effectiveness of the Bank's and Group's risk management policy, and in particular compliance with the defined level of risk tolerance, the appropriateness of the limits, the adequacy of impairment and the overall adequacy of equity;
- it ensures appropriate supervisory and control mechanisms for the monitoring and efficient management of exposures in default and non-performing exposures;
- it makes proposals and suggests corrective actions to the BoD if it finds that it is impossible to implement the credit institution's risk management strategy or any deviations from it;
- it addresses issues related to the Group's relationship with Affiliated Persons;
- it ensures the development of an internal risk management system;
- It defines the principles that should govern the management of risks in terms of their identification, impairment, measurement, monitoring, control and treatment in line with the current business plan and within the limits of available resources; in case of deficiencies in the logistics infrastructure and staffing of the Risk Management Unit, it strengthens the Risk Management Unit in such a way as to be able to discharge its duties;
- it makes arrangements for the conduct of at least annual stress tests for market, credit and liquidity risks and similar techniques to assess operational risk;
- it directs the Risk Management Unit to prepare a Quarterly Risk Report that covers all the risks to which the Bank is exposed, contains assessments and proposals for actions as well as information about the Bank's transactions with affiliated parties. The Committee discusses extensively and evaluates the above mentioned report of the Risk Management Unit and presents the relevant conclusions and proposed actions to the Board of Directors.
- It informs the Board of Directors at least quarterly about the Committee's activities and the major risks undertaken by the Group, assures the Board of Directors that they were dealt with effectively and suggests any actions that it considers necessary.
- It makes arrangements for the development of appropriate early warning systems and supervisory and control mechanisms for the monitoring and efficient management of high risk lending.

The composition of the Risk Management Committee consists of at least 3 (three) non-executive members of the Board with sufficient knowledge and experience in risk management, of which 1 (one) is appointed as Chairman of the Board. At least one (1) member of the Committee must be an independent non-executive member of the Board of Directors. The Chairman and the composition of the Committee shall be determined by the Board of Directors of the Bank. The Chairman of the Committee may not be the Chairman of the Audit Committee. The members of the Committee shall have the appropriate knowledge, skills and expertise required to carry out their duties. The term of the members of the Risk Management Committee is three years and may be changed by decision of the Board of Directors.

The Committee meets regularly at least every three months or even exceptionally when required by the circumstances, at the discretion of its Chairman, or if immediate decision-making is required. The Committee is in quorum when half of its members plus one are present at the meeting.

By decision of the Board of Directors of July 27, 2017, the composition of the Board of Directors was amended as follows:

Chairman: Dimitris Tzanninis, Non-Executive BoD Member.

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Georgios Panagiotou, Independent Non-Executive BoD Member.

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Representative of the Greek State: Zacharoula Papatheodorou

By decision of the Board of Directors of May 21, 2018, the composition of the Board of Directors was amended as follows:

Chairman: Dimitris Tzanninis, Non-Executive BoD Member.

Member: Ioannis Marmangiolis, Independent Non-Executive BoD Member.

Member: Stavros Papagiannopoulos, Non-Executive BoD Member

Member: Charalambos Brilakis, Independent Non-Executive BoD Member.

Member: Georgios Vlahakis, Independent Non-Executive BoD Member.

Representative of the Greek State: Zacharoula Papatheodorou

Mr. Georgios Vlachakis resigned from member of the Committee on 31.01.2019.

During 2018, the **Risk Management Committee** held 14 regular meetings and its attendance rate amounted to 100%.

As part of its mission for 2018, the Committee performed, among others, the following actions:

1. It approved and monitored the implementation of the Risk-Taking Framework.
2. It approved the Early Warning System, the Reports on the Internal Capital Adequacy Assessment Procedure (DAEEK) and the Internal Liquidity Adequacy Assessment Procedure (DAEER).
3. It monitored and informed the Board of Directors on the levels and evolution of the main risks faced by the Bank.
4. It oversaw the design and adaptation of the Bank to IFRS 9.
5. It was continuously focused on monitoring the liquidity of the Bank and the objective of reducing dependence on the E.L.A.
6. It inspected the correct adherence to the new Pricing Policy.
7. It reviewed the Policy and Actions for Dealing with Delays.
8. It approved the text of the Pillar III disclosure document.
9. It approved the Bank's Recovery Plan for 2018.
10. It followed the course of implementation of the Bank's budget.
11. It monitored the progress made in the implementation of the ARTEMIS Business Plan.

Management Committees and Councils ²

3.1. Executive committee

The Executive Committee monitors and ensures the smooth and efficient operation of the Bank in implementing its strategy, business plan and budget, as approved by the Board of Directors. It consists of at least nine (nine) members, one of whom is the Managing Director and is appointed as its Chairman. Among other things, the Commission has the following duties:

- to prepare the strategy and elaborate the proposed Operational Plan and the annual budget before they are discussed in the Strategic Planning and Communication Committee;
- to specify the implementation of the strategy, by coordinating the actions of the Bank's Units;
- to monitor the achievement of the objectives set at Bank and Unit level, to examine any deviations, to decide on corrective measures and to provide guidance to the competent corporate structures;
- to decide on the development policy of the networks and the Group;
- to ensure that the risk management guidelines are incorporated into the Bank's operations and budget;
- to decide on the approval limits for investments and expenditure that apply to the relevant units.

to meet regularly at least twice a month or exceptionally when required by the circumstances, at the discretion of its Chairman, or if immediate decision-making is required.

The Committee shall be quorum if the number of members present at the meeting exceeds half of its appointed members and provided that in each case the number of members present is not less than 5 (five), including the Chairman and his substitute, in case there is a need to be replaced. The Committee's decisions shall be made by the majority of its present members, subject to the agreement of its Chairman. In the event of a tie, the Chairman's vote shall prevail.

3.2. Administrative Body on Default

In the context of harmonization with the Act of the Executive Committee of the Bank of Greece No 42/30.05.2014, the Act of the Executive Committee of the Bank of Greece No 47/09.02.2015, the Act of the Executive Committee of the Bank of Greece No 102/30.08.2016, Attica Bank has set up and operates an administrative body for the monitoring of defaults (DOK). This body consists of three executive members and has the appropriate degree of independence in relation to the other operating units of the Bank and in particular

² Information on the duties, responsibilities and procedures of the Management Committees and Councils are included in their Rules of Operation, as approved by the Board of Directors of the Bank.

in relation to the credit operations and the management of the smoothly performing part of the portfolio. Its responsibilities are described in the Regulatory Framework for the Management of Exposures in Default and Non-Performing Exposures, as applicable, which include, but are not limited to:

- centralized processing of all internal reports related to defaults;
- determining the available types of settlement and final settlement per sub-portfolio of loans and monitoring their effectiveness through appropriate performance indicators;
- defining and documenting the criteria to be used to determine the long-term viability of each type of settlement or final settlement (development and use of specific tree charts);
- defining the parameters and scope of responsibilities of the bodies and persons involved in assessing the viability and suitability of the proposed type of settlement and in the subsequent monitoring of its implementation;
- planning, monitoring and evaluation of pilot schemes, in cooperation with the business units;
- receiving information on the content of the reports to be submitted to the Bank of Greece before submitting them and reviewing their content;

DOK shall meet, following consultation with its members, once a quarter, or exceptionally whenever it is deemed appropriate on specific matters, and upon invitation from its President. Meetings shall be valid if there is a quorum of two of its three members, either by attending personally at its meetings or from another place by setting up conference/ telephone calls. Moreover, DOK can also invite to his meetings executives of the Bank who are not members of its composition to facilitate its work.

3.3. Asset-Liability Committee (ALCO)

The Asset-Liability Committee (ALCO) consists of at least three members, one of whom is the Bank's Chief Executive Officer, who is designated as its Chairman, and non-voting advisers. The principal members may be either executive members of the Board of Directors or executives of the Bank. It establishes the policy of the Bank and the Group's companies in matters concerning the structure, pricing and management of Assets and Liabilities, and sets out risk limits, taking into account the Bank's strategy resulting from decisions of the competent governing bodies (BoD, Executive Committee), the applicable regulatory framework, corporate governance rules, current conditions in the money and capital markets, and the risk limits set by the Bank. It monitors their implementation and makes decisions on the necessary corrective and improvement measures.

The Asset-Liability Committee (ALCO) takes, among other things, the following actions:

- It decides on the framework for liquidity and interest rate risk taking and hedging using the appropriate tools.
- It shapes the broader interest rate policy of the Bank and the Group's companies.
- It defines and supervises the application of the Bank's internal pricing system and establishes internal pricing policy between deposit/lending units.
- It approves the liquidity contingency plan and ensures diversification of the Bank's sources of liquidity.
- It approves the stress test program and examines the results from the application of scenarios for extreme changes in capital markets.
- It evaluates and approves the release of new deposit or loan products as well as the potential offering by the Bank of new products or services that are consistent with its strategic planning.

The Committee meets regularly on a monthly basis or more frequently, on an exceptional basis, when required by the market circumstances, at the discretion of its Chairman, or if immediate decision-making is required. The Committee shall be quorum if the number of members present at the meeting exceeds half of its appointed members, including its Chairman, and provided that in each case the number of members present is not less than three (3). The Committee's decisions shall be made by the majority of its present members, subject to the agreement of its Chairman. In the event of a tie, the Chairman's vote shall prevail.

3.4. Supreme Credit Committee

The Supreme Credit Committee is the Bank's supreme body entrusted with the approval of all timely and overdue credit, as well as other specific related cases. It consists of at least three (3) principal members, as well as non-voting advisers. The Chairman of the Committee is a senior officer of the Bank holding a position at least equivalent to the level of Deputy Chief Executive Officer, and may be different on a case-by-case basis for timely or overdue credit issues. The composition of the Committee is defined by the Board of Directors or the Chief Executive Officer within the scope of the powers and competencies granted to him/her. It shall act in line with the procedures described in the applicable Credit Regulation, evaluate and decide on the requests submitted by the relevant Divisions on both timely and overdue credit.

The Committee shall meet regularly at least every week or even exceptionally when required by the circumstances, at the discretion of its Chairman, or if immediate decision-making is required. The Commission shall be in quorum when the number of members present at the meeting exceeds one half of its appointed members, including its Chairman and the advisory member representing the Risk Management Division, if he/she is not already one of its present principal members. The decisions of the Committee shall be made by the majority of its current members, which shall consist of at least two (2) members, on the condition that their Chairman agrees with them. In the event of a tie, the Chairman's vote shall prevail.

General Assembly

The General Assembly is the supreme body of the bank, represents the shareholders and is entitled to decide on every corporate affair. Its decisions on all issues are mandatory for all shareholders, even for those who were absent from the meeting or who disagree with the decisions made.

The procedures and rules on the General Assembly's convocation, participation and decision-making, as well as its responsibilities, are regulated in detail by the provisions of the Bank's Articles of Association as amended and Codified Law 2190/1920, as amended by Law 4548/2018.

The General Assembly is the only competent body to decide on:

- the amendments to the Articles of Association, including any increases or decreases in the Bank's share capital. Decisions on amendments to the Articles of Association are valid unless they are prohibited by an express provision in the Articles of Association;
- the election or replacement of members of the Board of Directors and auditors, except in the case of article 18 par. 1 of the Articles of Association on the appointment of new members in replacement of resigned, deceased or absent ones in any other way;
- the approval of the Company's annual financial statements;
- the allocation of annual profits;
- the issue of a bond loan, subject to Article 8 par. 2 and 4 of these Articles of Association;
- merging, splitting, transforming, reviving, extending the duration or dissolving the Bank;
- the appointment of liquidators;
- any other matter provided for in the Bank's Articles of Association.

The rights of the shareholders in the General Assemblies of the Bank are set out by article 6 of Law 3884/2010, which amended Codified Law 2190/1920, as replaced by Law 4548/2018, and the Bank's Articles of Association.

Internal Audit System (IAS)

A major concern of the Bank is the development and continuous upgrading of its Internal Audit System, which is a set of sufficiently documented and detailed audit mechanisms and procedures, incorporates the best principles of corporate governance and continuously covers every activity and transaction of the Bank, contributing to its efficient and safe operation.

The establishment of the Internal Audit Scheme aims in particular at:

- implementing consistently the Bank's and Group's business strategy with the effective use of the available resources;
- identifying and handling the underlying or potential risks;
- ensuring the completeness and reliability of data that are necessary for the preparation of reliable financial statements in accordance with the International Accounting Standards and in general for the accurate and timely determination of the Bank's financial position;
- bringing the Bank in line with the applicable laws and regulations, as well as with the provisions of its applicable policies and procedures;
- identifying, addressing monitoring systematic all kinds of risks incurred, including operational risk;
- safeguarding the assets of the Bank, ensuring the separate and detailed maintenance and safekeeping of the assets of its clients and safeguarding the interests of the Bank, its shareholders and those with whom it operates;
- ensuring the ongoing control of the operations and activities outsourced in accordance with the provisions of the Outsourcing Policy;
- ensuring that the relevant departments of the Internal Audit Division carry out periodic and/or extraordinary audits to determine the consistent application of the stipulated rules and procedures by all the Bank's business units, while allowing the development of self-assessment methods by the business units.

The Board of Directors is assisted in its supervisory work by the Audit Committee. The Audit Committee assesses the adequacy and effectiveness of the Internal Audit System on an annual basis and proposes a strategy for its improvement, taking into account the findings, suggestions and comments of the Internal Audit Division, and based on its own findings from its audit work, and submits an annual report on the adequacy and effectiveness of the Internal Audit System.

The Internal Control System is implemented in multiple levels:

- The first level includes all the control mechanisms/safeguards that have been placed in the Bank's workflow, as well as the mechanisms for monitoring their compliance. These control mechanisms have been integrated into the Bank's procedures to ensure that operations are carried out smoothly, the underlying risks are effectively addressed and the outcome of the business is in line with the Bank's objectives. The responsibility for the observance of the existing procedures and their proper functioning at the first level rests with the executive officers of the Bank.
- The second level includes actions aimed at objectively assessing the efficient and effective operation of control mechanisms by personnel independent of the one responsible for tasks such as compliance, risk and back office support.
- The third level is implemented by the Bank's Board of Directors, which has the ultimate responsibility for the implementation, maintenance and supervision of the Internal Audit System. The Management and the Board of Directors of the Bank are responsible for the design, implementation and operation of an IAS which will support the Bank's strategic goals.
- In this context, the Board of Directors:
 - shall seek to create an internal environment that recognizes the importance of the audit function and has established an organizational structure that facilitates the efficient operation of the IAS,
 - shall clearly define operational objectives and policies in line with the acceptable limits on the type and level of risk involved and set up realistic operational action and budget programs which must be understood by all those involved in their implementation,
 - shall ensure that the Internal Audit System is applicable to all the Bank's business units and shall also ensure the existence of an effective Internal Audit System in each Subsidiary.

The Bank's Internal Audit System is supported, in accordance with the current institutional framework, by a Management Information System (MIS) and a communication system, the operation of which shall ensure that data are collected and processed consistently based on recorded data collection and processing procedures and the timely availability, accuracy, reliability and completeness of information, and hence the provision of effective, timely and valid information to each Bank's governing body. The Bank shall place particular emphasis on the design and ongoing development of the Administrative Information System, the effectiveness of which is deemed necessary for making decisions on the management of the risks assumed.

Audit Units

The Bank has independent audit units operating in accordance with the law and in line with the best international practices, aiming at maximum transparency in the operation of the Organization.

6.1. Internal Audit Division

The Group's Internal Audit Division (IAD) has unlimited and unannounced access to hard-copy and electronic data and information, functions, information systems, assets and staff at all levels of the Bank, including those relating to subsidiaries.

The IAD reports administratively to the Audit Committee on its operations, and to the CEO on management issues. It operates independently, without the interference/involvement of anybody else, in the selection, handling and communication of its audit work. Among other things, the Audit Committee and the Board of Directors approve all decisions concerning the recruitment or replacement of the Internal Audit Director, evaluate (in terms of efficiency and quality) the quality and effectiveness of the IAD's work and are informed by the Group's Internal Audit Director about the progress and the results of the audit work.

Its activities are organized in five (5) audit areas:

- Central Services & Subsidiaries (including the coordination and supervision of the Internal Auditors of the Subsidiaries),
- Bank Information Systems,
- Branch Network Operations
- Credits, focusing on the Credit Risk Taking and Management Areas at the level of Branches and/or Central Departments of the Bank,

- Remote Control, Data Analysis & Support Services of the IAD (remote controls using electronic means, management of the re-audit process in cooperation with the auditors involved in the audits and production of reports to the Audit Committee, Management and Supervisory Authorities).

The IAD has adopted and maintains a Code of Conduct, which includes the Principles relating to the Internal Audit Practice and Rules of Conduct to be followed by internal auditors. The IAD shall refrain from approving any kind of transaction other than those stipulated for its own operation.

The IAD has detailed and documented audit objectives, audit plans and procedures and an appropriate methodology for conducting such audits in order to form an independent and documented opinion on the adequacy and effectiveness of the IAS at Bank and Group level. It draws up an annual audit program, based on risk assessment, and has follow-up mechanisms to verify compliance with the recommendations of all kinds of audits (by internal auditors, external auditors, supervisory authorities, tax authorities, etc.) and to provide information to the Management of the Bank on the course of the corrective actions. The implementation of the corrective actions is the responsibility of the Executive Management and the relevant executives and officers.

It also takes part in a consultative capacity in the design of new products, systems and procedures to ensure that the appropriate audit mechanisms are integrated. Finally, the IAD shall monitor, investigate and process with particular confidentiality any anonymous reports recorded through the whistle-blowing channel, and must have notified all its staff of the operation of this channel.

In order to perform its role, the IAD shall ensure that its staff are trained so as to ensure that they can carry out their work properly and effectively. The IAD shall encourage its staff to acquire recognized professional certifications related to the subject of auditing (CIA, CFSA, CFA, CFE, CISA or other equivalent professional certification), which will help maintain the high quality of their work. Education and continuing vocational training are covered by a specific procedure.

The IAD may cooperate with third parties (inside or outside the Bank) when it deems it necessary to carry out its work (e.g. because of a lack of professional staff, technical expertise, etc.). Any cooperation with third parties shall be approved in accordance with the Bank's regulations, taking into account the professional qualifications and the reliability of the third party. In any event, the Head of the IAD shall have the ultimate responsibility for the audit reports.

In performing its role, the IAD shall inform the Board of Directors in writing, through the Audit Committee and the Management at least every three months, on the main findings of the audits carried out and its recommendations. It shall also submit an annual evaluation report on the adequacy and effectiveness of the IAS to the Bank and its subsidiaries, the effectiveness and adherence to the risk management processes and related credit processes, including the policy on impairment (with indication of any uncovered risks), the adequacy of procedures in relation to the internal assessment of the capital adequacy of the Bank and the assessment of the completeness of the process or methodology for calculating the impairment of loans and other assets and any changes during the financial year. Upon completing the above, it shall submit the annual report to the Bank of Greece. Moreover, the IAS shall submit to the Management and, through the Audit Committee, to the Board the annual report on the operation of Information Technology Systems under Bank of Greece Governor's Act No 2651/20.01.2012, which shall also be submitted to the Bank of Greece.

6.2. Regulatory Compliance and Corporate Governance Division

The Regulatory Compliance and Corporate Governance Division prevents and manages the risks of non-compliance by the Bank and its Group companies with the legal and regulatory framework governing their operation. For this reason, it shall have uninterrupted access to all data, accounts and information of the Bank and its Group which are deemed necessary for discharging its mission.

The Division is administratively independent of all other Bank's administrative bodies and reports to the Chief Executive Officer, and its composition and structure as well as the nomination of its Director/Head are decided by the Board of Directors.

In legal matters (such as interpretation of laws, application of a regulatory provision, disclosure of information or not, sanctions to the bank, etc.), the Division shall be supported by the Bank's Legal Services Directorate, the Legal Advisor and Associate Lawyers. Among other things, it shall work with the Human Resources and Organization Divisions on personnel training and the adoption of policies, regulations, procedures, circulars and other guidelines.

The Compliance Officer and its staff cannot hold any other position and/or engage in any activity within and outside the bank that conflicts with their obligations, roles and duties.

The main functions of the Division are the following:

- It suggests the development and implementation of the Bank's and Group's policy in the field of Regulatory Compliance & Corporate Governance, taking into account the existing institutional framework.
- It publishes relevant instructions for adjusting the procedures and the Rules of Operation of the Group to the legal and regulatory framework.
- It monitors and verifies regulatory compliance of the individual Units and informs the Management and the BoD of the Bank of any significant violations or failures that may arise.
- It ensures timely and ongoing communication to employees of any developments in the regulatory framework that applies to their scope of work, by establishing appropriate procedures and training programs.
- It adopts and implements appropriate procedures and prepares an annual program aiming at the full compliance of the Bank and the Group's companies with the applicable regulatory framework, the Articles of Association and the Rules of Operation and prepares an Activity Report.
- It ensures, through appropriate procedures, that the deadlines for the fulfillment of the obligations under the applicable regulatory framework are met and provides assurance to the BoD.
- It coordinates the work of the Regulatory Compliance Officers of the Internal Services and Units and the Group Companies in order to comply fully with the applicable provisions.
- It ensures that the Bank develops appropriate Policies and complies with the legal framework for the prevention and suppression of money laundering and terrorist financing.
- It ensures that the Bank complies with personal data protection rules.
- It is responsible for providing information and safeguarding the interests of the State in cases of tax evasion according to the current framework.
- It recommends the establishment of internal Codes of Ethics and ensures that they are faithfully applied by everyone.
- It monitors the approval of new systems, products, contracts, regulations, circulars and procedures to ensure their compatibility with applicable rules and the Codes of Conduct. It collects from and provides information and data to Supervisory, Regulatory, Judicial, Tax or other Authorities.

6.3. Group Risk Management

The Group Risk Management (GRM) operates in accordance with international practices, the provisions of Bank of Greece Governor's Act No 2577/06 and its amendments as part of the monitoring and assessment of all the risks to the Bank's Assets and Liabilities and off-balance sheet items.

The GRM's object is to identify, analyze and develop effective systems for measuring, managing and controlling all types of risks inherent in any work undertaken by the Bank and, on a consolidated basis, by the Group.

The GRM Head is the Chief Risk Officer (CRO), who reports to the Risk Management Committee and the Chief Executive Officer. CRO's participation in supreme committees and boards has been institutionalized.

The CRO is appointed by the Board of Directors upon recommendation by the Risk Management Committee and his nomination, as well as his eventual replacement, shall be communicated to the Bank of Greece.

The key tasks of the CRO are the following:

- He defines the principles that should govern the management of the Group's risks in terms of their identification, evaluation, quantification/measurement, monitoring, control and treatment in line with the current business plan and within the limits of available resources.
- He ensures the development of an internal risk management system and integrates it into the business decision-making process (e.g. decisions concerning the introduction of new products and services, risk-adjusted pricing of products and services, as well as the calculation of profitability and risk-sharing) across the whole range of the Group's activities.
- He makes proposals and suggests corrective actions to the Risk Management Committee and the BoD if it finds that it is impossible to implement the credit institution's risk management strategy or any deviations from it.
- He ensures appropriate supervisory and control mechanisms for the identification, monitoring and efficient management of exposures in default and non-performing exposures.
- He makes arrangements for the development of appropriate early warning systems and supervisory and control mechanisms for the monitoring and efficient management of high risk lending. Early warning systems cover all the risks to which the Group is exposed and include specific quantitative

and qualitative risk indicators, the violation of which involves taking specific actions to restore them to the acceptable level identified by the Risk-Taking Framework.

- He receives disclosures from the Director of the Credit Risk Management Division and the Director of Group Operational, Functional and Market Risk Management regarding any deviation from adherence to the approved risk margins, non-compliance with the minimum capital adequacy levels, and adverse developments concerning the approved Business Plan of the Group.
- He forwards to the Risk Management Committee the annual report of the Divisions to which he reports, together with his own fitness report, after having evaluated them.
- He participates or authorizes representatives of the Risk Division of the Group (DKO) to participate in various top-level committees such as: Executive Committee, ALCO, Credit Approval Committees, Impairment & Write-Off Committee, IT Committee, etc.

The divisions reporting to the CRO are the Division of Credit Risk Management and the Group Division of Operational, Functional and Market Risk, which form the Group Risk Management.

The **Division of Credit Risk Management** monitors on an individual and consolidated basis the Credit Risk faced by the Group. The Division of Credit Risk Management is responsible for the identification, analysis and development of effective systems for the measurement, management and control of every type of credit risk that is inherent to every service or product that the Group will promote to the customer groups on a consolidated basis. Its aim will be to maintain the level of risk-taking within the predefined limits.

In this context, its key duties are as follows:

- Identifying Banking Book credit risk and credit exposure risk at all stages (Performing Exposures - Stage I / Unpayable to Pay (Stage II) / Non-Performing Exposures - Stage III).
- Developing methodologies/quantitative credit risk measurement models, as well as determination of acceptable limits for credit risk-taking, monitoring and supervision of their implementation.
- Assessing the adequacy of monitoring, control, credit risk reporting and making proposals for corrective action.
- Defining criteria and developing an early warning system
- Evaluation & participation in creating new products.
- Participation of executives in approving committees ensuring the level of credit risk taking.
- Creating supervisory and regulatory reports, production of portfolio reports.

The **Division of Operational, Functional and Market Risk of the Group** monitors on an individual and consolidated basis the Operational Risk, the Market Risk, the Liquidity Risk, the Capital Adequacy and the Provisions & Impairments faced by the Group.

It also covers the modules regarding the assessment, technology systems & policies and procedures of the Risk Division of the Group (DKO), compliance with the supervisory obligations, analyzes and administrative information (MIS) as well as the Stress Testing flow process,

In this context, its key duties are as follows:

- Identifying operational risk and making arrangements for the integration of audit findings in the internal processes that are in place to address operational risk.
- Identifying market risk, interest rate risk and currency risk, developing a market risk assessment methodology/quantitative methods.
- Identifying liquidity risk for all portfolios, methodologies and procedures to assess internal capital and liquidity.
- Identifying capital adequacy risk (CAR, CET1, etc.), performing analyses and stress tests.
- Collecting and processing data, creating supervisory and regulatory reports, production of portfolio reports.
- Certifying the adequacy of evaluation models, assessing the adequacy of methodologies and systems.

The above-mentioned Organizational Structures have, in addition to the abovementioned summary indicative responsibilities, any other responsibility, subject and power assigned by the Management for the effective operation of the Bank.

7. Risk management in relation to the preparation of financial statements

The Bank has an adequately documented Policy and Procedures for the accounting of financial events and the preparation of financial statements.

Transactions are conducted through specialized computerized applications, per business activity of the Bank and the Group, which support the responsibility limits of the officers, the double-checking of transactions and the automatic generation of the required accounting records.

The Bank's and the Group's accounting system is supported by custom information systems, which have been adapted to the Bank's operational requirements.

Instruction manuals for the T24 systems by TEMENOS and EBS by Oracle, which support the Bank's operations, have been issued and are followed.

Audit procedures and accounting arrangements have been established to ensure the correctness and legality of entries in the books and the completeness and validity of the financial statements.

8. Brief CVs of the members of the Board of Directors

BoD CHAIRMAN (Non-Executive Member)

Georgios Michelis

Georgios Michelis has many years of banking experience as a top executive in this field, and he was also a member of the Board of Directors and executive committees of many financial and institutional organizations in Greece and abroad. He studied Economics in the USA (Bachelor of Arts: University of Massachusetts, Master's Degree: Boston College, Ph. D: University of Massachusetts, Master's Northeastern University) and was teaching economics at US universities from 1978 to 1984. In 1984, after 16 years of absence, he decided to return to Greece. He started at Emporiki Bank, in the Economic Studies Division from 1984-1989, and was also the General Manager of Emporiki Bank of Greece. He remained in this position for 16 months. After that, he was employed in Egnatia Bank, where he served as Executive Vice-President from 1990-1995. He served as Executive Manager at the Onassis Cardiac Surgery Center for one year, 1995-1996. In 1996, he returned to Emporiki Bank serving as General Manager and Vice-Chairman of the BoD until 2004. In 2004-2007, he was appointed Managing Director of Bank Post, a subsidiary of Eurobank in Romania, and he was a member of the Board of Directors and Chairman of the Audit Committee of First Business Bank until 2009. During his employment in Emporiki Bank and as a member of the Board of Directors of Visa International, he was presented by a European Union news agency as one of the most important personalities in the economy. He served as Mayor of Skopelos from 2011 to 2014 and he was Chairman of the General Council of the FSF from 2015 to 2018.

BoD VICE-CHAIRMAN (Non-Executive Member)

Stavros Papagiannopoulos

Stavros Papagiannopoulos is a graduate of the Department of Economics at Pierce, Athens, and holds an Economics MSc at the University College London. He has almost 40 years of work experience in the private sector as a business consultant, and has worked as a financial manager in private companies, mainly in the industry.

CHIEF EXECUTIVE OFFICER (Executive Member)

Theodoros Pantalakis

Theodoros Pantalakis was born in Heraklion, Crete, on 28.09.1954. He is a graduate of the Higher Industrial School of Piraeus and specifically of the Department of Business Administration. He worked in the banking sector from 1980 to 27.07.2012. Specifically, he worked for 11 years in the National Investment Bank for Industrial Development (ETEBA) as Deputy Director in the Investment and Finance Division as well as Deputy Director and Founding Member of the Acquisitions & Mergers Division and Financial Adviser since 1980. From 1991 to 1996 he worked as Deputy General Manager of Economic Development of the INTERAMERICAN Group with the following responsibilities: investment, treasury management, planning and financial reorganization. From 1996 to 2004 he served as Deputy Governor of the National Bank of Greece. At the same time, he served as Chairman of the Executive Committee of the "Union of Greek Banks", Chairman of the EIB Employee Self-Insurance Fund, Chairman of the EIB Pension Fund and Chairman of the "Supplementary Fund Management Committee" for the EIB

staff. Within the same period, he also served on the Board of Directors of companies affiliated with the National Bank Group, namely: Chairman of Ethniki Asfalistikí SA, Chairman of ASTIR PALLAS Vouliagmenis SA, Chairman of ASTIR Alexandroupolis SA, Chairman of National Development of Real Estate and General Warehouses SA, Chairman of the construction company EKTENEPOL SA, Vice-Chairman of AGET IRAKLIS, member of the Board of Directors of Elliniki Technodomiki, Techniki Ependitiki Viomichaniki, Vice-Chairman of the National Bank of Greece, member of the Board of Directors of "SABA the South Africa Bank of Athens" LTD. He was also Vice Chairman of the Athens Stock Exchange, Chairman of the Central Securities Depositary SA, Chairman of the banking sector of the Association of Societies Anonymes and Limited Liability Companies and Chairman of the executive committee of the Hellenic Bank Association. He was a member of the Supreme Audit Committee of the Economics of the Church of Greece and a member of the General Council of the Hellenic Federation of Enterprises. From 2004 to 2009, he held positions of high responsibility at Piraeus Bank Group, initially as Deputy Chief Executive Officer and then as Chief Executive Officer and also Vice-Chairman of the Board of Directors. At the same time, he was member of the Board of Directors of Piraeus Bank Group companies (Chairman of the Board of Directors of EVROPAIKI PISTI SA, Chairman of the Board of Directors of PIRAEUS FACTORING and others). Finally, from December 2009 to 27.07.2012, he served as the Governor of the Agricultural Bank of Greece, while at the same time he was Chairman of the Board of Directors of Agrotiki Asfalistikí other subsidiaries of "ATE LEASING SA" as well as a member of the Hellenic Bank Association. He was a member of the Board of Directors of the company Hellenic Petroleum SA.

He is currently Chief Executive Officer of Attica Bank of Athens since September 2016. He is Vice-Chairman of the Association of Societies Anonymes and Limited Liability Companies, Member of the Board of Directors of Hellenic Petroleum SA, member of the Board of Directors of ELLAKTOR, i.e. the company REDS and the company ANEMOS.

DEPUTY CHIEF EXECUTIVE OFFICER (Executive Member)

Athanasios Tsadaris

Athanasios Tsadaris is a graduate of the Department of Mathematics of the Aristotle University of Thessaloniki and holds an MBA in Business Administration from the Athens University of Economics and Business. He has 34 years of experience in the banking sector (Hellenic Postbank, Geniki Bank, Doriki-Telesis- EFG Eurobank, Bank of Macedonia-Thrace) and since 2008 has been appointed as Financial Markets and Capital Markets Manager at Attica Bank. In June 2016, he was elected executive member of the Board of Directors of the Bank. In July 2016, he was elected Executive Director and from September 2016 he serves as Deputy Chief Executive Officer and Executive Member of the Bank's Board of Directors. He is also a member of the Executive Committee of the Hellenic Bank Association.

DEPUTY CHIEF EXECUTIVE OFFICER (Executive Member)

Ioannis Tsakirakis

Ioannis Tsakirakis studied Economics at the Athens University of Economics and Business and holds a postgraduate degree in Economic Statistics & Econometrics from the Athens University of Economics and Business. He has had over 28 years of work experience in banking, having worked in various banks as well as holding companies. In May 2015 he was appointed Deputy General Manager and Head of the Attica Bank's Credit Restructuring Directorate General and in September 2016 he was elected executive member of the Board of Directors of the Bank and took up the duties of Deputy Chief Executive Officer.

NON-EXECUTIVE MEMBERS

Dimitris Tzanninis

Dimitris Tzanninis is an economist with experience in the fields of utilities, banking, finance, mergers & acquisitions, international organizations, and in economic policy design. He graduated from the Department of Economics of the National Kapodistrian University of Athens, holds a Master's degree in Economics from McMaster University and has a Doctoral Degree in Economics from the University of Western Ontario. He is (i) Deputy Chief Executive Officer and executive member of the Board of Directors of PPC SA, (ii) Member of the Audit Committee of Allianz Greece and (iii) Non-Executive Member of the Board of Directors, Chairman of the Risk Management Committee and member of the Audit Committee, the Nomination of Candidate Members Committee and the Remuneration Committee of Attica Bank.

He has served as Chairman of the Council of Economic Experts, member of the Economic and Financial Committee and the European Union's Eurogroup Working Group, Deputy Minister to the Eurogroup and ECOFIN, member of the OECD Economic Policy Committee, Alternate Governor for Greece on the Board of

Governors of the World Bank Group, PPC Management Advisor, member of the Board of Directors of the Public Debt Management Agency of Greece and member of the Board of Directors of the Audit Committee of the National Bank of Greece. He taught economics at the University of Western Ontario from 1990 to 1993. From 1993 to 2008, he worked at the International Monetary Fund in the Asian, European, and Policy Development and Review Departments. He has also worked as an independent financial advisor to investment banks, hedge funds, private equity and investment funds.

Athanasios Stathopoulos

Athanasios Stathopoulos is a graduate of the Accounting Department of the Patras Higher Technological Educational Institute, and has had teaching experience in the field of finance and accounting. He has been working at Attica Bank since 1995 and he has been in charge of the Capital Markets and Investment Banking Division from 2004 to 2006, when he was elected Chairman of the Attica Bank Employees' Association. He is a member of the Board of Directors of the Bank since 2008, as well as a member of the Management of the Labour Institute of the Greek General Confederation of Labour-National Federation of the Bank Workers in Greece. He is also a member of the Board of Directors of the Inter-bank Training and Documentation Center of the National Federation of the Bank Workers in Greece and a member of the 3-member Tertiary Inter-Bank Disciplinary Board of the Ministry of Labor, Social Security and Social Solidarity.

NON-EXECUTIVE INDEPENDENT MEMBERS

Charalambos Brilakis

Haralambos Brilakis holds the degree of Electrical Engineer from the National Technical University of Athens (BSc in 1992) and from the Columbia University in New York (MSc. in 1995). He is a member of the Institute of Internal Auditors (IIA) and the Information Systems Audit & Control Association (ISACA), holder of the CISA professional certification, and has been elected a member of the Board of Directors of the Greek ISACA Branch since 2014. In the past, he has worked as an internal auditor (Sr. Audit Manager) at Eurobank (2004-2016) and as an experienced software engineer for companies in Greece (01Π) and the USA (Bell Communications Research, QWest Communications). In September 2016 he was elected a member of the Board of Directors of Attica Bank.

Ioannis Marmangiolis

He has graduated from the Athens University of Economics and Business and holds a postgraduate degree from the University of Middlesex. He has had more than 30 years of experience in the banking sector, specialising in corporate funding. He has worked as Head of Client Coverage for Mid-Sized and Big Companies for Emporiki Bank and as Management Consultant for ALPHA BANK in Wholesale Banking issues. In September 2016, he was re-elected member of the Bank's BoD. Since August 2018, he has been a member of the Special Clearing Committee.

Georgios Vlachakis

He has had 35 years of professional experience in the banking sector in Greece (Emporiki Bank, Citibank) and abroad (Citibank UK and IPB) specialising in retail banking and private banking. Since June 2016 he has been elected as non-executive member of the Attica Bank. From 2001 to 2012 he worked at Emporiki Bank as Head of Retail Banking, responsible for Distribution Networks, the Bank's modernization program, while he also participated as a member of the board of directors of Emporiki Bank's subsidiaries. He started his career at DINERS CLUB OF GREECE in 1978, and from 1984 to 2001 he worked for CITIBANK GREECE, most of the time as Chief Financial Officer (CFO), and was also appointed to key regional posts. He studied Economics in the Athens University of Economics and Business and holds a postgraduate degree in Finance from the University of Stirling, Great Britain.

Georgios Panayiotou

He has had more than 20 years of experience in senior banking and investment positions in Greece and abroad, having worked at Chase Manhattan Bank London, Eurobank Private Bank Luxembourg, Ionian Bank and Elliniki Bank. He started his career in macroeconomic planning and has served in executive positions in public and private companies, such as Executive Chairman of Olympic Property SA, Executive Director of ETAD SA, Chief Financial Officer of Athens International Airport SA, Managing Director of a private group of companies. He holds a Master in Business Administration from the MIT Sloan School of Management, an MSc in Economics and Econometrics from the University of Southampton and a BA in Economics and Statistics from the University of Exeter. In September 2016, he was re-elected member of the Bank's BoD.

NON-EXECUTIVE MEMBER (pursuant to the provisions of L. 3723/2008)**Zacharoula Papatheodorou**

She studied Chemistry-Engineering in the Aristotle University of Thessaloniki and holds a postgraduate degree from the Open University. She has had almost 30 years of experience in the domestic banking sector, having worked in regional and central banking, and especially in the assessment and lending of individuals and businesses. She has been in charge of evaluation and integration of investment projects in development programs and has taught in a number of seminars.

9. Information pursuant to Article 10 (1) of Directive 2004/25/EC of the European Parliament

Pursuant to Article 10 (1) of Directive 2004/25/EC of the European Parliament and the Council, the following information is provided with reference date as of 31.12.2018:

- The table with the most significant direct holdings in the Bank's share capital within the meaning of the provisions of the articles of L. 3556/07 as at 31.12.2018 is as follows:

	Shares	Holding
SINGLE SOCIAL SECURITY AGENCY	212,918,027	46.16%
ENGINEERS AND PUBLIC WORKS CONTRACTORS FUND	149,907,554	32.5%
TAPILT	13,046,573	2.829%

Under Law 4387/2016, the Unified Fund of Independent Employees and the Engineers and Public Works Contractors Pension Fund were incorporated into the Single Social Insurance Institution (EFKA) from 1 January 2017. Under Decision No 61662/3406/30.12.2016 of the Minister for Labor, Social Security and Solidarity, the 5.625% of the common shares of the Bank that were held by the Unified Fund of Independent Employees and the Engineers and Public Works Contractors Pension Fund came to the Public Works Contractors Fund (TMEDE), while the remaining 50.63% came to EFKA.

Under Ministerial Decision No B/7/οικ.24635/2013/30-4-2018 (Government Gazette, Series II, No 1587/8-5-2018) and Decision No 388 of EFKA BoD meeting dated 21/10.05.2018, 8,354,559 common shares of the Bank, as well as the corresponding preference rights, were transferred from the portfolio of EFKA, to the portfolio of TMEDE on 16.05.2018. Thus, the participation of **EFKA** in the share capital of the Bank stood at **45.58%** and that of **TMEDE** at **10.69%**.

Following the increase of the share capital of the Bank by the Extraordinary General Shareholders' Decision dated 22-12-2017, in combination with the decision of the Board of Directors dated 21-05-2018, the participation of **EFKA** in the share capital of the Bank amounted to **66.89%**, of **TMEDE** to **11.78%** and of **TAPILT-AT** to **2.83%** (30-5-2018 - date of trading of new shares in the Athens Stock Exchange).

By Ministerial Decision 33379/2703/15-06-2018 (Government Gazette, 2280/15.06.2018, 95,606,341 common shares of the Bank, as well as the corresponding preference rights, were transferred from the portfolio of EFKA, to the portfolio of TMEDE on 27.07.2018. Thus, the participation of **EFKA** in the share capital of the Bank stood at **46.16%** and that of TMEDE at **32.50%**.

Following Notice ref. 7961/02-08-2018 from EFKA to the Hellenic Capital Market Commission, according to which the voting rights deriving from common shares of EFKA to the Bank are exercised by the Financial Stability Fund, if the share capital of the Bank exceeds 33% and only as far as the excess percentage is concerned, the percentage of the total voting rights held by EFKA on the Bank now stands at 33.00% and the Financial Stability Fund exercises 13.16% of the voting rights from the common shares of EFKA in the share capital of the Bank, in accordance with article 70 par. 14 of Law 4387/2016 (Government Gazette, Series I, No 85/2016), as amended by article 114 par. 8 of Law 4549/2018 (Government Gazette, Series I, No 105/2018) and the specific agreement of article 114 par. 8 of Law 4549/2018 signed between EFKA and the Financial Stability Fund on 31 July 2018 regarding the voting rights at Attica Bank, without transfer of ownership of the aforementioned shares of EFKA to the Financial Stability Fund.

Pursuant to letter ref. 3832/14.02.2019 from TMEDE and in accordance with EU and national law, the special participation of TMEDE in the share capital of the Bank by more than 30% was approved by the European Central Bank (ECB-SSM-2019- GR-1/QLF-2018-0064).

- The Bank has been subject to the provisions of L. 3723/2008 as it stands, with all the privileges it provides to the Greek State and preferential shares were issued for that purpose, the status of which was governed by the provisions of L. 3723/2008, in combination with Decision No 54201/B/2884/26.11.2008 of the Minister of Economy and Finance. Moreover, in October 2017, the Bank issued, under the provisions of L. 3723/08 (Article 2), a Greek Government bond of € 380 million, of a one-year duration to receive liquidity from the emergency liquidity assistance (ELA) and to be used as an eligible collateral for Eurosystem refinancing operations. On 25.05.2018, the Bank proceeded to early repayment of the aforementioned bond and, pursuant to L. 3723/2008 (Pillar II), issued a € 350 million Greek Government bond, with a two-year maturity (ending 25.05.2020), which is used as a collateral for raising liquidity on the interbank market.

The Bank, during the Ordinary General Meeting of 25.07.2018, decided to acquire entirely the preferred Greek government shares in exchange for delivering to the Greek Government the bonds of a subordinated bond loan issued in accordance with L. 3723/2008, to reduce its share capital as well as to amend Article 5 of its Articles of Association concerning its share capital, which was approved by the Extraordinary General Shareholders' Meeting of 25-07-2018. Under Decision No ΜΑΔΚΑΕΣ 0003791 ΕΞ 2018/10-02-2018 of the Minister for Finance (Government Gazette 5589/12-12-2018) the above acquisition was approved in exchange for and taking over Category 2 capital instruments by the Greek government, pursuant to Regulation 575/2013, issued by the Bank. The amendment of article 5 of the Bank's Articles of Association regarding the share capital, which resulted from the reduction of the share capital, was approved by Decision No 14951/05.02.2019 of the Ministry of Economy and Development, which was registered at the General Commercial Register with Notice No 14944/05.02.2019.

- Following the transfer of a non-performing loan portfolio to the SPV under the name ABS METEXELIXIS SA (based in Luxembourg) in 2017, the Bank, in implementation of the decision of the Annual General Meeting of 27-06-2018, concluded on 26.10.2018 the transaction for the sale of the subordinated bond of a NPEs portfolio to the Investor (i.e. TOCU Europe II, Sarl), and assignment of the handling of non-performing loans to an investor owned by the above-named Investor, QQUANT MASTER SERVICER SA, which was duly approved by the Bank of Greece. In this context, the Investor paid the full amount for the completion of the Transaction.

- There are no restrictions on the voting rights and the time limits for the exercise of voting rights under the Articles of Association, except for the statutory ones.
- There are no rules for the appointment and replacement of members of the Board of Directors, as well as for the amendment of the Articles of Association, which are different from those provided for in L. 3601/2007, L. 3016/2002, C.L. 2190/1920, combined with L. 4548/2018.
- A share capital increase may be performed by decision of the General Meeting or the BoD in accordance with the Articles of Association and the relevant provisions.

Information on the Remuneration of the Members of the Board of Directors for the year 2018 (1.1-31.12.2018),

pursuant to Article 450 of Regulation (EU) No 575/2013

	Members of the Board of Directors	
	Non Executive	Executive
Number of beneficiaries	7	3
Total fixed remuneration	467,900	-
Total variable remuneration split in:	-	-
Cash		
Shares		
Financial instruments linked to shares		
Other categories		
Amounts of deferred earnings split in:	-	-

Registered

Unregistered

Amounts of deferred earnings that have been determined to be paid and decreased through performance adjustments**Number of beneficiaries receiving payment for recruitment****Total payment for recruitment****Number of beneficiaries receiving leaving pay****Total amount of leaving pay****Highest amount paid as indemnity to an individual**

-	-
-	-
-	-
-	-
-	-
-	-

Ahtens, 23 April 2019

**THE CHAIRMAN OF THE BOARD OF
DIRECTORS****GEORGIOS MICHELIS****ID CARD NO AI 310803**



**ANNUAL FINANCIAL INFORMATION
FOR THE YEAR ENDED
31 DECEMBER 2018**

**In accordance with the International Financial Reporting Standards
as adopted by the European Union**

Annual Financial Report for the year ended 31 December 2018

III. ANNUAL STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED AS AT 31 DECEMBER 2018

(INCLUDING INDEPENDENT AUDITORS' REPORT)

The Annual Separate and Consolidated Financial Statement for the year ended as at 31 December 2018, as well as the notes attached, have been approved by the Board of Directors at the meeting held on 23 April 2019 and have been published on the Bank's website, as well as on the website of A.S.E., where they will remain at the disposal of investors for at least ten (10) years from the date they were issued and published.

Athens, 23 April 2019

THE CHAIRMAN OF
THE BOARD

THE CHIEF
EXECUTIVE OFFICER

THE DEPUTY CHIEF
EXECUTIVE OFFICER

THE C.F.O.

THE DIRECTOR OF
FINANCIAL
MANAGEMENT

GEORGIOS I.
MICHELIS
ID No. AI 310803

THEODOROS N.
PANTALAKIS
ID No. AE 119288

IOANNIS EM.
TSAKIRAKIS
ID No. Λ 024276

NIKOLAOS L.
KOUTSOGIANNIS
ID No. AE 241810

EVAGGELOS G.
RIZOS
ID No. Ξ 989060

TABLE OF CONTENTS OF ANNUAL FINANCIAL STATEMENTS

Note	Page
Independent Auditors' Report	1
Income Statement	19
Statement of Comprehensive Income	20
Statement of Financial Position	21
Consolidated Statement of Changes in Equity	22
Statement of Changes in Equity	24
Statement of Cash Flows	26
1. General Information	27
2. Principal Accounting Policies	28
(2.1) Basis of Presentation of the Financial Statements	28
(2.2) Going Concern	28
(2.3) Consolidation	29
(2.4) Associates and Joint Ventures	29
(2.5) Transactions in foreign currency	29
(2.6) Investments in financial assets	30
(2.7) Sale and Repurchase Agreements (Repos)	30
(2.8) Property, plant and equipment	30
(2.9) Investment Property	31
(2.10) Intangible Assets	31
(2.11) Cash and cash equivalents	31
(2.12) Loans and advances to customers	32
(2.13) Provisions for credit risk	32
(2.14) Leases	32
(2.15) Derivative financial instruments and hedging	33
(2.16) Offsetting Assets - Liabilities	33
(2.17) Interest Income and Expenses	33
(2.18) Fee and Commission Income	33
(2.19) Provisions	34
(2.20) Income Tax	34
(2.21) Employee Benefits	34
(2.22) Recognition of a financial instrument	34
(2.23) Derecognition of a financial instrument	35
(2.24) Operating segments	35
(2.25) Related party transactions	35
(2.26) Earnings per share	35
(2.27) Custody services	36
(2.28) Dividends	36
(2.29) Financial guarantees	36
(2.30) Share capital	36
(2.31) Financial liabilities and equity instruments	36
(2.32) New Standards and Interpretations	37
(2.33) Significant accounting judgments, estimates and assumptions	43
(2.34) Accounting principles applicable from 01.01.2018	45
3. Operating Segments	52
4. Interest and Similar Income	54

5. Interest Expense and Similar Charges	54
6. Fee and Commission Income	54
7. Fee and Commission Expense	55
8. Profit/(Loss) on Financial Transactions	55
9. Profit/(Loss) From Investment Portfolio	55
10. Other Income/(Expenses)	56
11. Operating Expenses	57
12. Taxes	58
13. Earnings/ (losses) per share - basic and dilluted	59
14. Cash and Balances with Central Bank	59
15. Due from other Financial Institutions	60
16. Financial Assets at Fair Value through Profit or Loss	60
17. Derivative Financial Instruments	60
18. Loans and Advances to Customers at Amortized Cost	61
18.1 Loans and Advances to Customers	61
18.2 Finance Lease Receivables (Lessor)	61
18.3 Allowance for impairment losses on loans	62
18.4 Securitization and derecognition of non-performing exposures	62
19. Impairment Losses on Financial Assets	63
20. Financial Assets at Fair Value through other Comprehensive Income (FVOCI)	64
21. Investment securities at amortized cost	65
22. Investment in subsidiaries	66
23. Investments in associates and joint ventures	66
24. Intangible Assets	68
25. Property, Plant and Equipment	69
26. Investment Property	72
27. Other Assets	72
28. Due to Financial Institutions	73
29. Due to Customers	74
30. Debt Securities in Issue	75
31. Deferred tax assets-liabilities	76
32. Employee Defined benefit obligation	78
32.1 Defined benefit plan (Supplementary Pension)	78
32.2 Defined benefit plan (Lump-sum payment)	79
32.3 Retirement benefit according to employment regulation	80
33. Other Provisions	82
34. Other liabilities	82
35. Equity	82

36. Reserves	84
37. Cash and cash equivalents	84
38. Operating leases	84
39. Related party Transactions	85
40. Companies of the Group	86
41. Contingent Liabilities and Commitments	87
41.1 Off balance sheet liabilities and pledged assets	87
41.2 Tax liabilities	87
41.3 Legal cases	88
42. Risk Management	88
42.1 Liquidity risk	91
42.2 Market risk	96
42.3 Credit risk	106
42.4 Credit risk management	114
42.5 Impairment losses on loans and advances to customers	122
42.6 Forborne loans and advances to customers	126
42.7 Fair value of financial assets and liabilities	129
43. IFRS 9 Impact	132
44. Capital adequacy	136
45. Events after 31 December 2018	138



Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
ATTICA BANK S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying Separate and Consolidated Financial Statements of ATTICA BANK (the "Bank ") which comprise the Separate and Consolidated Statement of Financial Position as at 31 December 2018, the Separate and Consolidated Profit or Loss and Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Separate and Consolidated Financial Statements present fairly, in all material respects, the financial position of ATTICA BANK (the "Bank ") as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Bank and its consolidated subsidiaries in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants*, as it has been incorporated into Greek legislation, and the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that, in our professional judgment, were of most significance in our audit of the Separate and Consolidated Financial Statements of the current period. These matters and the relevant significant assessed risks of material misstatement were addressed in the context of our audit of the Separate and Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p>Impairment losses for loans and advances to customers at amortized cost</p> <p>IFRS 9 replaced IAS 39 and was implemented by the Group on 1 January 2018. This new and complex standard requires the Group to recognize expected credit losses ('ECL') on financial instruments, which involves significant judgement and estimates and resulted in an increase in impairment losses for loans and advances to customers at amortized cost.</p> <p>As 2018 is the first year of adoption of IFRS 9, there is limited experience available to back-test the charge for expected credit losses with actual results. There is also a significant increase in the number of data inputs required for the impairment calculation. The data is sourced from a number of systems that have not been used previously for the preparation of the accounting records. This increases the risk around quality of certain data and reliability and accuracy of certain models that process those data.</p> <p>The Group has recorded in its consolidated financial statements as of 31 December 2018 an amount of EUR 1 845 million (2017: EUR 2 667 million) as loans and advances to customers at amortized cost as well as EUR 253 million (2017: 475 million) for impairment losses.</p> <p>During the year the Group recorded EUR 98 million approximately from the transition to IFRS 9 that was directly recorded in the equity of the Group as at 1 January 2018.</p> <p>Impairment losses for loans and advances to customers at amortized cost were considered a key audit matter because:</p>	<p>Our audit approach included assessing the design and operating effectiveness of the relevant controls linked to the processes and performing substantive procedures.</p> <p>We assessed that the accounting principles adopted for the transition to IFRS 9 are appropriate.</p> <p>We evaluated that the assumptions and decisions made by management on classification and measurement of financial instruments are appropriate and reasonable.</p> <p>We evaluated the new processes and internal controls adopted for classification and measurement.</p> <p>We assessed the accuracy and relevance of data that are used for classification and measurement. We focused as part of our control work that the data used in the models for estimating credit losses are accurate and complete as well as on management's review of the results of the process.</p> <p>The substantive procedures related to the estimation of expected credit losses included:</p> <ul style="list-style-type: none"> — For a specific sample of loans we tested the procedures used by the Bank to estimate the significant increase in credit risk. — With respect to individually assessed loans we selected a sample of loans based on remaining credit exposure and assessed the adequacy of impairment losses that was recorded. As part of this procedure we have implemented procedures for assessing the data and the reliability of the expected cash flows used as part

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> — It is based on a new accounting principle (IFRS 9) that requires new estimates and judgments and new systems to process the data required. — Judgment is required to properly classify a loan in the proper category and the way it is measured. — Judgment is required from management on the macroeconomic criteria to be used to estimate expected credit losses. — Calculation of ECL is based on new processes and controls that have not been tested before. — Judgment is required to properly design synthetic mathematical equations and data required to calculate the ECL. — Judgment is required to identify the criteria of what constitutes a significant increase in credit risk. — Evaluation of post model adjustments made by management is required. <p>Additional information on the way impairment losses are estimated is included in note 2.34 of the consolidated financial statements.</p> <p>The disclosures required by IFRS 9 are key to understand the impact for the Group from the application of IFRS 9, as well as understanding the judgements required for the calculation of ECL.</p>	<p>of the individually assessed loans.</p> <ul style="list-style-type: none"> — With respect to the impairment calculated collectively, we evaluated the methodology used by the Bank, assessing the integrity of the data required for the calculation of impairment from Bank's systems. <p>We involved our own specialists for evaluating the methodology used by the bank and for a sample we recalculated certain key inputs to the models.</p> <p>For certain portfolios we evaluated the existence and value of the collaterals used for impairment purposes.</p> <p>Finally, we evaluated whether the information used for disclosure purposes in the consolidated financial statements is adequate.</p>
<p>Recoverability of deferred tax assets</p> <p>The Group recognized deferred tax assets of EUR 420 million (2017: EUR 376 million) on temporary differences and unused tax losses that are considered recoverable or can be utilized.</p>	<p>We assessed the assumptions made by management to generate future tax profits in order to estimate the possibility of recovering deferred tax assets recorded as at 31 December 2018.</p>

Key audit matter	How our audit addressed the key audit matter
<p>An analysis of these temporary differences and unused tax losses is included in note 31 of the separate and consolidated financial statements. The recoverability of deferred tax assets is considered a key audit matter as management's assessment of the recoverability is complex and judgmental.</p> <p>The recoverability of deferred tax assets is dependent on whether the Bank can produce future tax profits that can be utilized against temporary tax differences and tax losses (before they expire).</p> <p>Management's assessment regarding whether there will be sufficient tax profits requires significant judgments and estimates such as:</p> <ul style="list-style-type: none"> — Assumptions based on the business plan of the Bank regarding estimates of future performance that will generate tax profits in the future. — Estimates that cover the time period until the deferred tax assets can be used. — Adjustments required to calculate estimated future taxable profits from the accounting profits (as estimated in the business plan), in order to conclude to the deferred tax assets that can be recovered in the future. 	<p>We assessed the reasonableness of managements key assumptions in its business plan as follows:</p> <ul style="list-style-type: none"> — Comparing to our own independently developed expectations derived from our industry knowledge and our understanding obtained during our audit. <p>For the purpose of our recoverability assessment, we tested the adjustments applied by management to calculate taxable profits from accounting profits, with the support of our tax specialists, and we checked their consistency with prior years including historical accuracy of budgeted data. Our procedures also included assessing management's interpretations of current tax legislation with respect to the accounting write offs and the gradual amortisation of the crystallised tax loss arising from the sale of non-performing loans and definite write - offs.</p>
<p>Derecognition of Loans</p> <p>The Bank transferred loans in accordance with Law 3156/2003 to a special purpose vehicle (EUR 700.5 million) (Note 18.4) through securitisation.</p> <p>The determination of whether these transferred loans can be de-recognized involves significant judgment by management in the following areas:</p>	<p>We evaluated the adequacy of the consolidated financial statements disclosures, including disclosures of key assumptions and judgments</p> <p>In order to evaluate Bank's position on de-recognition of transferred loans, we conducted the following procedures:</p> <ul style="list-style-type: none"> — We examined relevant asset transfer agreements and other related legal documents to

Key audit matter	How our audit addressed the key audit matter
<ul style="list-style-type: none"> Whether the Bank has transferred substantially all the risks and rewards of ownership of these transferred loans, The Bank further assesses whether it retains control of the transferred loans. 	<p>ascertain whether the criteria according to International Financial Reporting Standards as adopted by the EU are met.</p> <ul style="list-style-type: none"> We analysed the contractual terms and conditions to assess if the Bank retained control over the transferred loans. <p>We examined the adequacy of the disclosures about this transaction in the Bank's and Consolidated Financial Statements.</p>
<p>Fair Value calculation - Stage 3</p> <p>The bond resulting from 2017 securitization with a nominal value (EUR 525 million) is included in the category of financial assets at fair value through other comprehensive income (Note 20). The determination of fair value for the bond (level 3) (Note 42.7) resulting from this securitization involves significant estimates from management and requires specialized knowledge as well as the assistance of specialists. Due to the aforementioned, we consider this issue to be as a key audit matter.</p>	<p>Our audit procedures regarding the Bond valuation included the use of specialists in respect to valuation issues. In addition we assessed the assumptions that management took into consideration regarding the valuation procedures for the collectability of future cash flows that are used for the valuation</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, for which reference is made in the "Report on Other Legal and Regulatory Requirements" and the Declarations of the Members of the Board of Directors included in the Annual Report as required by the L. 3556/2007 but does not include the Separate and Consolidated Financial Statements and our Auditors' Report thereon.

Our opinion on the Separate and Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Separate and Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Separate and Consolidated Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these Separate and Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as Management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Separate and Consolidated Financial Statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit Committee (article 44 of L. 4449/2017) of the Bank is responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Separate and Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs which have been incorporated in Greek legislation will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Separate and Consolidated Financial Statements.

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast



significant doubt on the Bank's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Separate and Consolidated Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Separate and Consolidated Financial Statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on these Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of these consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Separate and Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement that is included in this report. Pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

- a) The Board of Directors' Report includes a Corporate Governance Statement which provides the information set by Article 43 bb of L. 2190/20.
- b) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Article 43a and 107a , and of paragraph 1 (cases c and d) of article 43bb of L. 2190/20 and its contents

correspond with the accompanying Separate and Consolidated Financial Statements for the year ended 31 December 2018.

- c) Based on the knowledge acquired during our audit, relating to the Bank and its environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the Separate and Consolidated Financial Statements is consistent with the Additional Report to the Audit Committee of the Bank dated 22 April 2019, pursuant to the requirements of article 11 of the Regulation 537/2014 of the European Union (EU).

3. Provision of non-Audit Services

We have not provided to the Bank and its subsidiaries any prohibited non-audit services (NASs) referred to in article 5 par. 1 of Regulation (EU) 537/2014. We also remained independent of the audited entity in conducting the audit.

The permissible non-audit services that we have provided to the Bank and its subsidiaries during the year ended 31 December 2018 are disclosed in the Note 11 of the Separate and Consolidated Financial Statements.

4. Appointment of Auditor

We were appointed for the first time as Certified Auditors of the Bank based on the decision of the Annual General Shareholders' Meeting dated 28 April 2009. From then onwards our appointment has been renewed uninterruptedly for a total period of 10 years based on the annual decisions of the General Shareholders' Meeting.

Athens, 23 April 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Harry Sirounis,
Certified Auditor Accountant
AM SOEL 19071

Anastasios Panayides,
Certified Auditor Accountant
AM SOEL 37581

Income Statement

(Amounts in thousand €)	Note	Group		Bank	
		From 1 January to 31.12.2018	31.12.2017	From 1 January to 31.12.2018	31.12.2017
Interest and similar income	4	115,454	137,302	115,454	137,302
Less : Interest expense and similar expenses	5	(46,164)	(50,310)	(46,195)	(50,369)
Net interest income		69,290	86,992	69,259	86,933
Fee and commission income	6	15,984	20,475	14,638	18,838
Less : Fee and commission expense	7	(9,028)	(9,849)	(9,028)	(9,989)
Net fee and commission income		6,956	10,626	5,610	8,850
Profit / (loss) from financial transactions	8	1,418	1,334	1,418	1,072
Profit / (loss) from investment portfolio	9	690	155	690	155
Gain from the transfer of loans through securitization	18.4	47,000	70,000	47,000	70,000
Other income / (expenses)	10	2,634	(2,478)	2,657	(2,481)
Operating income		127,987	166,629	126,634	164,528
Personel expenses	11	(33,704)	(38,554)	(33,290)	(38,041)
General operating expenses	11	(30,494)	(31,051)	(30,133)	(30,276)
Depreciation	11	(7,780)	(6,511)	(7,754)	(6,447)
Total operating expenses		(71,978)	(76,116)	(71,178)	(74,764)
Profit before tax and provisions		56,009	90,513	55,456	89,764
Impairment charge for losses on loans	19	(27,527)	(73,500)	(27,527)	(73,500)
Provision for impairment of other assets	11	(3,191)	(14,925)	(2,878)	(14,625)
The compensation cost for the voluntary retirement scheme	11	(17,214)	0	(17,214)	0
Results from investments in associates	23	(3,329)	(953)	-	-
Profit / (loss) before income tax		4,748	1,134	7,837	1,639
Less : income tax	12	(7,105)	(704)	(7,270)	(583)
Profit / (loss) for the period		(2,357)	430	567	1,056
<u>Attributable to:</u>					
Equity owners of the Bank		(2,357)	430	-	-
Basic and diluted earnings / (losses) per share (in €)	13	(0.0022)	0.0002	0.0005	0.0005

Statement of Comprehensive Income

(Amounts in thousand €)	Group		Bank	
	From 1 January to 31.12.2018	31.12.2017	From 1 January to 31.12.2018	31.12.2017
Profit / (Loss) for the period after income tax recognized in the Income Statement	(2,357)	430	567	1,056
<i>Amounts that may be reclassified in the income statement</i>				
<u>Financial assets at Fair Value through Other Comprehensive Income (FVOCI)</u>				
Change in fair value (before tax)	(37,664)	-	(37,664)	-
Transfer to Income Statement (before Tax)	(1,293)	-	(1,293)	-
<i>Income Tax</i>	11,297	-	11,297	-
<u>Securities available for sale</u>				
Change in fair value (before tax)	-	6,094	-	6,094
Transfer to income statement (before tax)	-	(348)	-	(348)
<i>Income Tax</i>	-	(1,666)	-	(1,666)
<i>Amounts that will not be reclassified in the Income Statement</i>				
Actuarial gains / (losses) on defined benefit obligations	(415)	(6,052)	(409)	(6,046)
<i>Income Tax</i>	120	1,416	119	1,414
Total other comprehensive income recognized directly in equity, after income tax	(27,954)	(557)	(27,950)	(552)
Total comprehensive income/expenses, after income tax	(30,311)	(127)	(27,383)	504
<u>Attributable to:</u>				
Equity owners of the Bank	(30,311)	(127)	-	-

Statement of Financial Position

(Amounts in thousand €)

	Note	Group		Bank	
		31.12.2018	31.12.2017	31.12.2018	31.12.2017
Assets					
Cash and balances with Central Bank	14	60,860	38,473	60,858	38,471
Due from other financial institutions	15	9,429	2,698	9,422	2,690
Derivative financial instruments - assets	17	87	190	87	190
Financial assets at fair value through profit or loss	16	2,950	3,536	2,950	3,536
Loans and advances to customers (net of impairment)	18	1,592,144	2,192,074	1,592,144	2,192,074
Financial assets at Fair Value through Other Comprehensive Income (FVOCI)	20	909,288	-	909,288	-
Financial assets available for sale	20	-	581,022	-	581,022
Financial assets at amortized cost	21	9,879	-	9,879	-
Investments held to maturity	21	-	9,899	-	9,899
Investments in subsidiaries	22	0	0	1,102	2,926
Investments in associates	23	3,427	6,757	7,702	7,702
Property, plant and equipment	25	31,646	28,716	31,581	28,629
Investment property	26	57,862	58,047	57,862	58,047
Intangible assets	24	50,413	46,668	50,390	46,635
Deferred tax assets	31	420,357	376,402	420,355	376,718
Other assets	27	202,162	192,967	202,050	192,793
Total Assets		3,350,505	3,537,449	3,355,671	3,541,334
Liabilities					
Due to financial institutions	28	424,649	943,451	424,649	943,451
Due to customers	29	2,281,875	1,924,131	2,288,350	1,932,425
Derivative financial instruments - liabilities	17	34	122	34	122
Issued bonds	30	99,676	0	99,676	0
Defined benefit obligations	32	12,925	14,269	12,874	14,227
Other provisions	33	21,575	4,535	21,575	4,535
Other liabilities	34	18,874	18,236	18,235	17,537
Total Liabilities		2,859,609	2,904,744	2,865,395	2,912,297
Equity					
Share capital (common shares)	35	138,376	701,806	138,376	701,806
Share capital (preference shares)	35	0	100,200	0	100,200
Reserves	36	450,545	246,609	450,339	246,399
Retained earnings	35	(98,024)	(415,910)	(98,439)	(419,368)
Equity attributable to equity owners of the Bank		490,897	632,705	490,276	629,037
Total Equity		490,897	632,705	490,276	629,037
Total Liabilities and Equity		3,350,505	3,537,449	3,355,671	3,541,334

The attached notes (pages 27 to 143) form an integral part of these Annual Financial Statements of 31 December 2018

Consolidated Statement of Changes in Equity

Group

(Amounts in thousand €)	Share capital (common shares)	Share capital (preference shares)	Other reserves	Reserves	Retained earnings	Total	Non- controlling interests	Total equity
Balance 01.01.2017	701,806	100,200	(6,571)	252,623	(415,414)	632,644	1,261	633,905
Profit for the period					430	430	(0)	430
Other comprehensive income								
Available for sale securities: Change in fair value			6,094			6,094		6,094
Available for sale securities: Net amount transferred to profit or loss			(348)			(348)		(348)
Actuarial gains / (losses) on defined benefit obligations			(6,052)			(6,052)		(6,052)
Income Tax			(251)			(251)		(251)
Total comprehensive income, after income tax	0	0	(557)	0	430	(127)	(0)	(127)
Decrease of capital share of subsidiaries				(57)	244	187	(1,261)	(1,074)
Change from actuarial programs			1,171		(1,171)	(0)		(0)
Balance as at 01.01.2017	701,806	100,200	(5,957)	252,566	(415,910)	632,705	(0)	632,705

The attached notes (pages 27 to 143) form an integral part of these Annual Financial Statements of 31 December 2018

ANNUAL FINANCIAL STATEMENT

Group

(Amounts in thousand €)	Share capital (common shares)	Share capital (preference shares)	Other reserves	Reserves	Retained earnings	Total equity
Balance 01.01.2018	701,806	100,200	(6,014)	252,623	(415,910)	632,705
Impact of the application of IFRS 9 on 1.01.2018					(96,717)	(96,717)
Balance as at 01.01.2018, restated	701,806	100,200	(6,014)	252,623	(512,627)	535,987
Loss for the period					(2,357)	(2,357)
Other comprehensive income						
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI): Change in fair value			(37,664)			(37,664)
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI): net amount transferred to profit or loss			(1,293)			(1,293)
Actuarial gains / (losses) on defined benefit obligations			(415)			(415)
Income Tax			11,418			11,418
Total comprehensive income/(expense), after income tax	0	0	(27,954)	0	(2,357)	(30,311)
Preference shares buyback		(100,200)			(87)	(100,287)
Share Capital increase with common shares	88,884					88,884
Reduction of share capital by offsetting losses	(419,253)				419,253	0
Reduction of share capital for the creation of special reserve	(233,060)			233,060		0
Change from actuarial programs				(1,171)	1,171	0
Expences of share capital increase					(3,376)	(3,376)
Balance 31.12.2018	138,376	0	(33,968)	484,513	(98,024)	490,897

The attached notes (pages 27 to 143) form an integral part of these Annual Financial Statements of 31 December 2018

ANNUAL FINANCIAL STATEMENT

Statement of Changes in Equity

Bank

(Amounts in thousand €)	Share capital (common shares)	Share capital (preference shares)	Other reserves	Reserves	Retained earnings	Total
Balance 01.01.2017	701,806	100,200	(6,565)	252,345	(419,253)	628,533
Profit for the period					1,056	1,056
Other comprehensive income						
Available for sale securities: Change in fair value			6,094			6,094
Available for sale securities: Net amount transferred to profit or loss			(348)			(348)
Actuarial gains / (losses) on defined benefit obligations			(6,046)			(6,046)
Income Tax			(253)			(253)
Total comprehensive income, after income tax	0	0	(552)	0	1,056	504
Change from Actuarial programmes			1,171		(1,171)	(0)
Balance 31.12.2017	701,806	100,200	(5,946)	252,345	(419,368)	629,037

The attached notes (pages 27 to 143) form an integral part of these Annual Financial Statements of 31 December 2018

Bank

(Amounts in thousand €)	Share capital (common shares)	Share capital (preference shares)	Other reserves	Reserves	Retained earnings	Total equity
Balance 01.01.2018	701,806	100,200	(5,946)	252,345	(419,368)	629,037
Impact of the application of IFRS 9 on 1.01.2018					(96,685)	(96,685)
Balance 1.01.2018, restated	701,806	100,200	(5,946)	252,345	(516,053)	532,352
Profit for the period					567	567
Other comprehensive income						
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI): Change in fair value			(37,664)			(37,664)
Financial assets measured at Fair Value through Other Comprehensive Income (FVOCI): Net amount transferred to profit or loss			(1,293)			(1,293)
Actuarial gains / (losses) on defined benefit obligations			(409)			(409)
Income Tax			11,416			11,416
Total comprehensive income/(expense), after income tax	0	0	(27,950)	0	567	(27,383)
Preference shares buyback		(100,200)				(100,200)
Share Capital increase with common shares	88,884					88,884
Reduction of share capital through offsetting losses	(419,253)				419,253	0
Specific reserve through reduction of share capital	(233,060)			233,060		0
Change from actuarial programs			(1,171)		1,171	0
Expenses of share capital increase					(3,376)	(3,376)
Balance 31.12.2018	138,376	0	(35,067)	485,405	(98,439)	490,276

The attached notes (pages 27 to 143) form an integral part of these Annual Financial Statements of 31 December 2018

ANNUAL FINANCIAL STATEMENT

Statement of Cash Flows

(Amounts in thousand €)	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash flows from operating activities				
Interest and similar income received	81,804	122,399	81,804	122,399
Interest expense paid	(44,838)	(47,126)	(44,869)	(47,185)
Dividends received	14	24	14	24
Commission received	17,611	16,490	16,264	14,854
Commission paid	(10,561)	(11,157)	(10,561)	(11,297)
Profit from financial transactions	1,338	1,016	1,338	1,016
(Loss) from impairment of participation in associates	0	0	0	(277)
Other income	3,522	1,737	3,545	1,734
Cash payments to employees and suppliers	(88,187)	(69,952)	(87,109)	(68,365)
Tax paid	(154)	(342)	(0)	(0)
Cash flows from operating activities before changes in operating assets and liabilities	(39,452)	13,090	(39,574)	12,903
Changes in operating assets and liabilities				
Net (increase) / decrease in trading securities	655	(810)	655	(912)
Net (increase) / decrease in loans and advances to customers	118,127	(24,919)	118,127	(24,919)
Net (increase) / decrease from transfer of loans	360,875	525,000	360,875	525,000
Net (increase) / decrease in other assets	289	(9,757)	626	(10,796)
Net (increase) / decrease in amounts due to financial institutions	(518,802)	(81,892)	(518,802)	(81,892)
Net (increase) / decrease in amounts due to customers and similar liabilities	357,744	31,381	355,925	26,201
Net (increase) / decrease in other liabilities	(2,096)	(3,361)	(2,320)	(5,737)
Total changes in operating assets and liabilities of the statement of financial position	316,791	435,642	315,086	426,946
Net cash flow from operating activities	277,339	448,732	275,512	439,849
Cash flows from investing activities				
Purchases of intangible assets	(8,824)	(7,434)	(8,824)	(7,416)
Purchases of Property, Plant and Equipment	(5,642)	(2,547)	(5,640)	(2,544)
Disposals of Property, Plant and Equipment	1	17	1	0
Purchase of financial assets measured at fair value through other comprehensive income (FVOCI)	(8,234)	-	(8,234)	-
Sales / redemptions of financial assets measured at fair value through other comprehensive income (FVOCI)	3,370	-	3,370	-
The amount earned from the transfer of the non-performing loans portfolio	47,000	70,000	47,000	70,000
Purchases of securities available for sale	-	(41,275)	-	(41,275)
Sales / redemptions of available for sale securities	-	50,194	-	50,194
Purchases of held to maturity securities	-	(9,891)	-	(9,891)
Maturities of held to maturity securities	-	10,087	-	10,087
Transfers of securities from the transfer of the non-performing loans portfolio	(360,875)	(525,000)	(360,875)	(525,000)
Investments in subsidiaries	0	0	1,824	8,880
Investments in associates	0	47	0	47
Net cash flow from investing activities	(333,204)	(455,802)	(331,377)	(446,919)
Cash flow from financing activities				
Issue of subordinated bond loan	99,676	0	99,676	0
Proceeds from issuance of shares or other equity instruments	88,884	0	88,884	0
Share capital increase expenses	(3,376)	0	(3,376)	0
Repayment of preference shares	(100,200)	0	(100,200)	0
Net cash flow from financing activities	84,984	0	84,984	0
Net increase / (decrease) in cash and cash equivalents	29,119	(7,070)	29,118	(7,070)
Cash and cash equivalents at the beginning of the period	41,171	48,241	41,161	48,231
Cash and cash equivalents at the end of the period	70,289	41,171	70,280	41,161

1. General Information

The Attica Bank A.E. Group, ("the Group"), operates mainly in the financial sector, providing a wide range of financial and banking services to individuals and companies.

The Attica Bank Group, besides the parent company, includes (3) subsidiaries and two (2) associated companies, which operate in Greece and has 707 employees as at 31.12.2018. The number of Bank's branches as at 31.12.2017 is 55.

The parent company of the Group is Attica Bank A.E., (the "Bank"). "Attica Bank A.E." is a société anonyme with General Commercial Number 255501000 (ex-Registration Number (ARMAE) 6067/06/B/86/06). The Bank is listed in the Athens Stock Exchange. The address of the Bank's registered office is 23, Omirou Street, Postal Code 106-72, Athens.

The separate and consolidated financial statements (the "financial statements") have been approved for issue by the Board of Directors on 23rd April 2019, and are subject to approval by the annual Ordinary General Meeting of Shareholders, which will be carried out on 27.06.2019.

The Board of Directors of the Bank that approved the financial statements of the Bank as at 31 December 2018 consists of:

Georgios I. Michelis	Chairman of Board of Directors, non-executive member
Stavros G. Papagianopoulos	Vice-Chairman of Board of Directors, non-executive member
Theodoros N. Pantalakis	Chief Executive Officer, executive member
Athanasios Ch. Tsadaris	Deputy Chief Executive Officer, executive member
Ioannis Em. Tsakirakis	Deputy Chief Executive Officer, executive member
Charalampos S. Mprilakis	Independent non-executive member
Georgios N. Panagiotou	Independent non-executive member
Georgios Ir. Vlachakis	Independent non-executive member
Ioannis S. Marmaggiolis	Independent non-executive member
Athanasios D. Stathopoulos	Non-executive member
Dimitrios G. Tzanninis	Non-executive member
Zacharoula D. Papatheodorou	Additional Non-executive member, Greek state representative under the provisions of L. 3723/2008

The members of the Boards of Directors of the other companies of the Group that are also included in the Financial Statements are referred in the individual Financial Statements of the companies. In the same financial statements are also mentioned the independent auditors that have been elected to conduct the audit of the financial statements for the year 2018, as well as the website addresses of the Group's companies.

The Bank's share, apart from the Athex Composite Share Price Index, is also included in the following indices of the Athens Stock Exchange: Athex All Share Index (DOM), FTSE/ASE-CSE Banking Index, FTSE/ASE Banks, FTSE/ASE Mid Cap Index and FTSE/ASE Market Index and Performance Index (SAGD).

For the Group's subsidiaries, information on the published Financial Statements by fiscal year can be obtained from the following websites:

Company	Website of publication of the Financial Statements
AtticaBank Properties S.A	http://www.atticabankproperties.gr/index.php/topics/category/36
Attica Wealth Management M.F.M.C	http://www.atticawealth.gr/Default.asp?Static=110
Attica Bancassurance Agency S.A	https://www.atticabank.gr/el/investors/investor-financial-results/group-companies

2. Principal Accounting Policies

(2.1) Basis of Presentation of the Financial Statements

The annual Consolidated Financial Statements of the Group have been prepared in accordance with International Financial Reporting Statements (IFRS) as adopted by the E.U.

The Financial Statements have been prepared under the historical cost basis, except for assets at Fair Value through Other Comprehensive Income (FVOCI), financial assets and liabilities held at fair value through profit or loss, all derivative contracts, property, plant and equipment (land and buildings) and investment property which are measured at fair value. Furthermore, defined benefit obligations are measured at present value.

The amounts included in these Consolidated Financial Statements are expressed in thousands of euro, which is the functional currency of the Group, unless otherwise indicated in the notes.

Comparative figures have been adjusted, where necessary, to conform with changes in presentation for the current year. Adoption by the Group of IFRS 9 has resulted in significant changes in the classification, measurement and impairment of financial instruments. The Group, using the relevant exception of IFRS 9, did not reform the comparative figures of the previous year. The most significant adjustment compared to the published data for the previous fiscal year relates to the presentation of impairment provisions for other assets.

In addition, according to Attica Bank's announcement of 02.04.2018 in the published Financial Statements of 31.12.2017, specifically the statement of comprehensive income included in the financial statements, the actuarial losses of defined benefit plans for the year 2017 amounting to € 4,882 thousand and € 4,875 thousand that appear in this condition for the Group and the Bank respectively should have been increased by € 1,171 thousand and amount to € 6,052 thousand and € 6,046 thousand respectively. Therefore, see at the table, the net result after income tax recognized directly in equity for the Group amounts to € -557 thousand versus € 614 thousand and for the Bank is set at € -552 thousand versus € 619. Corresponding aggregate post-tax revenues in this table are for the Group € -127 thousand against € 1,044 thousand and for the Bank € 504 thousand compared to € 1,675 thousand

This shift makes no change to the published financial statements of the Bank's balance sheet and income statement, nor does it change the total of Equity that remains unchanged for the above year 2017.

The preparation of the Consolidated Financial Statements according to the International Financial Reporting Standards (IFRS) requires the use of estimates and assumptions which can affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of preparation of the Financial Statements as well as the reported amounts of income and expenses recognized during the reporting period. For further analysis please refer to note 2.33.

(2.2) Going Concern

The Group applied the going concern principle for the preparation of the financial statements as at 31.12.2018. For the application of this principle, the Group takes into consideration the current economic developments as well as the risks deriving from the unstable financial environment in order to form projections for future economic conditions of the environment in which it operates. The main factors that may affect the application of this principle relate mainly to the economic environment in Greece and internationally, as well as to the liquidity levels of the banking system.

In August 2018, the Third Stability Program of the Greek State was successfully completed with the formation of a 24.1 billion-euro cash reserve which is estimated to be able to cover the Greek government's financing needs for approximately 22 months from August 2018, thus significantly reducing the potential financial risks after the program is completed. In addition, it is noted that the Greek State is taking steps to gradually recover its access to the financial markets to cover its borrowing needs. In the context of these actions, the Greek Government carried out two successful bond issues on January 29, 2019, with a 5-year bond totaling 2.5 billion euros and yield 3.6% and 6 March 2019 with the issuance of a 10-year bond of 2, 5 billion euros and 3.9% return.

As far as the Bank is concerned, it is noted that in the year 2018 it has proceeded with a series of important actions that ensure the funds for its smooth operation. In particular, the share capital increase at the amount of EUR 88.9 million and the completion of the non-performing exposures securitization transaction (completed on 26.10.2018), from which a profit of EUR 47 million was recognized during the last quarter of the year, the Bank significantly strengthens its capital.

In addition, the Bank on 20.12.2018 proceeded with the acquisition of preferred shares owned by Greek Government , with the issuance of an equivalent bond loan, which is counted in its TIER II supervisory capital. Based on the above and taking into account:

- The improvement of the key macroeconomic indicators of the Greek Economy,
- the strengthening of the Group's capital adequacy and its formation at a level significantly higher than the minimum supervisory limits,
- the significant improvement in its liquidity due to the inflow of deposits (a 19% increase compared to the corresponding period of 2017) and the diversification of sources of financing during 2018 through repos,
- the significant reduction of Non-performing Exposures following the successful completion of the two securitizations of loans in conjunction with the development of a revised plan aiming at minimizing them over a 3-year period and
- the Group's diversification of revenue sources starting with in 2019,

the principle of Going Concern of business activity for the preparation of the financial statements is fulfilled.

(2.3) Consolidation

The consolidated financial statements include the financial statements of the Bank, the subsidiary companies, associates and joint ventures, hereafter referred to as the "Group". The financial statements of the subsidiaries have been prepared as at the parent company's balance sheet date.

Subsidiaries are entities, in which the Bank holds either directly or indirectly more than 50% of the voting rights or has significant influence and control over the business decisions taken. Subsidiaries are those companies that are controlled by the Group. Control exists when the Bank is exposed and has rights over the variable returns from its investment in the subsidiary. The Group reassesses the degree of control whenever there is a change in the terms that affect the control.

The Group participates in special purpose entities mainly for securitization purposes, where these companies have a defined mode of operation. The Group examines these terms to decide whether it is exposed to, or warrants against, any changing yields. The key decisions are made when there is a question of replacing an asset. Consequently, the decision as to which of these vehicles will be included or not in the Group depends on who determines the administrative decisions that will affect the performance of these companies.

The acquisition method is applied in the consolidation of subsidiaries. Subsidiaries are consolidated in the financial statements from the date that control commences until the date that control ceases. Intercompany transactions and balances are eliminated from the consolidated financial statements. Moreover, in respect of the unconsolidated structure entities, the Group assesses whether it acts as an agent or principal on the basis of the level of its decision-making authority over the company's activities, the rights of third parties as well as the degree of its exposure to the volatility of returns deriving from its involvement with the Company.

(2.4) Associates and Joint Ventures

Associates are those entities in which the Group holds 20% to 50% of the voting rights and over which it has significant influence but not control. Investments in associates are accounted for using the equity method of accounting. According to this method, investments in associates are initially recognized at cost.

The Group's share of its associates' post-acquisition profits or losses is recognized in the income statement and its share of post-acquisition changes in reserves is recognized in reserves. The cumulative post-acquisition changes are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its investment in the associate, the Group does not recognize further losses, unless there are relevant obligations undertaken or payments are made on behalf of the associate.

The Group applies IFRS 11, which covers the accounting of participations in jointly controlled entities (joint arrangements). All the jointly controlled entities in which the Group participates and has the joint control are joint ventures, valued by the equity method.

(2.5) Transactions in foreign currency

The functional currency of the Group is Euro (€).

Foreign currency transactions are translated into the functional currency using the exchange rates applying on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the closing exchange rates at the balance sheet date. Foreign exchange differences are recognized in the financial position.

Foreign exchange differences arising from the translation of non-monetary assets are part of the change in their fair value. Differences arising from the translation of non-monetary assets, such as securities held at fair value through profit or loss, are recognized in the income statement. Foreign exchange differences arising from the translation of non-monetary assets, such as shares and which are classified as available-for-sale, are recognized directly in equity until the sale of the asset.

(2.6) Investments in financial assets

The Group classifies its investments in financial assets as held-to-maturity, available-for-sale or financial assets at fair value through profit or loss. Classification is determined at the date of acquisition.

Initially, investments are recognized on the transaction date and measured at the fair value of acquisition including transaction costs, for financial assets classified as held to maturity or available for sale. In the case of financial assets at fair value through profit or loss, transaction costs are not capitalized but they are directly recognized in the income statement.

Financial assets at fair value through profit or loss: This category consists of two subcategories: financial assets held for trading and financial assets designated on initial recognition as at fair value through profit or loss. Trading securities are acquired principally for the purpose of selling in the near term to obtain short-term profit and include securities such as shares, bonds, and mutual fund units. After initial recognition, financial assets at fair value through profit or loss are measured at fair value. Gains or losses arising from the measurement of these assets are recognized in the income statement.

Held-to-maturity investment securities: Investments with fixed maturity and fixed or determinable payments, which the Group has, the intention and ability to hold to maturity. These investments are measured at amortized cost using the effective interest rate method. The amortized cost is determined based on the acquisition cost and any premium or discount paid on the acquisition date less any provision for impairment.

In case of impairment, the difference between the carrying amount of the assets and its recoverable amount is recognized as a loss in the income statement. The recoverable amount of the asset is measured as the present value of the estimated future cash flows after taking into account any guarantees.

Available-for-sale investment securities: are those investments that are intended to be held for an indefinite period of time up to their maturity or to be sold in response to needs for liquidity or to gain from changes in interest rates or foreign currency exchange rates. After initial recognition, the investments classified as available-for-sale are carried at fair value. Gains and losses arising from changes in fair value of these investments are recognized in a separate equity reserve until sold, redeemed or become impaired at which point the cumulative gains or losses previously recognized are transferred to profit or loss.

In case of impairment, the cumulative loss transferred to profit or loss amounts to the difference between the acquisition cost (less any capital repayments and amortization) and the fair value less any impairment loss previously recognized.

Impairment losses previously recognized in profit or loss concerning investments in equity instruments classified as available for sale cannot be reversed through profit or loss. Impairment losses recognized in financial statements of previous years and concerning debt securities can be reversed through profit or loss, if the increase (reversal of impairment loss) is related to events taking place after the recognition of impairment in the income statement.

(2.7) Sale and Repurchase Agreements (Repos)

Securities sold which are subject to a linked repurchase agreement (Repos) are disclosed in the financial statements as available-for-sale investments, while the respective liability is disclosed, depending on the counterparty, as amounts due to credit institutions, amounts due to customers or other deposits. Securities purchased under agreements to resell (Reverse Repos) are recorded in the financial statements as due from credit institutions. The difference between sale and repurchase price is recognized in the income statement as interest and is accrued over the term of the agreement using the effective interest rate method.

(2.8) Property, plant and equipment

Property, plant and equipment include land, buildings, leasehold improvements, furniture and other equipment and vehicles, held by the Group either for operational or for administrative purposes. The

acquisition cost includes expenses directly pertaining to the acquisition of property, plant and equipment. Land and buildings are carried at fair value. The fair value as well as the residual value is determined based on valuations carried out by independent valuers at regular intervals. The leasehold improvements, furniture and other equipment, as well as vehicles are carried at cost less accumulated depreciation and accumulated impairment losses.

Subsequent expenditure is recognized on the carrying amount of the item, or is recognized as a separate asset, only when future economic benefits are expected to flow to the Group and the aforementioned expenditure can be reliably estimated.

Other expenditure on repairs and maintenance are recognized in the income statement of the year in which they are incurred.

Depreciation: Land is not depreciated. Depreciation on other property, plant and equipment assets is calculated using the straight-line method over their estimated useful lives, which is reviewed annually. The useful lives of items consisting property, plant and equipment per category are as follows:

Buildings	30-50 years
Hardware	10 years
Furniture and other equipment	12 years
Vehicles	6-9 years

“Third party leasehold improvements” are depreciated over the shortest period between the useful life of the improvement or the duration of the lease.

Impairment: The Group reviews annually its property, plant and equipment for signs of impairment. If there are indications of impairment the carrying value of the asset is reduced to its recoverable amount and the decrease is recognized in the income statement. However, in cases where a revaluation reserve exists, impairment is charged directly against the related reserve to the extent that the impairment loss does not exceed the amount recorded in the revaluation reserve in respect of that same asset. Gains or losses arising from disposal of assets are recognized in profit or loss and are determined as the difference between the disposal price and the carrying amount of the asset.

(2.9) Investment Property

Investment property acquired mainly through foreclosure for the settlement of uncollected receivables from loans and advances are initially measured at cost, which includes transaction costs. After initial recognition, investment property is carried at fair value. The difference between the fair value and cost of acquisition is recorded in profit and loss. The fair value measurement is performed by independent valuers annually.

(2.10) Intangible Assets

“Intangible assets” include computer software. Computer software which is acquired and can be clearly identified is capitalized at the cost of acquisition. Expenses that improve or extend the performance of the software beyond the initial technical specifications are incorporated in the acquisition cost of intangible assets. The acquisition cost of intangible assets is increased by any direct cost required for its creation, development and sound operation. Such direct costs are:

- Employee fees which are directly related to the particular intangible asset and can be reliably estimated
- The fees of free lancers related to the creation and development of intangible assets
- Administration expenses that are directly related and can be reliably estimated at the stage of creating and developing the intangible assets.

Subsequently, intangible assets are carried at cost less any accumulated amortization and any impairment losses. Software is amortized over its useful life which cannot exceed 20 years. Group's management reviews the fair value of intangible assets on an annual basis so as to assess whether an indication of impairment exists or whether the useful life should be amended. In cases where the carrying value of an intangible asset exceeds its recoverable value, an impairment loss of an equal amount is charged to the income statement.

(2.11) Cash and cash equivalents

Cash and cash equivalents include monetary assets with original maturity of three months or less from the acquisition date.

(2.12) Loans and advances to customers

Loans and advances are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Bank does not intend to sell immediately or in the near future.

In cases where the Group is the lessee in financial leases and all risks and rewards associated with the leased asset have been transferred, the transaction is accounted for as a loan.

When the Group purchases a financial asset and simultaneously enters into an agreement to resell the asset on a future date, the underlying asset is not recognized in the Bank's financial statements. The amounts paid are recognized as amounts due from credit institutions or loans and advances to customers.

Loans and advances are initially measured at fair value including direct transaction costs, and subsequently measured at their amortized cost using the effective interest method

(2.13) Provisions for credit risk

Loans and advances to customers are presented on the statement of financial position after deducting impairment losses.

The recoverability of loans and advances is reviewed on an individual basis for those loans, which the Bank considers as significant. The evaluation takes into account the financial position, credit standing, past repayment pattern, the transaction behavior, the credit worthiness of guarantors and the realizable value of collaterals.

Loans and advances which are not considered significant as well as those which are considered significant but there are no impairment indications, are grouped in classes of assets with similar credit risk characteristics, such as consumer loans, mortgage loans, credit card loans etc. The Group examines provisions for loan losses on a collective basis for each group. During the evaluation of each category the factors which are taken into account are the amount of non-performing or doubtful loans, the aging of overdue loans, the collectability of the loans from the time of their classification as doubtful, the existing financial status, the market conditions and historical losses.

When a loan is assessed as doubtful, its carrying amount is reduced to its estimated recoverable amount, which is the present value of estimated future cash flows, including the amounts to be recovered from collaterals and guarantees held, discounted with the effective interest rate of the loan.

Subsequent changes in the recoverable amounts and in the periods in which they are expected to be collected are compared with previous calculations and when a difference arises it is recorded to the income statement. A reversal of provision for loan losses occurs only in the case where the credit standing of the customer has improved to an extent that it is assessed that the capital and interest will be collected according to the contractual terms of the loan agreement.

Loans and other advances are written off against the related provision, if they are considered uncollectible.

(2.14) Leases

The Group as the lessee

Operating Leases

The Group has entered into operating lease contracts where risks and rewards of ownership of the assets are retained by the lessor. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

Finance Leases

The Group may enter into finance lease contracts where risks and rewards of ownership of the leased assets have been transferred to the Group.

Finance leases are initially measured at the lower between the fair value of the lease and the present value of the minimum lease payments. Subsequently, the leased land and buildings are measured at fair value.

The leased assets are depreciated over the shorter period between the term of the lease and their useful life, unless it is almost certain that the Group will assume the property of the asset upon the termination of the contract. If according to the lease agreement the ownership of the asset is transferred upon the termination of the contract or if there is the option of purchase at a lower price, then the depreciable period is the asset's useful life.

Lease payments are divided into the amount referring to interest payment and capital repayment. The distinction is made in order to achieve a fixed repayment schedule. Interest payments are charged to the income statement.

The Group as the lessor

The Group operates as a lessor and the classification of the lease is based on the extent to which risks and rewards of ownership of the leased assets belong to the lessor or the lessee. A lease is classified as a finance lease if it transfers substantially all risks and rewards of ownership. A lease is classified as an operating lease in case it does not transfer all risks and rewards of ownership.

Finance Leases: In the Balance Sheet, the Group records all assets held which are under finance lease as assets whose value is equal to that of net lease investment.

Lease payments are carried as capital repayment and as financial income.

The recognition and allocation of financial income is based on a model that reflects a stable periodic return of the net investment over the outstanding portion of the finance lease.

Operating Leases: The leases of this category in which the Group participates pertain to investment property of the Group.

Lease payment income less cost of services is recognized in the income statement on a straight-line basis over the period of the lease. The costs, including depreciation, incurred for the acquisition of lease payments income, are charged to the expenses.

(2.15) Derivative financial instruments and hedging

Derivative financial instruments include forward foreign exchange contracts, interest rate swaps, foreign exchange swaps and other derivative financial instruments.

Derivatives for trading purposes: Derivatives that do not qualify as instruments held for hedging purposes are considered as entered into for trading purposes. Initially, derivatives are recognized in the statement of financial position at fair value (which is essentially the transaction cost) on the date on which the contract is entered into. Subsequently they are re-measured at fair value. Fair values are determined by quoted market prices, discounted cash flow models and options pricing models as appropriate. Derivatives instruments are recognized as assets when their fair value is positive and as liabilities when their fair value is negative.

A derivative may be embedded in other financial instruments. The resulting hybrid financial instrument includes both a derivative and a host contract and is known as embedded derivative. An embedded derivative is separated from the host contract and accounted for as a distinct derivative if all of the following conditions are met: a) the characteristics and financial risks of the embedded derivative are not closely related to the characteristics and financial risks of the host contract, b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative and c) the host contract is not measured at fair value with changes in fair value recognized in the income statement.

Changes in the fair value of derivatives are recognized in the income statement.

(2.16) Offsetting Assets - Liabilities

Financial assets and liabilities are offset and the net amount is reported in the financial statements when there is a legal right to set off the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

(2.17) Interest Income and Expenses

For all financial assets and liabilities, interest income and expense are recognized in the income statement using the effective interest rate method.

The effective interest rate method is a method of calculating the amortized cost of the financial asset or financial liability and of allocating the interest income or expense over the reported period. The effective interest rate is the rate that discounts the estimated future cash receipts or payments over the expected estimated life of the financial instrument.

When a financial asset or a group of similar financial assets excluding loans and advances to customers, has been written down as a result of an impairment loss, interest income is recognized using the interest rate applied in discounting the future cash flows for the purpose of determining the impairment loss.

(2.18) Fee and Commission Income

Fees and commissions are recognized in the income statement in the period that the relevant service has been provided. Commissions and fees arising from transactions on behalf of third parties, are recognized

in the income statement upon the completion of the underlying transaction. Portfolio management fees and other management advisory and service fees are recognized in the income statement according to the applicable service contracts, usually on a proportional basis.

(2.19) Provisions

The Group recognizes a provision for contingent liabilities and risks when:

- there is a present legal or constructive obligation as a result of past events,
- a reliable estimate of the amount of the obligation can be made and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

(2.20) Income Tax

Deferred income tax is calculated based on the temporary differences arising between the carrying amount of assets and liabilities included in the financial statements and the respective amounts as measured for tax purposes, according to tax legislation.

Deferred tax is determined using tax rates that are in effect at the balance sheet date or will be in effect at a later date provided that these are clearly stated by a law that has already been in force.

The Group recognizes deferred tax assets when it is probable that sufficient future taxable profits will be available against which the deferred tax asset can be offset.

Deferred tax is also recognized in cases where temporary differences arise from investments in subsidiaries and associates, except when the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not be reversed in the foreseeable future.

Income tax payable on profits for the period, based on the applicable tax law, is recognized as an expense in the income statement of the year. Tax losses to be carried forward for offsetting are recognized as an asset when it is probable that future taxable profits will be available and they will exceed the accumulated tax losses.

Deferred tax assets or liabilities related to the re-measurement of fair value of assets measured at fair value through comprehensive income (FVOCI), cash flow hedges, actuarial gains and losses as well as from changes in the fair value of property, plant and equipment, which are recognized directly in equity, is also recognized directly in equity.

(2.21) Employee Benefits

The companies of the Group participate in various post-employment benefit plans for their employees. These include both defined benefit and defined contribution plans.

Regarding defined contribution plans, the Group has no legal or constructive obligations to pay further contributions in cases where the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

A defined benefit plan is a pension plan in which the obligation of the Group is determined by the amount to be received by the employee upon retirement which depends on factors such as age, years of service and salary. The liability in respect of a defined benefit pension plan that is recognized in the statement of financial position, is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets after adjustments made for actuarial gains/losses and past service cost. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the liability is calculated by discounting the future cash flows using a discount rate based on the average yield of iBoxx AA Corporate Overall 10+ EUR indices for 2018.

The Group recognizes any actuarial gain or loss from adjustments made based on experience or a change in the actuarial assumptions, directly to equity through other comprehensive income. Other costs are recognized in profit or loss. In cases of compensations paid to personnel due to early retirement, the recorded liability is reduced by the total amount of the compensation. In the following period, during which an actuarial study is prepared for estimating the defined benefit obligations related to the staff employed, any resulting differences are smoothed out and settled.

(2.22) Recognition of a financial instrument

The Bank initially recognizes loans and advances, deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities are initially recognized on the trade date on which the Bank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus (for an item not classified as trading) transaction costs that are directly attributable to its acquisition or issuance.

(2.23) Derecognition of a financial instrument

The Bank stops to recognize a financial asset when the contractual rights to the cash flows arising from that financial asset have expired or when the financial asset and substantially all the risks and rewards associated with its ownership is transferred to another contracting party. If the Bank has not transferred or substantially retained all risks and rewards of ownership and continues to control the transferred financial asset, the Bank recognizes the retained right to the asset and the related liability for any amounts it may be required to pay. If the Bank retains substantially all the risks and rewards of ownership of the transferred financial asset, it continues to recognize the financial asset.

When an asset is fully derecognized, the difference between the carrying amount of the asset and the sum of the consideration received or receivable and the cumulative gain or loss recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

(2.24) Operating segments

Information disclosed on operating segments is information that management uses for internal reporting to assess the effectiveness of each segment, as well as the manner in which resources are allocated. Such information might differentiate from information used during the preparation of the statement of financial position and the income statement.

Furthermore, explanatory notes are required for disclosing the basis of preparation of segment reporting. Reconciliations to entries in financial statements should also be disclosed.

The operating segments assessed internally by the Group's Management are the following:

Retail banking

This segment includes all individuals and freelancers. Through its network of branches as well as through the relevant central services, the Group provides its clients with the whole range of traditional services as well as specialized investment services and products.

Corporate banking

This segment includes all the credit services offered to enterprises and corporations. The Group provides clients in this category with a wide range of products and services related to consulting, financial and investment nature of business as well as foreign exchange transactions.

Capital management / Treasury

This segment includes activities relevant to the Group's cash management and treasury function, management of Group's investment and trading portfolio as well as intermediary services on mutual fund units disposals, and portfolio management services for individuals.

Other income which includes income on real estate property management, interest on loans to employees, interest on subordinated debt in issue etc., has been allocated proportionally to the three aforementioned segments.

(2.25) Related party transactions

Related parties are entities, in which the Bank holds either directly or indirectly are 50% of their share capital or has significant influence in making financial and operating decisions. Also, related parties are considered to be the members of the Group's companies managing boards, their close relatives, companies owned or controlled by them and companies over which they have significant influence in making business decisions.

All transactions between the Bank and its related parties are carried out under the same conditions that similar transactions are carried out with non-related parties, at the same time.

(2.26) Earnings per share

Basic earnings per share (EPS) ratio is calculated by dividing the net profit or loss for the period attributable to the Bank's common shareholders by the weighted average number of common shares outstanding during the year.

The diluted earnings per share ratio is computed using the same method as for basic EPS, but with the net profit or loss being adjusted to reflect the potential dilution that could occur if convertible debt securities, options, warrants or other contracts to issue common shares were converted or exercised into common shares.

(2.27) Custody services

The Group offers custody services to individuals and companies for their assets. These assets are not owned by the Group. The assets as well as the gains or losses arising from their investment are not presented in the financial statements of the Group. Commissions which are collected from custody services are recognized in the income statement.

(2.28) Dividends

Dividend income is recognized when the right to receive the income is established.

(2.29) Financial guarantees

Financial guarantees are contracts that require the Group to make fixed payments to compensate the warrant for damage suffered when the debtor fails to meet his obligations. They are recognized at fair values where the original fair value is amortized over the warranty period. They are then recognized at the highest value between the present value of any payments and the unamortized balance.

(2.30) Share capital

(a) Share capital issue costs

The direct costs related to issuance of new shares or rights issue or the acquisition of another company are presented net of taxes and proceedings deducted from equity and more specifically from share premium or falling this to retained earnings.

(b) Ordinary and preferred shares dividends

Ordinary and preferred shares dividends are recognized as a liability in the fiscal year they are approved by the Group's shareholders and appears as a reduction of equity. Respectively, interim dividends appear in the same way, as a reduction of equity, after the approval of Board of Directors.

(c) Treasury shares

Shares of the Bank held by the Bank itself or by another company of the Group are recorded at acquisition cost plus transaction costs and are depicted as a deduction from the net equity of the Group until they are canceled. If the shares are sold or reissued, the consideration received will not be included in the income statement but will be recognized directly in the equity.

(2.31) Financial liabilities and equity instruments

Classification as liabilities or equity

Debt and equity instruments issued by the Bank are classified either as financial liabilities or as equity in accordance with the substance of the contractual terms and the definitions of the financial liability and the equity instrument.

Equity instruments

Equity instrument is any contract that demonstrates a right to the outstanding balance of an entity's assets after deducting all of its liabilities. The equity instruments issued by the Bank are recognized at the cost that is received after the deduction of the direct issue costs.

The repurchase of the Bank's own equity instruments is recognized and deducted directly from equity. No gain or loss is recognized in the results for the purchase, sale, issue or cancellation of the Bank's own equity instruments.

Structured financial instruments

The components of structured financial instruments (convertible securities) issued by the Bank are classified separately as financial liabilities and equity in accordance with the substance of the contractual terms and the definitions of the financial liability and the equity instrument. Any exercise of a conversion right settled by the exchange of a specified amount of cash or another financial asset with a specified number of own equity instruments of the Bank is an equity instrument.

Financial liabilities

Financial liabilities are classified either as financial liabilities "at fair value through profit or loss" (FVTPL) or as "other financial liabilities".

Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are measured at fair value through profit or loss (FVTPL) when the financial liability is (i) a contingent liability that may be paid by the buyer as part of a business combination to which IFRS 3

applies; (ii) classified as held for trading or (iii) designated at its initial recognition at fair value through profit or loss (FVTPL).

A financial liability is classified as held for trading if:

- it was acquired primarily for the purpose of its repurchase in the near future, or
- during initial recognition is part of a portfolio of personalized financial instruments that the Bank manages jointly and for which there are documented indications of a recent short-term profits plan; or
- is a derivative that is not defined and is not considered effective as a hedging instrument.

Financial liabilities that are measured at fair value through profit or loss FVTPL are presented at fair value, and any profit or loss arising from the measurement is recognized in profit or loss. The net profit or loss recognized in profit or loss includes any dividends or interest paid and related to the financial liability instrument and included in "Other profits and losses".

Other financial liabilities

Other financial liabilities (including loans and trade and other liabilities) after initial recognition are measured at amortized cost using the effective interest method.

Derecognition of financial liabilities

The Bank ceases to recognize financial liabilities when, and only when, the Bank's liabilities have been fulfilled, canceled or expired. The difference between the carrying amount of the financial liability and the consideration paid or payable is recognized in profit or loss.

(2.32) New Standards and Interpretations

The accounting policies for the year have taken into account the following new standards and amendments as well as IFRIC 22, issued by the International Accounting Standards Board (IASB). All these were adopted by the European Union and applied from 01.01.2018:

► Amendment of International Financial Reporting Standard 2 "Share-based Payment": Classification and measurement of Share-based Payment Transactions (Regulation 2018/289 / 26.02.2018)

On 20.06.2016, the International Accounting Standards Board issued an amendment to IFRS 2 with which the following were clarified:

- in estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions shall follow the same approach as for the equity-settled share-based payments,
- where the tax law requires an entity to withhold a specified amount of tax (that constitutes a tax obligation of the employee) that relates to share-based payments and shall be remitted to the tax authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the authority, such an arrangement shall be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- if the terms and conditions of cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification.

The above amendment had no impact on the Financial Statements of the Group.

► **Amendment to International Financial Reporting 4 "Insurance contracts":** Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (Regulation 2017/1988 / 03.11.2017)

On 12.09.2016 the International Accounting Standards Board issued an amendment to IFRS 4 with which:

- It provides insurers, whose activities are predominantly connected with insurance, with a temporary exemption from application of IFRS 9 until 01.01.2021 and
- following full adoption of IFRS 9 and until applying IFRS 17, it gives all entities with insurance contracts the option to present changes in fair value on qualifying designated financial assets in other comprehensive income instead of profit or loss.

The above amendment had no impact on the Financial Statements of the Group.

► **International Financial Reporting Standard 9: "Financial Instruments"** (Regulation 2016/2067/22.11.2016)

The IFRS 9 "Financial instruments" replaces the current IAS 39. The new standard provides significant differences in the classification and measurement of financial instruments as well as hedge accounting.

Classification and measurement

Financial instruments shall be classified, after initial recognition, at either amortized cost or at fair value. The criteria that should be considered for the initial classification of the financial assets are the following:

i. The entity's business model for managing the financial assets. Three categories of Business Models are defined:

- hold-to-collect contractual cash flows,
- hold to collect and sell,
- other

and

ii. The contractual cash flow characteristics of the financial assets.

A financial asset shall be measured at amortised cost if both of the following conditions are met:

- the instrument is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and,
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

If an instrument meets the above criteria but is held with the objective of both selling and collecting contractual cash flows it shall be classified as measured at fair value through other comprehensive income.

Financial assets that are not included in any of the above two categories are mandatorily measured at fair value through profit or loss.

In addition, IFRS 9 permits, at initial recognition, equity instruments to be classified at fair value through other comprehensive income. The option precludes equity instruments held for trading. With regards to the financial liabilities, the main difference is that the change in the fair value of a financial liability initially designated at fair value through profit or loss shall be recognised in profit or loss with the exception of the effect of change in the liability's credit risk which shall be recognised directly in other comprehensive income.

Impairment

Contrary to IAS 39, under which an entity recognizes only incurred credit losses, the new standard requires the recognition of expected credit losses. In particular, on initial recognition of an asset, 12-month expected credit losses are recognized. However, in case the credit risk of the issuers has increased significantly since initial recognition as well as in cases of purchased or originated credit impaired assets lifetime expected credit losses are recognized.

Hedging

The new requirements for hedging accounting are more aligned with the entity's risk management. The main changes in relation to the current requirements of IAS 39 are summarized below :

- more items become eligible for participating in a hedging relationship either as hedging instruments or as hedged items,
- the requirement for hedge effectiveness test to be within the range of 80%-125% is removed. Hedge effectiveness test is performed progressively only and under certain circumstances a qualitative assessment is considered adequate,
- in case that a hedging relationship ceases to be effective but the objective of risk management regarding the hedging relationship remains the same, the entity shall rebalance the hedging relationship in order to satisfy the hedge effectiveness criteria.

It is noted that the new requirements for hedge accounting do not include those that relate to macro hedging, since they have not been finalized yet.

It is noted that IFRS 9 allows a company to choose, as an accounting policy, to continue to apply the requirements of IAS 39 for hedging accounting.

Except for the aforementioned modifications, the issuance of IFRS 9 has resulted in the amendment to other standards and mainly to IFRS 7 where new disclosures were added.

The impact from the application of IFRS 9 to the Consolidated Financial Statements is presented in note 43.

► **International Financial Reporting Standard 15:** "Revenue from contracts with customers" (Regulation 2016/1905 / 22.09.2016) and Amendment to the International Financial Reporting Standard 15 "Revenue from Contracts with Customers": Clarifications to IFRS 15 Revenue from Contracts with Customers (Regulation 2017/1987 / 31.10.2017).

The new standard shall be applied to all contracts with customers, except those that are in scope of other standards, such as financial leases, insurance contracts and financial instruments.

According to the new standard, a company recognizes revenue to depict the transfer of the promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A new revenue recognition model is introduced by applying the following five steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The performance obligation notion is new and in effect represents a promise in a contract with a customer to transfer to the customer either: (a) a good or service (or a bundle of goods or services) that is distinct; or (b) a series of distinct goods or services that are substantially the same and have the same pattern of transfer to the customer.

The new IFRS 15 supersedes:

- IAS 11 "Construction contracts»
- IAS 18 "Revenue»
- IFRIC 13 "Customer Loyalty Programmes»
- IFRIC 15 "Agreements for the Construction of Real Estate»;
- IFRIC 18 "Transfers of Assets from Customers"; and
- SIC-31 "Revenue - Barter Transactions Involving Advertising Services»

Impact of the application of IFRS 15

The Group applies the new standard from 01.01.2018 without restating comparative information for 2017. It is noted that the main part of Group's income is the net interest income which has not been affected by the application of IFRS 15.

According Income Categories

- commission income from basic banking services and commissions for portfolio management or for bond disposal, revenue is recognized when the service is provided to the client. It is noted that most of the Group's commissions fall into this category and therefore no accounting handling has changed due to the application of the new standard.

► **Amendment to International Accounting Standard 40** "Investment property»: Transfers of Investment Property (Regulation 2018/400 / 14.03.2018)

On 08.12.2016 the International Accounting Standards Board issued an amendment to IAS 40 with which it clarified that an entity shall transfer a property to, or from , investment property when, and only when, there is a change in use. Changes in use occur when the asset has the criteria or ceases to have criteria that define what is an investment property. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intention for the use of a property does not provide evidence of the change in use. In addition, the examples of evidence of a change in use were expanded to include assets under construction and not only transfers of completed properties.

The adoption of the above amendment had no impact on the Group's Financial Statements.

► **Improvements to International Accounting Standards** - cycle 2014-2016 (Regulation 2018/182 / 07.02.2018)

As part of the annual improvements project, the International Accounting Standards Board issued, on 08.12.2016, non-urgent but necessary amendments to IFRS 1 and IAS. 28.

The adoption of the above amendments had no impact on the Group's financial statements.

► **IFRIC Interpretation 22** "Foreign Currency Transactions and Advance Consideration" (Regulation 2018/519 / 28.03.2018)

On 08.12.2016, the International Accounting Standards Board issued IFRIC 22. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation clarified that the date of the transaction, for the purpose of determination of exchange rate to use on initial recognition of the asset rate to be used when recognizing the asset, income or expense should be the date of initial recognition of the non-monetary asset or liability (i.e. advance consideration). Additionally, if there are multiple payments, or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

The adoption of the above amendments had no impact on the Group's financial statements.

Except for the standards mentioned above, the European Union has adopted the following new standard and amendments to standards as well as IFRIC 23, which are effective for annual periods beginning after 01.01.2018 and have not been early adopted by the Group.

► **Amendment to International Financial Reporting Standard 9** "Financial Instruments": Prepayment Features with Negative Compensation (Regulation 2018/498 / 22.03.2018).

Effective for annual periods beginning on or after 01.01.2019.

On 12.10.2017 the International Accounting Standards Board issued an amendment to IFRS 9 that permits some payable financial assets with negative compensation features, that would otherwise been measured at fair value through profit or loss, to be measured at amortized cost or at fair value through other comprehensive income. The amendment to IFRS 9 clarifies that a financial asset passes the SPPI criterion regardless of the event or circumstance that cause the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

The Group is examining the impact from the adoption of the above amendment on its financial statements.

► **International Financial Reporting Standard 16**: 'Leases' (Regulation 2017/1986 / 31.10.2017).

Effective for annual periods beginning on or after 01.01.2019.

On 13.01.2016 the International Accounting Standards Board issued IFRS 16 "Leases" which supersedes:

- 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 significantly differentiates the accounting of leases for lessees while essentially maintaining the existing requirements of IAS 17 for the lessors. In particular, under the new requirements, the classification of leases as either operating or finance is eliminated. A lessee is required to recognize, for all leases with term of more than 12 months, the right-of-use asset as well as the corresponding obligation to pay the lease payments. The above treatment is not required when the asset is of low value.

Estimated impact from the application of IFRS 16

The Group will apply the Standard retrospectively using the modified retrospective approach, where the assets with right to use are equal to the lease obligations and will not reformulate the comparative information.

The Group has decided to apply the practical expedient and not to reassess on initial application whether a contract is or contains, a lease and will apply the standard to contracts that were identified as leases in accordance with IAS 17.

Additionally, the Group will make use of the following practical expedients on the transition:

- apply a single discount rate to all leases
- exclude initial direct costs from the measurement of the right-of-use asset
- use hindsight to determine the lease term if the contract contains options to extend or terminate the lease.

In addition, the Group has elected not to apply the requirements of the standard to leases for which the lease term is less than 12 months (short term), as well to leases for which the underlying asset is of low value when new (less than 5,000 euro).

In order to discount the liabilities of existing operating leases, the Bank and the Group will use the relevant incremental borrowing rate. The Bank and the Group estimate that on 01.01.2019 they will recognize assets with a right to use approximately € 18.3 and € 18.2 million respectively, and lease obligations amounting to approximately € 18.3 and € 18.2 million respectively. The impact on equity will be zero and the capital adequacy ratio is estimated to be about 0.1 percentage point.

► **Amendments to International Accounting Standard 19** "Employee Benefits" – Plan Amendment, Curtailment or Settlement (Regulation 2019/402 / 13.03.2019)

Effective for annual periods beginning on or after 01.01.2019

On 07.02.2018 the International Accounting Standards Board issued an amendment of IAS 19 through which it specified how companies determine pension expenses when changes to a defined benefit pension plan occur. In case that an amendment, curtailment or settlement take place IAS 19 requires a company to remeasure its net defined benefit liability or asset. The amendments to IAS 19 require specifically a company to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In addition, the amendment to IAS 19 clarifies the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The impact of the adoption of the above change in the consolidated financial statements is not expected to be significant.

► **Amendment to International Accounting Standard 28** "Investments in Associates": Long-term Interests in Associates and Joint Ventures "(Regulation 2019/237 / 08.02.2019)

Effective for annual periods beginning on or after 01.01.2019

On 12.10.2017 the International Accounting Standards Board issued an amendment to IAS 28 to clarify that long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture- to which the equity method is not apply - should be accounted using IFRS 9, including its impairment requirements.

In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28.

The impact of the adoption of the above change in the consolidated financial statements is not expected to be significant.

► **Improvements to International Accounting Standards** – cycle 2015-2017 (Regulation 2019/412/14.003.2019)

Effective for annual periods beginning on or after 01.01.2019

As part of the program of annual improvements to International Accounting Standards, the Council adopted on 12.12.2017 non-urgent but necessary amendments to individual standards.

The impact of the adoption of these amendments in the consolidated financial statements is being examined, but it is noted that the impact is not expected to be significant.

► **IFRIC 23** "Uncertainty relating to Income Tax Accounting Handling" (Regulation 2018/1595/23.10.2018)

Effective for annual periods beginning on or after 01.01.2019.

On 7.6.2017 the International Accounting Standards Board issued IFRIC 23. This Interpretation clarifies the application of requirements of recognition of IAS 12 when there is uncertainty about the accounting treatment of income tax. In particular, the Interpretation clarifies the following:

- An entity will determine whether it will examine the uncertainties separately or in combination with other uncertainties depending on which approach best addresses the solution to uncertainty.

- Estimates made in tax audits of accounting controls should be based on the fact that the tax authorities will examine the amounts they have the right to examine and that they will have full knowledge of the relevant information when conducting the audit.
- In determining the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, an entity should take into account the probability that the tax authorities will accept the uncertainty in the treatment of the tax.
- The entity's estimates should be reassessed when changes occur in events and conditions and when new information becomes available.

In addition to the above, the IASB has adopted the following standards and amendments to standards that have not yet been adopted by the European Union and have not been implemented prematurely by the Group.

► **Amendment to the International Financial Reporting Standard 3 "Business combinations":**

Effective for annual periods beginning on or after 01.01.2020

On 22.10.2018 the International Accounting Standards Board issued an amendment to IFRS 3 aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify the minimum requirements to be a business, remove the assessment of the market participant's ability to replace missing elements, narrow the definition of outputs, add guidance to assess whether an acquired process is substantive, introduce an optional fair value concentration test and add illustrative examples.

► **Amendment to the International Financial Reporting Standard 10 "Consolidated Financial Statements" and to International Accounting Standard 28 "Investments in affiliates and joint ventures":** Sale or contribution of assets between an investor and its associate or joint venture.

Effective date: To be determined

On 11.09.2014, the International Accounting Standards Board issued amendment to IFRS 10 and IAS 28 in order to clarify the accounting treatment of a transaction of sale or contribution of assets between an investor and its associate or joint venture. In particular, IFRS 10 was amended in order to be clarified that in case that as a result of a transaction with an associate or joint venture, a parent loses control of a subsidiary, which does not contain a business, as defined in IFRS 3, it shall recognize to profit or loss only the part of the gain or loss which is related to the unrelated investor's interests in that associate or joint venture. The remaining part of the gain from the transaction shall be eliminated against the carrying amount of the investment in that associate or joint venture. In addition, in case the investor retains an investment in the former subsidiary and the former subsidiary is now an associate or joint venture, it recognises the part of the gain or loss resulting from the remeasurement at fair value of the investment retained in that former subsidiary in its profit or loss only to the extent of the unrelated investor's interests in the new associate or joint venture. The remaining part of the gain is eliminated against the carrying amount of the investment retained in the former subsidiary.

In IAS 28, it was clarified that the partial recognition of the gains or losses shall be applied only when the involved assets do not constitute a business. Otherwise, the total of the gain or loss shall be recognised.

On 17.12.2015, the International Accounting Standards Board differed the effective date for the application of the amendment that had initially determined. The new effective date will be determined by the International Accounting Standards Board at a future date after taking into account the results of its project relating to the equity method.

► **International Financial Reporting Standard 17 "Insurance contracts".**

Effective for annual periods beginning on or after 01.01.2021

On 18.05.2017 the International Accounting Standards Board issued IFRS 17 which replaces IFRS 4 "Insurance Contracts". In contrast to IFRS 4, the new standard introduces a consistent methodology for the measurement of insurance contracts. The key principles in IFRS 17 are the following:

An entity:

- identifies as insurance contracts those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event adversely affects the policyholder,
- separates specified embedded derivatives, distinct investment components and distinct performance obligations from insurance contracts,
- divides the contracts into groups that it will recognize and measure;

- recognises and measures groups of insurance contracts at:
 - i. a risk-adjusted present value of future cash flows (the fulfillment cash flow) that incorporates all of the available information about the fulfillment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset)
 - ii. an amount representing the unearned profit in the group of contracts (the contractual service margin),
- recognises the profit from a group of insurance contracts over the period the entity provides insurance cover and as the entity is released from risk. If a group of contracts is or becomes loss-making, an entity immediately recognises the loss immediately,
- presents separately insurance revenue, insurance service expenses and insurance finance income or expenses; and
- discloses information that enable users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity.

It is also noted that in November 2018 the International Accounting Standards Board proposed to defer the IFRS 17 effective date to 01.01.2022.

► **Amendment to the International Accounting Standard 1 "Presentation of Financial Statements" and International Accounting Standard 8 "Accounting Policies, Changes in Accounting Estimates and Errors"**: Definition of material Effective for annual periods beginning on or after 01.01.2020.

On 31.10.2018 the International Accounting Standards Board issued, as part of the Disclosure Initiative, amendments to IAS 1 and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition.

The new definition states 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 amendments include examples of circumstances that may result in material information being obscured. The IASB has also amended the definition of material in the Conceptual Framework to align it with the revised definition of material in IAS 1 and IAS 8.

(2.33) Significant accounting judgments, estimates and assumptions

Use of available information and application of subjective judgment are inherent in producing estimates. Actual results in the future could differ from such estimates, while differences may be material to the Financial Statements.

The primary judgments made by the Group management and having the most significant effect on amounts recognized in the financial statements mainly pertain to:

• Classification of investments

The classification of financial assets in the different categories of IFRS 9 depends on two important factors: a) the Group's business model for these assets; and b) the characteristics of the contractual cash flows of financial assets ('SPPI test').

The adopted business models determine the source of revenue as it arises from individual portfolios either through the collection of contractual cash flows or from the sale of financial assets or the combination of the above. The assessment of the business model reflects the Bank's strategy under normal circumstances and therefore a judgment is required as to whether the classification of financial assets corresponds to the Group's business model.

In relation to SPPI, the Group uses the "Solely payments of principal and interest" assessment as a criterion to determine whether the assets will be measured at amortized cost or at fair value through other comprehensive income or at fair value through profit or loss. The criterion focuses on whether only capital and interest payments are made from each class of financial assets by examining the characteristics and terms of each class in order to determine whether the asset in question generates cash flows similar to those of a "typical loan agreement" when it is held until its maturity.

A "typical loan contract" arises either from the creation or takeover of debt, on terms and characteristics that compensate for the provision of money. A "typical loan agreement" generates cash flows that are solely principal and interest repayments (SPPIs). Further analysis can be found in Note 2.34.

- **Impairment losses of financial assets**

The Group, when performing impairment tests on loans and advances to customers, makes estimates regarding the amount and timing of future cash flows. Given that these estimates are affected by a number of factors such as the financial position of the borrower, the net realizable value of any collateral or the historical loss ratios per portfolio, actual results may differ from those estimated. Similar estimates are used in the assessment of impairment losses of securities classified as available for sale or held to maturity (further analysis is provided in note 2.13).

- **Impairment losses on non-financial assets**

The Group, at each reporting date, assesses for impairment non – financial assets, and in particular property, plant and equipment, investment property, goodwill and other intangible assets, as well as its investments in associates and joint ventures. Internal estimates are used to a significant degree to determine the recoverable amount of the assets, i.e. the higher between the fair value less costs to sell and the value in use.

- **Recoverability of deferred tax assets**

The Group recognizes deferred tax assets to the extent that it is probable that it will have sufficient future taxable profits available, against which, temporary differences and tax losses carried forward can be offset. The main categories of deferred tax assets which have been recognized by the Group relate to the following:

1. Temporary differences arising from loans' impairment as well as from the final write-off / transfer of loans.
2. Losses resulting on the Greek government bonds exchange program (PSI).
3. From the change of reserves of assets measurable in Fair Value through Other Comprehensive Income (FVOCI)
4. Tax losses carried forward and other temporary differences.

The recoverability of these tax assets was assessed on the basis of a specific tax plan regarding future taxable profits, as estimated on the basis of the size of the Bank's business plan and the evolution of the macroeconomic factors of the Greek economy, as well as the relevant provisions of Law 4465 / 04.04.2017. Temporary differences arising from the impairment of loans are not subject to any time-limit for their recovery, as is the case with the other categories of deferred tax assets created by temporary differences.

Deferred tax assets associated with tax losses incurred by the Greek government bonds exchange program and recognized as a debit difference, provisions of Law 4046/14.02.2012 and Law 4110/23.01.2013 apply. According to Law 4110/23.01.2013, the debit difference is deductible for tax purposes, gradually and in equal installments, within 30 years, a fact which, according to the Group's estimation, provides a sufficient time period for its utilization against future taxable profits.

Deferred tax assets on tax losses carried forward arise from the Bank and they relate to the years 2015-2017. Tax losses arising from the Group's operating results can be offset against taxable profits within five years from their formation. The amount of this loss, based on the Groups tax plan, is recoverable in the next five years.

At the end of each period, the Group estimates and reassesses the recoverability of deferred tax assets taking into account the economic environment and the evolution of its results. The main uncertainties associated with the future taxable profits and the confirmation of the Bank's estimates relate to the achievement of the Bank's business objectives and implementation, which is influenced by the domestic and international economic environment.

- **Income Taxes**

The Group recognizes current and deferred income tax assets and liabilities on the basis of estimates of the amounts to be collected from or payable to the tax authorities in the current and future financial years. Estimates are based on factors such as the application of relevant legislation, the expectations about future taxable profits and, finally, the resolution of any differences with the tax authorities. When actual results related to these estimates differ from amounts initially recognized in the financial statements, the differences affect the income tax and the provisions for deferred taxation of the period in which the aforementioned amounts are finalized.

- **Provisions and contingent liabilities**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. On the contrary, in cases where the outflow is possible or it cannot

be reliably estimated, the Group does not recognize a provision but discloses the contingent liability taking into account its significance. The estimated probability and amount of the outflow is dependent on factors not controllable by the Group such as court decisions, application of legislative provisions and the probability of default of a counterparty for exposures in off-balance sheet items. Estimations, assumptions and criteria applied by the Group for making decisions and which affect the preparation of the financial statements, are based on historical facts and on assumptions that are deemed logical under present conditions. Estimates and decision making criteria are re-assessed in order to account for current developments and effects arising from changes in them are recognized in the financial statements of the period in which they take place.

- **Going concern basis**

At each reporting date, the Group assesses whether the going concern assumption is appropriate. Reference to the management's assessment and assumptions used as regards to the applied basis for the presentation of the financial statements is made in note 2.2.

- **Fair value of assets and liabilities**

The fair value of assets and liabilities, traded in an active market, is determined based on available quoted market prices. In all other cases, the fair value is determined based on valuation techniques which, to the maximum possible extent make use of observable market inputs. If observable inputs are not available, use is made of inputs which are based on estimations and assumptions, i.e. determination of expected cash flows, discount rates, probability of counterparty default and prepayments. Reference to estimates and assumptions made by management regarding the fair value of financial instruments is made in note 42.7.

(2.34) Accounting principles applicable from 01.01.2018

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 "Financial Instruments", effective on January 1, 2018. This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement".

The new standard (International Financial Reporting Standard - IFRS 9) introduces new accounting rules to the components of the classification and measurement of financial assets and financial liabilities and the impairment of financial assets.

Recognition and classification of financial assets

The Bank recognizes a financial asset or liability in its financial statements at the time of the creation of the contractual obligation or liability arising from the item (that is, the day the transaction took place). In recognition, the Bank identifies the business model to which it belongs.

Financial assets are measured in three categories:

Assets measured at amortized cost (AC):

Financial assets are measured at amortized cost if they meet the two following conditions:

- The item is retained within an operating model whose objective is to hold assets for the purpose of collecting their conventional cash flows (HTC).
- The terms of the item's contract produce cash flows on predefined dates that consist exclusively of capital and interest payments on the residual capital.

Financial assets that do not meet the second criterion are measured at fair value through Income Statement (FVTPL).

As noted above, the amortized cost measurement is made on the recognition date and consists of the transaction value plus any management costs.

Exceptions to this calculation include:

- Assets that are already impaired upon acquisition or issue (POCI), in which the effective interest rate is calculated on the amortized cost of the asset from the date of recognition.
- Assets that were not impaired upon acquisition but have been impaired during their lifetime. In this case, the Bank estimates the effective interest rate on its amortized cost from the moment of its impairment and onward.

In the event of a change in the conventional cash flows, the Bank re-calculates the gross balance of the item and recognizes a gain or loss on adjustment accordingly. This is not the case if the amendment results in the item being withdrawn.

The table below shows the reclassification of Asset from "AC" to the other 2 categories at FVOCI or FVTPL under IFRS 9:

AC (Amortized cost)	FVOCI (Fair Value through Other Comprehensive Income)	FVTPL (Fair value through profit and loss)
	Fair value is measured at the date of reclassification. Any discrepancy between amortized cost and fair value is recognized in Other comprehensive income. The interest rate is not adjusted in the context of the reclassification.	Fair value is measured at the date of reclassification. Any discrepancy between amortized cost and fair value is recognized in the income statement.

Assets Measurable at Fair Value through the Statement of other Comprehensive Income (FVOCI), reclassified at fair value through the Income Statement during their declassification:

Financial assets are measured at Fair Value through Other Comprehensive Income when the following conditions are met and the Fair Value through Income Statement is not chosen during the recognition:

- The item falls under the business model whose objective is either the collection of cash flows or their sale.
- The terms of the asset contract produce cash flows on predefined dates that are only repayments on the principal and interest on the remaining capital.

The following table reflects the reclassification of Asset by "FVOCI" to the other 2 AC & FVTPL categories in accordance with IFRS 9:

FVOCI (Fair Value through Other Comprehensive Income)	AC (Amortized cost)	FVTPL (Fair value through profit and loss)
	Fair value at the date of reclassification becomes the new gross balance at amortized cost. Cumulative gains or losses are deducted from other income and are adjusted to fair value at the recognition date. The interest rate is not adjusted.	The fair value at the revaluation date becomes the balance. Cumulative gains or losses in Other comprehensive income are reclassified to profit or loss on the date of the reclassification.

Assets Measurable at Fair value through profit and loss (FVTPL):

Financial assets that are not measured at amortized cost and at Fair Value through Other Comprehensive Income (FVOCI) may be measured at Fair Value through Profit or Loss (FVTPL). Such assets are measured at fair value without impairment due to a sale or disposal event.

Assets that are classified at Fair value through profit or loss include financial derivatives, equity securities (other than those under the "Held for collection" model), mutual funds and other assets under "Held for trading" business models.

All financial assets that are not endorsed by the SPPI are recognized at fair value through profit or loss (FVTPL).

However, the Bank may, at its initial recognition, irrevocably classify any financial asset at Fair Value through the Income Statement. The logic of this ability meets the need to limit or eliminate accounting deviations that may result either from measuring items or liabilities on different bases or because of profit or loss recognition on different bases.

The following table reflects the reclassification of Asset by "FVTPL" to the other 2 AC & FVOCI categories under IFRS 9:

FVTPL (Fair value through profit and loss)	AC (Amortized cost)	FVOCI (Fair Value through Other Comprehensive Income)
	The fair value at reclassification is converted into a new gross balance.	The fair value at reclassification is converted into the new balance. The interest rate is determined on the basis of the fair value at the date of the reclassification.

Their ranking depends primarily on the following two important factors:

- The business model of the Bank for these assets.
- The characteristics of the conventional cash flows of the asset.

Measurement of financial assets

The Bank measures its assets at fair value on initial recognition. Assets classified at fair value through profit or loss are valued at their transaction price. Assets classified at amortized cost, any transaction costs or creation costs are included in their transaction price at their measurement. If the Bank considers that the fair value on initial recognition differs from the transaction price, the difference is recognized as a gain or loss on initial recognition but only if the fair value is based on a requested active market price for identical assets or is based on a valuation technique that uses data solely from identified markets. In all other cases the fair value is adjusted to the amount of the transaction price.

Business Model Assessment

The business model refers to the way in which the Bank manages its financial assets by classifying them in portfolios that fall within its respective business models. In this context, the Bank maintains the following business models:

- "Hold to collect" (HTC)
- "Hold to collect and sale" (HTCS)
- "Non-holding assets» (Non-Holding) or Hold to sale

– Hold to collect

The portfolio of assets «Hold to Collect», is attributed to loan products for which the Bank collects their conventional cash flows. Under this business model, the objective is to maintain the loan until its expiration, without actively seeking the opportunity to sell.

– Hold to collect and sale

This business model is applied by the Bank to loan portfolios where it receives revenue from both cash flows and sales. These loans are measured at Fair Value through the Statement of Comprehensive Income (FVOCI), provided that the SPPI criterion is met. Otherwise, the asset is measured at fair value through Profit or Loss.

– Non-Holding Assets or Hold for Sale

This business model is applied by the Bank to loan portfolios where it receives revenue from both cash flows and short term loan transactions. Loans assessed through the Non-Holding business model are measured at Fair Value through Profit and Loss (FVTPL).

Adopted business models determine the source of revenue as it arises from the individual portfolios either through the collection of the conventional cash flows or the sale of the financial assets or a combination of the above.

The assessment of the business model reflects the Bank's strategy during normal times. The assessment is not affected by actions required in "emergency" situations (e.g. liquidity needs, non-inherent capital requirements for credit risk, etc.). Also, management decisions taken in compliance with new regulatory guidelines are not included in the assessment.

In general, the Bank has included the majority of its loan portfolios in the Hold-to-Collect business model with the following exceptions:

- Loans whose cash flows are expected to be maximized through their sale.
- Loans to which the Bank chooses to measure at fair value (Fair value option).

The evaluation of a business model is made within the definition of operational objectives, as defined by the Bank's Management, as well as in the context of the operational management of its assets. The valuation is at portfolio level rather than individual assets level.

Assessment SPPI (the assessment of conventional cash flows Solely Payments of Principal and Interest)

An assessment of whether contractual cash flows are purely payments of capital and interest on outstanding capital takes into account the existence of features such as contractual terms, extension rights, prepayments, conversion to share capital, leveraging conditions and other terms, which may limit the Bank's cash flow requirements from specific assets or modify the time value of money.

In 2017, the Bank conducted an evaluation of the business model in portfolios and carried out a detailed assessment of the contractual terms in the debt securities portfolio. For the most part, the Group's debt portfolio complies with the "SPPI" criterion. Consequently, based on the work done by the Bank:

- loans and receivables from financial institutions and customers that, according to IAS 39, are measured at measured cost will continue to be measured at amortized cost in accordance with IFRS 9,
- hold-to-maturity investment securities that were measured at amortized cost in accordance with IAS 39 were classified as amortized at measured cost in accordance with IFRS 9,
- bonds classified as available-for-sale in accordance with IAS 39 were classified according to their business model of management at their fair value through other comprehensive income directly to equity,
- debt securities portfolio that are measured at amortized cost in accordance with IAS 39 were classified either as measured at amortized cost or at fair value through other comprehensive income directly in equity, depending on their business model of management,
- bonds that are measured through IAS 39 at fair value continue to be measured at fair value through profit or loss in accordance with IFRS 9,
- bonds for trading and derivative financial assets that, according to IAS 39, the Bank measured them at fair value through profit or loss, continue to be measured at fair value through profit or loss in accordance with IFRS 9; and
- shares that are classified as available-for-sale in accordance with IAS 39 will be measured at fair value through other comprehensive income in accordance with IFRS 9.

Impairment of financial assets

In applying IFRS 9 and in calculating the Expected Credit Loss (ECL) of its financial assets, the Bank classifies its loans and securities into three (3) credit risk stages. Classification takes into account the credit risk levels both on the initial recognition date of the exposure and the reference period by making the Significant Increase in Credit Risk (SICR) as the main criterion during the period considered. The goal of the Stage Classification is to separate the Bank's exposure as per the credit risk that each carries and to determine the time horizon in which the expected credit losses are calculated.

The stages in which the loans are classified are as follows:

Stage 1: The Bank classifies in Stage 1 any loan in which there is no significant increase in its credit risk at the reporting date in relation to its recognition date. In particular, Stage 1 is classified as a loan that:

1. they are performing and debt is properly serviced (Performing Exposures – PE),
2. are up to 30 days past due (≤ 30 , PE – Performing Exposures) and are not Forborne,
3. Are exposures that have successfully completed the second probation period (24 months-curing status).

Stage 2: The Bank classifies in Stage 2 any loan that no significant Increase in Credit Risk (SICR) has been observed at the reference date compared to its date of identification. Specifically, in Stage 2, are classified loans that:

1. are in delay of 31 to 90 days past due, or

2. have suffered a significant increase in credit risk (SICR) from the date of their creation, namely, exposures that have a change in the rating grade and / or whose credit rating has been reduced from the date of their creation by at least 2 grades (notches) and above, according to the current credit rating system that uses the bank (ICAP) (see Annex 2), or
3. are FP (Forborne Performing) exposures, which have been forborne (Forbearance measures) and FNP (Forborne Non Performing) exposures characterized as curing, in particular, have met the conditions of the first probation period (12 months) and are going through the second probation period (24 months).

Stage 3: The Bank classifies in Stage 3 any loan that is:

1. in more than 90 days past due(> 90, NPL - Non Performing Loans), or
2. is a NPF – Non Performing Forborne, or
3. is classified as UTP (Unlikely to Pay) or
4. is in the process of a litigation claim (denounced loans), or
5. belongs to a borrower's portfolio who also had fortified

The above mentioned criteria are not restrictive and are subject to revision in accordance with the instructions of the Regulatory Authorities.

Significant Increase in Credit Risk - SICR

In order to classify loans at different stages, the Bank applies as a criterion the increase in credit risk as determined by the probability of default. For this purpose, it monitors the change in the probability of default of the loan, as evidenced by the change in the borrower's creditworthiness, the reference date compared to the date of initial recognition. If this difference exceeds the Bank's limit (ie, exposures that have a change in the risk grades and / or whose credit rating has been reduced from the date of their creation by at least 2 grades (notches) and above, in accordance with current credit assessment system used by the Bank, the loan is considered to have a significant increase in credit risk (SICR).

Particularly with respect to the business portfolio, the Bank uses ICAP's rating to assess the credit risk increase. This rating system is a ten-tier scale and ranks businesses in credit ratings with relative default probabilities (Probability of Default).

Default

A financial exposure is considered to be in default when it meets the following criteria:

- is in more than 90 days past due and satisfies the materiality criteria or/and
- meets the criteria of uncertain recovery (UTP - unlikely to pay), without a right of recourse.

Impairment

Basic parameters for determining the expected credit losses

The Group calculates impairments on collective assessment and on individual assessment to selected borrowers whose loans are ranked in Stage 3 (taking into account the total size of the exposure).

The Group calculates the expected cash flows using three scenarios (basic, adverse and good) taking into account the relative probability of each of the scenarios. Each scenario is adjusted to the possible evolution of macroeconomic variables that affect the amount of expected credit risk loss for credit exposures.

The calculation of expected credit losses is based on the default probability curves (Probability of default - PD), loss as a percentage of the exposure (Loss Given default – LGD), Exposure at default - EAD and other parameters such as Credit Conversion Factor – CCF and Prepayment Rate.

The Group has obtained from an external provider a system of calculating expected credit losses. The basic parameters have been drawn from statistical models developed in cooperation with the external provider, utilizing the existing risk management infrastructure and practices of the Group and the know-how and experience of the provider.

Probability of Default-PD:

Probability of Default (PD) represents the probability that a debtor will default on his debt obligations either over the next twelve months or over the remaining maturity of his debt and is applied correspondingly to the stage the debtor is classified. In order to eliminate any subjectivity as to historical data, the Group makes use of Point-in-Time (PiT) PDs which is adjusted to macroeconomic assumptions through the expected credit loss calculation tool. It is the probability of an exposure to enter NPE status under the Bank's definition.

NPE (Non-Performing Exposure) is defined as an exposure consisting of the following individual components:

- **Defaulted Exposures:** According to the Bank a financial exposure is considered to be in default status when it meets the following criteria:
 - is in more than 90 days past due and meets the materiality criteria or/and
 - the financing contract has been terminated, and / or
 - meets the criteria of uncertain recovery (UTP - unlikely to pay), without a right of recourse.
- **Impaired Exposures,** are defined the Credits:
 - For which an impairment amount has been calculated in the process of the individual assessment, or
 - For which monitoring has been transferred to Delays Department and also impairment amount has been calculated in the process of collective assessment.

Exposure At Default-EAD

Exposure at default (EAD) is defined as the financial exposure that includes the net book value (net of impairment), accrued interest, and all other elements constituting the financial exposure as a concept. EAD of a financial asset represents gross carrying amount in case of credit default.

EAD is defined as:

$$\text{EAD} = \text{Exposure on Balance Sheet} + (\text{Exposure off Balance sheet} \times \text{CCF})$$

Credit Conversion Factor (CCF) is the rate at which a credit limit is converted into a financial exposure.

Credit Conversion Factor (CCF) is used to convert off-balance sheet exposures into EAD amounts. Prepayment Rate is an estimate of early repayments of a financial exposure that exceeds contractual repayments on the basis of the repayment schedule, and is expressed as a percentage on the EAD in each reference period resulting in a reduction of the EAD.

Off balance sheet items

In off balance sheet items the impairment is calculated on an individual / collective basis and the exposure at default (EAD) of the specific exposures shall be calculated on the basis of the conversion factor CCF.

The Bank uses specific conversion factors that are defined as follows:

- Participation LG: 0
- Good payment LG: 0.5
- 10% Retention LG: 0.5
- Good execution LG: 1
- Duties & taxes LG: 1
- Advance payment LG: 1

Loss Given Default-LGD:

Loss given default (LGD) represents the size of the loss that the Group expects for exposures that are in default and is defined as the difference between the conventional cash flows and those that the Group expects to receive, including cash flows from the liquidation of collateral.

LGD, which is usually expressed as a percentage of EAD, varies according to the category of the counterparty, the category and priority of the claim, the existence of collateral and other credit support.

$$\text{LGD} = \text{Loss Rate in Case of default} = \left(1 - \frac{(1 - \text{Haircut})\% * \text{Value of collateral}}{\text{EAD}} \right) \%$$

Haircut = an impairment ratio of the value of the collateral that it incorporates:

- the cost of liquidation of the collateral
- the effect of the compulsory liquidation of collateral
- the present value of collateral and cash flows

Hedge Accounting

IFRS 9 introduces a new general hedge accounting model, which links hedge accounting to risk management activities by the Management. According to the new model, additional hedging strategies may meet the hedge accounting criteria, new requirements apply to the effectiveness of hedging, while terminating hedge accounting will be permissible only under certain conditions. The International Accounting Standards Board with regard to the macro-hedging accounting is carrying out a separate work that is in progress. Until such work is completed as an accounting policy, entities may continue to apply the requirements of IAS 39 for hedge accounting.

The Group does not apply hedge accounting.

Macroeconomic Variables

The basic macroeconomic variables that affect the size of expected credit loss is GDP and unemployment rate.

The average per year for the period 2019-2023 of macroeconomic variables, affect both the probability of default and the estimation of the expected loss in case of default, and are the following:

2019 - 2023	Adverse Scenario	Basic Scenario	Good Scenario
Change of GDP	3.8%	5.9%	8.3%
Unemployment Rate	22.0%	16.5%	15.1%

3. Operating Segments

Group

(Amounts in thousand €)	Retail Banking	Corporate Banking	Treasury	Total
From 1 January to 31 December 2018				
Net income				
- interest	(7,607)	57,781	19,115	69,290
- commission	1,614	9,017	(3,674)	6,956
- trading results and other income	8,662	23,822	19,258	51,742
- intersegment results	7,417	(8,161)	743	(0)
Net Total Income	10,086	82,459	35,442	127,987
Income from investments in associates	(609)	(1,503)	(1,217)	(3,329)
Profit / (losses) before income tax	2,425	1,258	1,065	4,748
Income tax				(7,105)
Profit/(Loss) for the period				(2,357)
<u>Other segment items</u>				
Allowance for impairment losses	10,293	(38,068)	248	(27,527)
Depreciation	(1,421)	(3,522)	(2,838)	(7,780)
Total Assets 31.12.2018	444,251	1,096,467	1,809,787	3,350,505
Total Liabilities 31.12.2018	(1,727,730)	(1,032,168)	(99,711)	(2,859,609)

Group

(Amounts in thousand €)	Retail Banking	Corporate Banking	Treasury	Total
From 1 January to 31 December 2017				
Net income				
- interest	(2,452)	100,814	(11,369)	86,992
- commission	2,150	11,520	(3,044)	10,626
- trading results and other income	12,128	41,596	15,287	69,011
- intersegment results	4,438	(14,991)	10,553	0
Net Total Income	16,264	138,938	11,428	166,629
Income from investments in associates	(171)	(582)	(200)	(953)
Profit / (losses) before income tax	(20,091)	28,784	(7,558)	1,134
Income tax				(704)
Profit/(Loss) for the period				430
<u>Other segment items</u>				
Allowance for impairment losses	(19,474)	(54,026)	0	(73,500)
Depreciation	(1,160)	(3,996)	(1,355)	(6,511)
Total Assets 31.12.2017	529,763	1,802,242	1,205,443	3,537,449
Total Liabilities 31.12.2017	(1,749,104)	(1,155,518)	(122)	(2,904,744)

Bank

(Amounts in thousand €)	Retail Banking	Corporate Banking	Treasury	Total
From 1 January to 31 December 2018				
Net income				
- interest	(7,617)	57,761	19,115	69,259
- commission	777	8,507	(3,674)	5,610
- trading results and other income	8,662	23,844	19,258	51,765
- intersegment results	7,417	(8,161)	743	(0)
Net Total Income	9,240	81,951	35,442	126,634
Profit / (losses) before income tax	2,812	2,743	2,282	7,837
Income tax				(7,270)
Profit / (losses) for the period				567
<u>Other segment items</u>				
Allowance for impairment losses	10,293	(38,068)	248	(27,527)
Depreciation	(1,421)	(3,495)	(2,838)	(7,754)
Total Assets 31.12.2018	444,213	1,101,748	1,809,710	3,355,671
Total Liabilities 31.12.2018	(1,731,352)	(1,034,332)	(99,711)	(2,865,395)

Bank

(Amounts in thousand €)	Retail Banking	Corporate Banking	Treasury	Total
From 1 January to 31 December 2017				
Net income				
- interest	(2,463)	100,765	(11,369)	86,933
- commission	1,123	10,771	(3,044)	8,850
- trading results and other income	12,128	41,330	15,287	68,745
- intersegment results	4,438	(14,991)	10,553	0
Net Total Income	15,226	137,875	11,428	164,528
Profit / (losses) before income tax	(20,334)	29,330	(7,358)	1,639
Income tax				(583)
Profit / (losses) for the period				1,056
<u>Other segment items</u>				
Allowance for Credit Risk	(19,474)	(54,026)	0	(73,500)
Depreciation	(1,160)	(3,932)	(1,355)	(6,447)
Total Assets 31.12.2017	529,766	1,806,122	1,205,446	3,541,334
Total Liabilities 31.12.2017	(1,753,652)	(1,158,523)	(122)	(2,912,297)

The negative net interest income of the Retail Banking sector is due to the relatively higher degree of concentration of the Bank / Group's deposits of individuals than that of loans (Notes 29 and 18, respectively).

4. Interest and Similar Income

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Loans and advances to customers (excluding finance leases) at amortized cost	59,761	95,411	59,761	95,411
Due from credit Institutions	242	824	242	824
Securities held at fair value through profit or loss	86	103	86	103
Securities measured at Fair Value of Other Comprehensive Income (FVOCI)	32,912	-	32,912	-
Securities available for sale	-	10,042	-	10,042
Securities valued at amortized cost	458	-	458	-
Securities held to maturity	-	439	-	439
Interest from corporate bond loans	19,748	25,994	19,748	25,994
Finance Lease (Lessor)	2,072	4,156	2,072	4,156
Interest from deposit accounts	70	60	70	60
Factoring	105	274	105	274
Interest and Similar Income	115,454	137,302	115,454	137,302

The change in interest on loans and advances to customers, bond loans, corporates and finance lease is proportional to the change in loan balances both during 2018 and 2017, excluding the portfolios derecognition of the two securitisations, amounted at €700.5 million and €1.331 billion respectively.

The caption securities measured at fair value of other comprehensive income (FVOCI) for 2018 include interest income from bonds of nominal value €886.1 million acquired under the transfer of the loan portfolio while for the year 2017 the caption "Securities available for sale" included interest income from bonds of nominal value €525 million which were acquired in the context of the transfer of loan portfolio.

5. Interest Expense and Similar Charges

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Customers' deposits	(34,712)	(34,657)	(34,742)	(34,716)
Due to credit institutions	(10,227)	(15,650)	(10,227)	(15,650)
Bond Loan	(1,225)	0	(1,225)	0
Other	0	(3)	0	(3)
Interest Expense and Similar Charges	(46,164)	(50,310)	(46,195)	(50,369)

Interest on customers' deposits declined in the closing year of 2018 compared to the comparative year of 2017 mainly due to the decline in the average deposit rate of Eurosystem.

6. Fee and Commission Income

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Loans and advances to customers	1,821	3,386	1,821	3,386
Credit cards	466	366	466	366
Custody services	50	96	50	102
Import - Export	180	234	180	234
Letters of guarantee	4,224	4,717	4,225	4,717
Cash transfers	811	743	811	743
Foreign exchange transactions	30	30	30	30
Mutual Funds	695	768	0	22
Securities	779	593	779	593
Commissions on deposit account transaction	33	144	33	144
Other commissions	6,896	9,397	6,244	8,502
Commission Income	15,984	20,475	14,638	18,838

Other Commissions include commissions that the Bank received as management fee for the interim period under the 2 securitisations (Artemis and Metexelixis transactions). The relative amount for the year 2018 amounted almost at € 1 million (2017: € 4 million).

If the aforementioned being excluded, then fee and commission income for the year 2018 show a decrease by approximately 9% the year 2017.

7. Fee and Commission Expense

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Loans	(12)	(4)	(12)	(4)
Visa & Visa International commissions	(4,614)	(4,173)	(4,614)	(4,173)
Commissions from POS rents	0	(1,559)	0	(1,559)
Commissions paid for portfolio management	(48)	(141)	(48)	(281)
Commissions paid for special Greek Government Bond	(4,047)	(3,849)	(4,047)	(3,849)
Other	(308)	(122)	(308)	(122)
Commission Expenses	(9,028)	(9,849)	(9,028)	(9,989)

8. Profit/(Loss) on Financial Transactions

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Financial assets at fair value through profit or loss				
Profit less Losses				
· Derivative financial instruments	306	220	306	220
Foreign exchange differences				
· From foreign currency transactions	1,140	855	1,140	861
From sales				
· Debt securities	(81)	208	(81)	208
· Other	0	(9)	0	(277)
From valuation				
· Debt securities	52	60	52	60
Profit / (Losses) on Financial Transactions	1,418	1,334	1,418	1,072

9. Profit/(Loss) From Investment Portfolio

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Securities measured at fair value through other comprehensive income (FVOCI)				
-Shares	(89)	-	(89)	-
-Bonds	780	-	780	-
Securities available for sale				
-Shares	-	4	-	4
-Bonds	-	701	-	701
Profit / (Loss) from Investment Portfolio	690	705	690	705
Impairment losses on available-for-sales Portfolio	-	(550)	-	(550)
Profit / (Loss) from Investment Portfolio	690	155	690	155

10. Other Income/(Expenses)

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Judicial court expenses	21	28	21	28
Subsidies on training programs	47	47	47	47
Amounts collected from written-off receivables	13	213	13	213
Rents on assets (including foreclosed assets)	180	179	182	179
Receipt of communication fees	58	64	58	64
Fair value adjustments for investment property, land and buildings	(185)	(2,553)	(185)	(2,553)
Dividend Income	14	24	14	24
Other expense related to defined plans	(902)	(1,685)	(902)	(1,685)
Other Income	3,388	1,207	3,409	1,204
Other Income	2,634	(2,478)	2,657	(2,481)

The fair value of investment properties has been determined by independent certified valuers (Notes 24 and 25).

The increase of "Other Income" during 2018 relates to the increase of income from management costs of POS and the reimbursement of €1,4 million concerning the charging of a principal tax and a fine by the Ioannina tax office for a property leased to a company through a leasing contract.

Dividend Income

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Shares measured at Fair value through other comprehensive income (FVTOCI)	14	24	14	24
Dividend Income	14	24	14	24

11. Operating Expenses

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Salaries and wages	(24,731)	(28,445)	(24,418)	(28,043)
Social security contributions (defined contribution plans)	(6,371)	(7,462)	(6,282)	(7,372)
Other charges	(2,019)	(1,805)	(2,008)	(1,790)
Other provisions for post employment benefits obligations	(582)	(843)	(582)	(836)
Personnel Expenses	(33,704)	(38,554)	(33,290)	(38,041)
Third party fees and expenses	(10,409)	(8,926)	(10,370)	(8,532)
Advertising and promotion expenses	(220)	(292)	(220)	(291)
Telecommunication expenses	(1,629)	(2,006)	(1,621)	(2,002)
Insurance premium fees	(1,106)	(1,194)	(1,106)	(1,194)
Repair and maintenance	(3,918)	(2,122)	(3,914)	(2,121)
Travelling expenses	(655)	(654)	(655)	(654)
Printing and stationery	(277)	(248)	(275)	(246)
Utility services	(1,077)	(1,151)	(1,060)	(1,139)
Rentals	(5,063)	(5,589)	(5,000)	(5,519)
Subscriptions - Memberships	(435)	(453)	(341)	(331)
Legal and out-of-court expenses	(3)	(58)	(3)	(58)
Donations - Grants	(234)	(251)	(234)	(251)
Teiresias systems expenses	(585)	(780)	(585)	(780)
Cleaning staff expenses	(609)	(613)	(607)	(611)
Building security expenses	(930)	(759)	(930)	(759)
Non-embedded taxes	(1,158)	(1,822)	(1,083)	(1,743)
Third party fees	(586)	(1,723)	(590)	(1,713)
Commission on the amount of deferred tax asset under Greek State's guarantee	(494)	(539)	(494)	(539)
Other	(1,106)	(1,873)	(1,046)	(1,794)
General Operating Expenses before Provisions	(30,494)	(31,051)	(30,133)	(30,276)
Provision for impairment of other assets	(3,191)	(14,925)	(2,878)	(14,625)
Total General Operating Expenses	(33,684)	(45,976)	(33,011)	(44,901)
Depreciation of property, plant and equipment	(2,702)	(2,232)	(2,685)	(2,178)
Amortization of intangible assets	(5,079)	(4,279)	(5,069)	(4,269)
Depreciation	(7,780)	(6,511)	(7,754)	(6,447)
Total Operating Expenses	(75,169)	(91,041)	(74,055)	(89,389)

Number of employees

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
The average number of employees is:	684	791	674	777
The number of employees is:	707	787	697	781

During the years 2018 and 2017 the fees of statutory auditors (including VAT) were as follows:

(Amount in thousand €)

Description	31.12.2018	31.12.2017
For the statutory audit of financial statements and the compliance report	195	243
For other audit services	246	407

Personnel expenses for the year 2018 demonstrate a decrease of 12,6% compared to 2017 due to personnel decrease of the bank by 164 employees after the successful voluntary retirement scheme that took place.

General Operating Expenses before provisions, demonstrate a decrease of 1,8% compared to the comparative year 2017. If the impairment provision for other assets is taken into account, the total operating expenses of the current year would be reduced by 26.7% compared to the year 2017.

For the year 2018, the General Operating Expenses has been charged with an amount of approximately € 494 thousand relating to the annual commission for the amount of the deferred tax asset guaranteed by the Greek State pursuant to article 82 of Law 4772/2017 of which the amount of € 539 thousand relates to the commission corresponding to the year 2017.

12. Taxes

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Current income tax	(152)	(120)	0	0
Deferred income tax	(6,952)	(584)	(7,270)	(583)
Total	(7,105)	(704)	(7,270)	(583)

The reconciliation between the tax arising based on the effective tax rate expense recognized in the income statement for the year is summarized as follows:

Profit / (loss) before tax	4,748	1,134	7,837	1,639
Tax rate	29%	29%	29%	29%
Income tax	(1,377)	(329)	(2,273)	(475)
Non deductible expenses	(870)	(1,450)	(870)	(1,450)
Other adjustments	15,193	2,544	15,923	2,812
Deferred tax asset write off	(20,051)	(1,469)	(20,051)	(1,469)
Total	(7,105)	(704)	(7,270)	(583)

Deferred Tax	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Amortization of credit risk provisions of L. 4465/2017	(13,809)	(11,690)	(13,809)	(11,690)
Allowance for impairment of loans	6,602	0	6,602	0
Adjustment for debit difference of L. 4046/2012	(1,410)	(1,410)	(1,410)	(1,410)
Tax losses carried forward and other temporary differences	1,664	12,516	1,347	12,517
Deferred tax assets	(6,952)	(584)	(7,270)	(583)

The amount of € 13,8 million relating to the amortization of credit risk provisions of Law 4465/2017 resulted from the transfer of non-performing loans. In accordance with the current legal framework, it is recognized for deduction from gross revenue and will be amortized over twenty (20) years.

Income tax of other comprehensive income recognized directly in equity

Group

(Amounts in thousand €)

Description	31.12.2018			31.12.2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts reclassified in income statement						
Financial assets at fair value through other comprehensive income (FVTOCI)	(38,957)	11,297	(27,659)	-	-	-
Change in available for sale securities reserve	-	-	-	5,746	(1,666)	4,080
Amounts not reclassified in income statement						
Change in actuarial gains / (losses) of defined benefit obligations	(415)	120	(295)	(6,052)	1,416	(4,637)
Total	(39,372)	11,418	(27,954)	(306)	(251)	(557)

Income tax of other comprehensive income recognized directly in equity
Bank

(Amounts in thousand €)

Description	31.12.2018			31.12.2017		
	Before income tax	Income tax	After income tax	Before income tax	Income tax	After income tax
Amounts reclassified in income statement						
Financial assets at fair value through other comprehensive income (FVTOCI)	(38,957)	11,297	(27,659)	-	-	-
Change in available for sale securities reserve	-	-	-	5,746	(1,666)	4,080
Amounts not reclassified in income statement						
Change in actuarial gains / (losses) of defined benefit obligations	(409)	119	(290)	(6,046)	1,414	(4,632)
Total	(39,366)	11,416	(27,950)	(299)	(253)	(552)

13. Earnings/ (losses) per share - basic and diluted

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
(Amounts in thousand €)				
Profit / (loss) for the year attributable to equity owners of the Bank	(2,357)	430	567	1,056
Earnings / (Losses) for the year attributable to ordinary equity owners of the Bank	(2,357)	430	567	1,056
Weighted average number of ordinary shares during the year	1,049,214,071	2,339,353,014	1,049,214,071	2,339,353,014
Adjusted weighted average number of ordinary shares during the year	1,049,214,071	2,339,353,014	1,049,214,071	2,339,353,014
Earnings / (Losses) per share - basic (in €)	(0.0022)	0.0002	0.0005	0.0005

Basic earnings per share are calculated based on the weighted average number of outstanding ordinary shares during the period, as this is determined by applying time weights on the number of outstanding common shares at the beginning of the period after taking into account the reduction in the total number of common shares.

It is noted that in 31.12.2018 as well as in the comparative period there are no potential stock titles for the adjustment of the weighted average number of common shares of the period and therefore there is no differentiation in reduced profits.

Numbers for the year 2017 have been reformed for comparability purposes.

14. Cash and Balances with Central Bank

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
(Amounts in thousand €)				
Cash in hand	22,764	20,530	22,762	20,529
Cheques receivable	28,273	4,678	28,273	4,678
Balances with Central Bank	9,822	13,265	9,822	13,265
Cash and balances with Central Bank	60,860	38,473	60,858	38,471

The Bank is required to maintain a current account with the Bank of Greece through the Target system. The increase in the checks receivables in the current year compared to the year 2017 is due to customer checks of the Bank, which were liquidated at the beginning of 2019.

15. Due from other Financial Institutions

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Domestic Financial Institutions	120	296	112	288
Foreign Financial Institutions	1,774	2,394	1,774	2,394
Sight Deposits with Financial Institutions	1,894	2,690	1,886	2,682
Repos agreements	7,526	0	7,526	0
Other claims from financial institutions	9	8	9	8
Other claims from financial institutions	7,535	8	7,535	8
Due from other Financial Institutions	9,429	2,698	9,422	2,690

16. Financial Assets at Fair Value through Profit or Loss

(Amounts in thousand €)

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Government Bonds - Greek	2,950	1,105	2,950	1,105
Treasury bills - of Greek Government	0	2,431	0	2,431
Financial assets at fair value through profit or loss	2,950	3,536	2,950	3,536

Within 2018, the Group proceeded to purchases of Greek Government's bonds with a fair value of € 8.3 million, respective sales of Greek Government's bonds with a fair value of € 6 million, while maturities for the period amounted to € 2,9 million.

17. Derivative Financial Instruments

(Amounts in thousand €)

Classification per type	Group and Bank		
	Nominal Value	Assets	Liabilities
		Fair Value Profit	Fair Value Loss
Swaps	44,314	0	(34)
Forwards	1,993	0	0
Greek GDP linked security	38,042	87	0
Derivative financial instruments held for trading	84,350	87	(34)

Classification per type	Group and Bank		
	Nominal Value	Assets	Liabilities
		Fair Value Profit	Fair Value Loss
Swaps	69,214	0	(122)
Forwards	398	0	0
Greek GDP linked security	38,042	190	0
Derivative financial instruments held for trading	107,654	190	(122)

"Greek GDP linked security" refers to detachable GDP-linked securities provided to the Bank through the Greek government bonds exchange PSI program.

18. Loans and Advances to Customers at Amortized Cost

18.1 Loans and Advances to Customers

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Credit cards	21,745	32,853	21,745	32,853
Consumer loans	95,290	138,098	95,290	138,098
Mortgages	411,032	431,888	411,032	431,888
Other	5,147	4,726	5,147	4,726
Loans to individuals	533,214	607,566	533,214	607,566
Agricultural sector	884	5,691	884	5,691
Commercial	145,092	300,531	145,092	300,531
Industrial sector	121,419	182,682	121,419	182,682
Small industries	6,510	22,617	6,510	22,617
Tourism	87,745	186,197	87,745	186,197
Shipping	27,022	32,273	27,022	32,273
Construction sector	400,307	482,658	400,307	482,658
Other	403,423	674,968	403,423	674,968
Loans to corporate entities	1,192,403	1,887,617	1,192,403	1,887,617
Public sector	30,212	31,727	30,212	31,727
Net investment in finance lease	89,309	139,830	89,309	139,830
Loans and advances to customers (before impairment)	1,845,138	2,666,741	1,845,138	2,666,741
Provisions for credit risk (impairment losses on loans)	(252,994)	(474,667)	(252,994)	(474,667)
Loans and advances to customers (net of impairment)	1,592,144	2,192,074	1,592,144	2,192,074

18.2 Finance Lease Receivables (Lessor)

Classification by Category

(Amounts in thousand €)

	Group and Bank	
	31.12.2018	31.12.2017
Contract Value		
Land	30,816	41,033
Buildings	46,725	87,392
Machinery	11,358	10,891
Transport vehicles	387	490
Technical equipment	24	24
Total	89,309	139,830

Net investment in finance lease

(Amounts in thousand €)

Duration	Group and Bank			31.12.2017		
	Gross investment (Future lease payments)	Unearned finance income	Net investment in finance lease	Gross investment (Future lease payments)	Unearned finance income	Net investment in finance lease
Up to 1 year	21,512	(669)	20,843	38,329	(1,222)	37,106
From 1 to 5 years	25,346	(2,379)	22,967	32,485	(4,486)	27,999
Over 5 years	50,701	(5,202)	45,499	88,053	(13,328)	74,725
Total	97,559	(8,249)	89,309	158,867	(19,036)	139,830

18.3 Allowance for impairment losses on loans**Group and Bank**

<i>(Amounts in thousand €)</i>	Current accounts for Individuals	Credit cards	Consumer loans	Mortgages	Total
a) Loans to private individuals					
Balance as at 01.01.2017	62,886	35,380	58,269	77,413	233,949
Impairment charge for losses on loans	1,325	1,106	3,942	13,101	19,474
Write-offs	(34)	(22)	(150)	(42)	(248)
Write-offs due to securitization	(42,328)	(23,520)	(29,482)	(20,526)	(115,856)
Balance as at 31.12.2017	21,849	12,944	32,580	69,946	137,319

Balance as at 01.01. 2018	21,849	12,944	32,580	69,946	137,319
Reclassification due to IFRS 9	2,159	1,088	3,347	3,745	10,340
Impairment charge for losses on loans	401	(1,186)	(3,821)	(5,687)	(10,293)
Write-offs	(2)	0	(6)	(10)	(18)
Write-offs due to securitization	(10,601)	(7,703)	(16,983)	(3,529)	(38,816)
Balance as at 01.01.2018	13,806	5,144	15,117	64,466	98,532

<i>(Amounts in thousand €)</i>	Large Corporates	Small & Medium Entities	Other Entities	Total
b) Corporate loans				
Balance as at 01.01.2017	213,862	461,392	298,454	973,709
Impairment charge for losses on loans	5,901	32,907	15,219	54,026
Transfer from other provisions	0	804	0	804
Write-offs	(768)	(42)	(37)	(847)
Write-offs due to securitization	(161,455)	(308,242)	(220,648)	(690,344)
Balance as at 31.12.2017	57,540	186,819	92,988	337,348

Balance as at 01.01. 2018	57,540	186,819	92,988	337,348
Reclassification due to IFRS 9	5,436	60,874	21,511	87,821
Impairment charge for losses on loans	51,751	73,016	(91,708)	33,060
Write-offs	(2,976)	(231)	0	(3,207)
Write-offs due to securitization	(41,942)	(258,617)	0	(300,559)
Balance as at 01.01.2018	69,809	61,861	22,791	154,462

18.4 Securitization and derecognition of non-performing exposures

Pursuant to Law 3156/2003, the Bank transferred a portfolio of loans (amounting € 700,5 million) to a special purpose vehicle (SPV) under the ABS METEXELIXIS S.A. based in Luxembourg. At the same time, the SPV issued and transferred to the Bank two Series of A-1 and A-2 bonds (Senior Note and Mezzanine) of a nominal value of € 328,25 million and €15 million respectively, of 10 years with an annual interest rate of 2% and a Series B bond of nominal value of €357,25 million (Junior Note) with an annual interest rate of 2,25%. The aforementioned bonds were issued from the securitization of the loan portfolio, according to the provisions of Law 3156/2003.

The Bank, by implementing the decision of the Annual General Meeting of 27.06.2018, concluded on 26.10.2018 the Transaction for the sale of the subordinated loan of securitized portfolio of loan of NPEs to the Investor (TOCU Europe II, S.a.r.l.), as well as the management of non-performing loans to an investor's interest company, under the name QQUANT MASTER SERVICER S.A., which has received the required approval from the Bank of Greece.

On 26.10.2018, the Bank de-recognized loans of € 700.5 million, and the provision for impairment of € 339.4 million, since according to the contractual documents lost all legal rights to claims and collateral of the loan portfolio transferred, and control over that portfolio. At the same time, the Bank acquired from the transaction the two bonds of Series A-1 and A-2, of a total € 343.25 million (plus direct costs of € 4,2

million), as well as 5% of Junior note (with no carrying value and nominal value of 17,9 million) which were classified as assets measured at Fair Value through Other Comprehensive Income (FVOCI).

Consequently, the Bank does not maintain the contractual rights over the cash flows of the portfolio. The Bank assessed the extent to which it retains the risks and rewards of ownership of the transferred portfolio and concluded that it has transferred substantially all the risks and rewards of ownership of the portfolio. The Bank does not reserve the right to serve the portfolio for remuneration.

It is noted that the Bank does not consolidate the SPV since it does not participate in administrative decisions and does not meet the control criteria. Furthermore, the Bank has no shareholder relationship with the portfolio manager.

From this transaction, the Bank recognized a profit of € 47 million, an amount recognized during the last quarter of the year in the income statement.

19. Impairment Losses on Financial Assets

(Amounts in thousand €)		Group		Bank	
Description		31.12.2018	31.12.2017	31.12.2018	31.12.2017
Impairment charge on loans and advances to customers and off-balance sheet items		(27,775)	(73,500)	(27,775)	(73,500)
Reversal of provision for impairment of investment securities measured at fair value through other comprehensive income (FVOCI)		194	0	194	0
Reversal of provision for impairment of investment securities at amortized cost		54	0	54	0
Total		(27,527)	(73,500)	(27,527)	(73,500)

Of the total amount of € 27.8 million, an amount of € 5 million relates to off-balance sheet provisions.

20. Financial Assets at Fair Value through other Comprehensive Income (FVOCI)

(Amounts in thousand €)

	Group		Bank	
Investment Securities through Other Income directly in equity	31.12.2018	01.01.2018	31.12.2018	01.01.2018
Greek Government Bonds	39,279	34,482	39,279	34,482
IFRS 9 impairment allowance	(156)	(354)	(156)	(354)
Government Bonds	39,123	34,128	39,123	34,128
Domestic issuer	691	691	691	691
Foreign issuer	5,716	6,008	5,716	6,008
IFRS 9 impairment allowance	(9)	(5)	(9)	(5)
Listed Corporate Bonds	6,398	6,694	6,398	6,694
Foreign issuer	888,394	535,444	888,394	535,444
IFRS 9 impairment allowance	(26,270)	(26,270)	(26,270)	(26,270)
Non Listed Corporate Bonds	862,124	509,174	862,124	509,174
Bonds	907,645	549,996	907,645	549,996
Listed shares-(Domestic)	235	1,800	235	1,800
Listed shares-(Foreign)	6	8	6	8
Non-Listed Shares-(Domestic)	1,401	2,590	1,401	2,590
Shares	1,643	4,398	1,643	4,398
Financial assets measured at fair value through other comprehensive income (FVOCI)	909,288	554,394	909,288	554,394

On the bond held by the Bank during the first securitization of non-performing exposures, a loss of € 26 million was recognized as part of the implementation of IFRS 9, and as of 31.12.2018 an amount of € 34.6 million was recognized in the statement of other comprehensive income of the Bank. This difference arises on the basis of the valuation carried out by an independent, internationally-accredited business that shows that the change in fair value is mainly influenced by the management's profitability and not due to deterioration in the credit risk profile of the portfolio (see Note 42.7).

In addition, in the category of "foreign issuers" is included an amount of approximately € 4 million related to the fair value of 5% of the Junior Note 9 (Series B) held by the Bank at the 2nd securitization transaction. The fair value of the instrument was determined as the discounted present value of the estimated future coupons of 5% of the B Series bonds and is classified in Level 3 of fair values (see Note 42.7).

(Amounts in thousand €)	Group and Bank
Classification by security category and market	31.12.2017
Greek Government Bonds	34,482
Government bonds	34,482
Domestic issuer	691
Foreign issuer	6,008
Corporate-Listed Bonds	6,699
Foreign Issuer	535,444
Corporate Non-listed Bonds	535,444
Bonds	576,624
Listed shares (Domestic)	1,800
Listed shares (Foreign)	8
Non-listed shares (Domestic)	2,590
Shares	4,398
Securities available for sale	581,022

The Bank participated in the Greek Government Bonds Exchange Program that took place in December 2017. The Bank exchanged Greek Government Bonds amounting to approximately € 16 million in total, for which the relevant reserve of the Available for Sale Portfolio amounted to approximately € 2.8 million.

In assessing the conditions of the exchange, the Bank considers that there is no significant change in the terms of the existing securities and did not proceed with the accounting de-recognition of the value of the bonds in question, while the relevant reserve of the available for sale portfolio until that date will be amortized in the interest income on subsequent periods, using the effective interest rate method.

The change in Corporate Non-listed Foreign Bonds resulted from the acquisition of bonds during the second securitization with a nominal value of € 343.25 million (A-1 and A-2 series) and € 17.9 million (junior note) (direct costs of € 4.2 million) in the context of the transfer of the loan portfolio.

21. Investment securities at amortized cost

(Amounts in thousand €)	Group		Bank	
Investments Securities	31.12.2018	01.01.2018	31.12.2018	01.01.2018
Greek Government Bonds	9,919	9,899	9,919	9,899
IFRS 9 impairment allowance	(41)	(94)	(41)	(94)
Investment securities at amortized cost	9,879	9,805	9,879	9,805

(Amounts in thousand €)	Group and Bank
Classification by type and market	31.12.2017
Government Bonds - Domestic	9,899
Investments held to maturity	9,899

Held-to-maturity securities are valued at their unamortized cost. Their fair value as at 31.12.2018 is € 10.4 million while their fair value as at 31.12.2017 was € 10.4 million respectively.

22. Investment in subsidiaries

(Amounts in thousand €)

31/12/2018

Company Name	Country of incorporation	Number of shares	Ownership interest %	Equity	Acquisition Cost	Carrying amount
1. Attica Wealth Management M.F.M.C.	Greece	198,300	100.00%	1,285	502	502
2. Attica Bancassurance Agency S.A.	Greece	10,000	100.00%	4,353	100	100
3. AtticaBank Properties S.A.	Greece	5,000	100.00%	359	500	500
INVESTMENTS IN SUBSIDIARIES					1,102	1,102

(Amounts in thousand €)

31.12.2017

Company Name	Country of incorporation	Number of shares	Ownership interest %	Equity	Acquisition Cost	Carrying amount
1. Attica Wealth Management M.F.M.C.	Greece	198,300	100.00%	3,204	2,326	2,326
2. Attica Bancassurance Agency S.A.	Greece	10,000	100.00%	4,369	100	100
3. AtticaBank Properties S.A.	Greece	5,000	100.00%	325	500	500
INVESTMENTS IN SUBSIDIARIES					2,926	2,926

Exposure to unconsolidated structured entities

Through its subsidiary, ATTICA WEALTH MANAGEMENT M.F.M.C., the Group manages 6 mutual funds of €35,6 million in total net assets as at 31 December 2018 which meet the definition of a structured entity. At each reporting date, the Group assesses whether it exercises any control over these entities according to provisions of IFRS 10. The Group, as the manager of the mutual funds, has the ability to direct the activities which significantly affect their rates of return by selecting the investments made by the funds always within the framework of eligible investments as described in the regulation of each fund. As a result, the Group has control over the mutual funds under management but within a clearly defined decision making framework. Moreover, the Group is exposed to variable returns, through its investment in the mutual funds as it receives fees for subscriptions, redemptions of mutual fund units as well as for the management of the funds. These fees range within normal market levels for similar services.

From the examination of the above factors, the Group assesses that, in all cases of the funds it manages, it exercises the decision-making rights assigned to it in favor of the unit-holders, acting as agent that does not exercise control over the funds.

It should be noted that there is no contractual obligation for the Group to provide financial support to any of the funds under management neither does it guarantee their rate of return.

23. Investments in associates and joint ventures

Group companies, consolidated under the equity method are:

- Zaitch Innovation Venture Capital Fund I
- Thea Artemis Societe Anonyme for Management of Loans and Appropriations

The main unit holders of Zaitch I are the Bank and the New Economy Development Fund (TANEO). Taking into account the nature of the investments, control is exercised jointly by the unit holders. As a result, the Group's investment in these Funds is measured using the equity method of accounting (IAS 28).

Zaitch Innovation Venture Capital Fund I aims to invest in innovative capital companies that have a registered and effective head office in Greece, preferably in companies operating in the food, beverage, retail, organic, industrial, energy, telecommunication and IT sectors. The activities' location of the company does not differ from its headquarters.

The subsidiary, "Attica Ventures S.A.", in which the Bank is a shareholder of 10%, has been appointed as the management company for the closed-end mutual fund Zaitch I

The acquisition cost for Bank's investments in Zaitch Fund I as at 31.12.2018 amounted to € 7.682 thousand.

It is noted that the valuation of the venture capital fund holdings is carried out in accordance with the guidelines of the European Private Equity & Venture Capital Association – EVCA and the provisions of L. 4141/2013. From the aforementioned participations in the consolidated income statement for the year

2018, a loss from the valuation of the companies amounting to approximately € 3.326 thousand has been recorded.

In the context of the transaction on non-performing loans amounting to € 1,331.2 million, the Bank on 16.03.2017 proceeded with the establishment of the company under the name “Thea Artemis Societe Anonyme for Management of Loans and Appropriations”, for the purpose of managing receivables from loans or credit agreements that are not serviced and the payment of a share capital of € 100,000.00. On 07.08.2017, in the context of the agreements with the investor, 80% of the Bank’s shareholding to “Thea Artemis Societe Anonyme for Management of Loans and Appropriations” was transferred to Aldridge EDC Specialty Finance (AEDC) for the amount of € 80,000 and was paid to the Bank on 04.08.2017 by the above company. The Bank remains a shareholder of “Thea Artemis Societe Anonyme for Management of Loans and Appropriations” with a percentage of 20%, i.e. acquisition cost of € 20 thousand. The Group consolidates it using the equity method.

Attica Bank’s participation in the capital structure of the Closed-End Mutual Fund for both the current and the comparative period is presented below:

31.12.2018

Company Name (Amounts in thousand €)	Country of Incorporation	% Participation	Acquisition Cost
Zaitech Innovation Venture Capital Fund I	Greece	50.00%	7,682
Thea Artemis Societe Anonyme for Management of Loans and Appropriations	Greece	20.00%	20

31.12.2017

Company Name (Amounts in thousand €)	Country of Incorporation	% Participation	Acquisition Cost
Zaitech Innovation Venture Capital Fund I	Greece	50.00%	7,682
Thea Artemis Societe Anonyme for Management of Loans and Appropriations	Greece	20.00%	20

Among the companies consolidated under the equity method, the most significant investment for the Group is Zaitech Fund I, which invests primarily in innovative enterprises incorporated in Greece and operating mainly in the sectors of food and beverages, retail, organic products, manufacturing, energy, telecommunications and IT. The location of the company does not differ from its place of establishment.

Financial information regarding the Zaitech Fund I is summarized below. All the following information relates to amounts presented in its financial statements, prepared in the context of the annual report of A.K.E.S. (Zaitech Fund I), which is audited by independent statutory auditors:

Zaitech Fund I Financial Information

(Amounts in thousand €)	31.12.2018	31.12.2017
Total income / (loss)	(6,594)	(1,839)
Total expenses	(153)	(217)
Profit / (Loss) for the period	(6,747)	(2,057)
Net Assets	6,823	13,474

Financial information regarding Thea Artemis Societe Anonyme for Management of Loans and Appropriations is summarized below:

Thea Artemis Societe Anonyme for Management of Loans and Appropriations Financial Information

(Amounts in thousand €)	31.12.2018	31.12.2017
Total income / (loss)	6,104	1,633
Total expenses	(6,104)	(1,633)
Profit / (Loss) for the period	0	0
Net Assets	81	97

24. Intangible Assets

(Amounts in thousand €)

Software and other intangible assets	Group	Bank
Cost	78,335	77,489
Accumulated Amortization and Impairment Losses	(34,821)	(34,001)
Net Book Value as at 01.01.2017	43,515	43,488
Plus:		
Acquisitions	7,434	7,416
Less:		
Amortization charge for the year	(4,279)	(4,269)
Net book value as at 31.12.2017	45,292	46,635
Cost	85,769	84,905
Accumulated Amortization and Impairment Losses	(39,101)	(38,270)
Net book value 01.01.2018	46,668	46,635
Plus:		
Acquisitions	8,824	8,824
Less:		
Amortization charge for the year	(5,079)	(5,069)
Other	0	
Net book value as at 31.12.2018	50,413	50,390
Cost	94,593	93,729
Accumulated Amortization and Impairment Losses	(44,180)	(43,339)
Net book value as at 31.12.2018	50,413	50,390

Intangible assets of the Group consist mainly of software programs, which as at 31.12.2018 amounted to € 50.413 thousand compared to € 45.292 thousand as at 31.12.2017, while for the Bank, the respective amounts are € 50.390 thousand as at 31.12.2018 and € 46.635 thousand as at 31.12.2017.

As at 31.12.2018, there are software programs under development, for which a legal binding commitment exists for the Bank, of a total amount of €65 thousand.

With regards to the Group subsidiary companies, as at 31.12.2018, there are no significant contractual obligations for the purchase of intangible assets which have not been recorded in their books.

25. Property, Plant and Equipment

(Amounts in thousand €)

Description	Group						Total
	Land	Buildings	Motor Vehicles	Furniture and other Equipment	Leasehold improvement on third party's property	Machinery	
Cost	4,784	20,551	123	33,135	24,082	1,328	84,067
Accumulated Depreciation and Impairment							
Losses	0	(4,500)	(83)	(30,241)	(19,256)	(1,328)	(55,472)
Net Book Value as at 01.01.2017	4,784	16,051	40	2,894	4,826	0	28,595
Plus:							
Acquisitions		54	14	2,235	243		2,547
Revaluation	7,101	(9,811)					(2,710)
Sales				(17)			(17)
Less:							
Depreciation charge		(403)	(8)	(773)	(1,048)		(2,232)
Depreciation of revaluation		2,550					2,550
Other				(17)			(17)
Net Book Value as at 01.01.2017	11,885	8,441	46	4,323	4,022	0	28,716
Cost	11,885	10,793	137	35,353	24,326	1,328	83,887
Accumulated Depreciation and Impairment							
Losses	0	(2,353)	(91)	(31,031)	(20,304)	(1,328)	(55,171)
Net Book Value as at 01.01.2018	11,885	8,441	46	4,323	4,022	0	28,716
Plus:							
Acquisitions	0	1	39	3,907	1,694	0	5,641
Transfers from investment	0	0	0	0	0	0	0
Sales	0	0	(2)	(1,183)	0	0	(1,185)
Less:							
Depreciation charge	0	(229)	(11)	(1,483)	(987)	0	(2,710)
Disposals and write-offs depreciation	0	0	1	1,183	0	0	1,183
Net Book Value as at 01.01.2018	11,885	8,213	72	6,747	4,729	0	31,646
Cost	11,885	10,795	174	38,078	26,020	1,328	88,343
Accumulated Depreciation and Impairment							
Losses	0	(2,581)	(102)	(31,330)	(21,291)	(1,328)	(56,697)
Net Book Value as at 01.01.2018	11,885	8,213	72	6,747	4,729	0	31,646

Amounts are presented in thousand euros, unless otherwise stated

(Amounts in thousand €)

Description	Bank					Total
	Land	Buildings	Motor Vehicles	Furniture and other Equipment	Leasehold improvement on third party's property	
Cost	4,784	20,551	68	32,821	23,846	82,070
Accumulated Depreciation and Impairment	0	(4,500)	(28)	(29,994)	(19,125)	(53,646)
Losses						
Net Book Value as at 01.01.2017	4,784	16,051	40	2,827	4,722	28,424
Plus:						
Acquisitions		54	14	2,235	240	2,544
Revaluation	7,101	(9,811)				(2,710)
Less:						
Depreciation charge		(403)	(8)	(765)	(1,002)	(2,178)
Depreciation of revaluation		2,550				2,550
Net Book Value as at 01.01.2017	11,885	8,441	46	4,298	3,960	28,629
Cost	11,885	10,793	82	35,057	24,086	81,904
Accumulated Depreciation and Impairment	0	(2,353)	(36)	(30,759)	(20,126)	(53,274)
Losses						
Net Book Value as at 01.01.2018	11,885	8,441	46	4,298	3,960	28,629
Plus:						
Acquisitions		1	39	3,905	1,694	5,639
Transfers from investment						
Depreciation charge			(2)	(1,183)		(1,185)
Less:						
Depreciation charge			(11)	(1,475)	(971)	(2,685)
Depreciation of revaluation		(229)				
Disposals and write-offs depreciation			1	1,183		1,183
Net Book Value as at 01.01.2018	11,885	8,213	72	6,728	4,684	31,581
Cost	11,885	10,795	119	37,779	25,781	86,358
Accumulated Depreciation and Impairment						
Losses	0	(2,581)	(47)	(31,051)	(21,097)	(54,776)
Net Book Value as at 01.01.2018	11,885	8,213	72	6,728	4,684	31,581

It should be noted that as at 31.12.2018, there are no significant contractual obligations for the Bank or the subsidiary companies on the purchase of property, plant and equipment and which have not been recorded in their books. The fair value of property is determined based on the three approaches followed by certified

independent valuers with appropriate professional qualifications and experience related to the locations and types of the property under assessment, which are the market approach, the income approach and the replacement cost approach. Regarding the hierarchy of fair value, it is calculated by a combination of the three methods and classified as Level 3, given the use of market research and data and assumptions relating to properties of similar characteristics which constitute a wide range of non-observable inputs.

The fair value and residual value is estimated by independent valuers on a regular and on a case-by-case basis at the end of each year. The date of the revaluation commencement is the date of entry in the Bank's books, which cannot differ from the date of the valuation of the real estate.

26. Investment Property

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening Balance	58,047	56,369	58,047	56,369
Additions	0	4,072	0	4,072
Adjustment to fair value	(185)	(2,393)	(185)	(2,393)
Closing balance	57,862	58,047	57,862	58,047

The value of investment property is adjusted based on appraisals carried out by certified independent valuers with appropriate professional qualifications and experience related to the locations and types of the property under assessment. Investment property concerns property that was acquired through auctions and which the Bank intends to sell or lease in the near future. The fair value of investment properties is determined based on three approaches followed by certified independent valuers with appropriate professional qualifications and experience related to the locations and types of the property under assessment, which are the market approach, the income approach and the replacement cost approach.

During this process, assumptions are used which relate to variables such as indicatively, discount rates, estimates of future rental growth rates and representative benchmarks.

Regarding the hierarchy of fair value, it is calculated by the combination of the three methods and classified as Level 3, given the use of market research and data and assumptions relating to properties of similar characteristics which constitute a wide range of non-observable inputs. (see Note 42.7).

The fair value and residual value is estimate by independent valuers on a regular and on a case-by-case basis at the end of each year. The date of the revaluation commencement is the date of entry in the Bank's books, which cannot differ from the date of the valuation of the real estate. For the period ended 31.12.2018, the fair value of investment property does not differ from carrying amount in Groups' books.

The change in the fair value of investment property for the closing year 2018, as well as for 2017 is presented in "Other income / (expenses)" in the consolidated income statement (Note 10).

Rentals received from leased investment property for the year 2018 amounted to € 180 thousand and to € 179 thousand for the year 2017 respectively and are presented in "Other income / (expenses)" (Note 10). Direct operating expenses of investment property for the year 2018 amounted to approximately € 51,1 thousand.

27. Other Assets

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Prepaid expenses	2,200	2,481	2,199	2,465
Tax advances and other tax receivables	7,254	11,364	7,104	11,100
Accrued interest and commissions	73,452	75,543	74,641	77,522
Other receivables from Greek state	976	300	976	300
Stationery	141	208	141	208
Orders payable	1,158	4,239	1,158	4,239
Guarantees	3,867	3,089	3,867	3,089
Advances to employees	173	203	173	203
Advances for finance lease investment products	6	2,239	6	2,239
Doubtful receivables other than loans	9,984	9,976	9,984	9,976
Doubtful receivables other than loans	17,663	0	17,663	0
Contributions to HDIGF	71,869	71,629	71,869	71,629
Prepaid interest on term deposits	30	16	30	16
Due from clients	8	1,150	8	1,150
Provision for impairment of other assets	(23,043)	(22,922)	(22,420)	(22,584)
Other	36,424	33,453	34,651	31,242
Other Assets	202,162	192,967	202,050	192,793

The decrease in "Tax advances and other tax receivables" was due to the reimbursement of the withholding tax on taxed income in a special treatment.

“Doubtful receivables other than loans” includes an amount of € 9 million, which relates to cases of embezzlement from the Bank’s network branches that have taken place in previous years and which are in the process of a legal claim. The judicial outcome of these cases to date is in favor of the Bank, however, the court decisions have not yet been finalized. For the amount that the Bank considers as non-receivable, a special provision has been formed in accordance with a legal opinion.

“Receivables from securitization” includes claims from the managers of the portfolios of non-performing exposures transferred which relate to transactions that took place until the accounting date for the derecognition of these exposures.

In 2018 the Bank did not pay a contribution to HDIGF (T.E.K.E.) regarding the deposits, taking into account the fact that the objective provided in par. 25 of article 27 of Law 4370/2016 has been achieved. Furthermore, the change in “Contributions to HDIGF” compared to the comparative year, relates to interest income amounting to approximately € 0.3 million.

The change in “Other” is mainly due to claims from debit-credit card liquidation transactions by Visa and MasterCard.

The following table analyzes the provisions for impairment of other assets:

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Provisions for withholding taxes and other assets	(2,979)	(3,821)	(2,955)	(3,782)
Provisions for extraordinary losses	(5,754)	(5,754)	(5,754)	(5,754)
Other Provisions	(14,310)	(13,348)	(13,710)	(13,048)
Provision for impairment of other assets	(23,043)	(22,922)	(22,420)	(22,584)

“Provisions for withholding taxes and other assets” concerns provision related to “Tax advances and tax receivables” of Other assets. Further analysis is given in the Note 41.2

“Provisions for extraordinary losses” relates to bank frauds of the Bank’s network amounting to € 5,754.2 thousand, which is included in the line “Debt receivables other than loans” of Other assets.

“Other assets” includes provisions that are analysed in caption “Other” of Other assets and is analyzed as follows:

- Provision €6.362 thousand for impairment of the Bank’s property claim of the former Insurance Scheme of employees and retired employees of the Bank (LAK I), which, according to the legal framework and final court decisions, has been included in the country’s social security system. The requirement arises from the payment of the entire obligation of the Bank to the insurance company (ETAT), as determined by a special economic study of the Ministry of Finance. The repayment of the entire liability to the insurer brought the requirement of the already established property of the program (LAC I) which was deposited to the Ethniki AEEGA. The relative provision has resulted from decrease in the fair value of the part of the property relating to securities - equity securities which charged for the income statement of the fiscal year.
- Provision €7.948 thousand which relates to potential defaults on receivables from customers.

Following the aforementioned, the cumulative balance of “Other provisions” amounted to € 14.310 thousand for the Group.

28. Due to Financial Institutions

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Sight deposits	33,993	12,351	33,993	12,351
Interbank term deposits	170,400	929,000	170,400	929,000
Time deposits other than the interbank market	2,700	2,100	2,700	2,100
Repos	217,556	0	217,556	0
Due to financial institutions	424,649	943,451	424,649	943,451

“Interbank term deposits” as at 31.12.2018 includes: a) funding of €58,4 million from Eurosystem (ECB), b) interbank withdrawals of € 95 million from the Emergency Liquidity Assistance (ELA), as well as

c) withdrawals from other credit institutions amounting to € 17 million.

In the comparative year ended 31.12.2017 the respective amount was € 915 million deriving from ELA. as well as withdrawals from other credit institutions of € 14 million. The Group's funding from the Emergency Liquidity Assistance (ELA) presented a significant decrease of €820 million in 2018 compared to the comparative year 2017 mainly due to the increase in customer deposits and Repos of €217.6 million

29. Due to Customers

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Current accounts	19,117	16,082	19,117	16,082
Savings accounts	371,911	381,299	371,911	381,299
Term deposits	1,032,145	757,333	1,032,145	757,333
Blocked	1	1	1	1
Deposits of individuals	1,423,175	1,154,715	1,423,175	1,154,715
Sight deposits	195,995	150,305	202,470	158,599
Term deposits	119,190	105,742	119,190	105,742
Blocked	2,825	2,798	2,825	2,798
Deposits of corporations	318,010	258,845	324,485	267,139
Sight deposits	324,273	325,246	324,273	325,246
Term deposits	151,106	121,636	151,106	121,636
Public sector deposits	475,379	446,883	475,379	446,883
Sight deposits	53,842	52,726	53,842	52,726
Savings accounts	2,108	2,011	2,108	2,011
Other deposits	55,951	54,737	55,951	54,737
Other due to customers	9,360	8,951	9,360	8,951
Due to customers	2,281,875	1,924,131	2,288,350	1,932,425

Article 6 of L. 4151/2013 provides the use of funds from dormant deposit accounts to cover the needs of the Greek State after the expiry of the depositor rights or his legal heirs. As a dormant deposit account at a credit institution within the meaning of N.4261 / 2014 is one in which no real transaction has been proven by the beneficial depositors for a period of twenty (20) years. The day after the last transaction constitute the beginning of the 20 years period. The credit of interest-bearing deposits, as well as their capitalization, do not constitute a transaction and do not interrupt the lapse. Every credit institution operating in Greece is obliged immediately after the expiration of the twenty-year period:

- to deposit to the Greek State, by the end of April each year, the balance of the dormant deposits, plus interest, by depositing the relevant amount in the special account of the Bank of Greece,
- Simultaneously inform the relevant Directorates of the Greek State Treasury and the General Directorate of Public Property for the fulfillment of the obligations arising from this law, and
- to inform the beneficiaries / heirs of the amount transferred after the expiry of the twenty-year period if a question arises.

The auditors will perform predefined procedures reviewing the compliance of the provisions for the Dormant Deposits Accounts, indicating also the amount attributed to the Greek State. The Bank, gives the suspension of the deadline of Articles 7 and 8 of Law 4151/2013 of dormant accounts, from the entry into force, ratified by L. 4350/2015 of 18.07.2015 ALC (Government Gazette B '84 / 18.7.2015 and Government Gazette A 90 / 31.07.2015), on 20.07.2015, until 13.11.2017, under the Ministerial Decision (GG B '3976 / 14.11.2017, as well as the application of article 257 of the Civil Code, for the calculation of the limitation period after suspension, proceeded to the repayment of balances of dormant accounts to the Greek State for the financial year 2017 of € 93,866.61.

For the financial year 2018, the Bank will remit to the Greek State, at the end of April 2019, a balance of dormant accounts totaling approximately to € 46 thousand. The aforementioned amount as a whole will be recorded as revenue in the annual Greek State Budget.

30. Debt Securities in Issue

Issues guaranteed by the Greek State (N.3723/2008)

Within the framework of article 2 of L. 3723/2008 and regarding the 2nd pillar of the support measures for the enhancement of the liquidity of the economy and for the maintenance of the liquidity stability of the Bank, the Bank, following the decision no. 3/22-05-2018 issued by the Interministerial Committee of article 5 of L. 2322/1995, following the no. 3913/02-05-2018 recommendation of the Bank of Greece, issued on 25.05.2018 a bond loan of a total nominal value of € 350 million, with the simultaneous early repayment of the 380 million bond issue with the guarantee of Hellenic Republic on 19.10.2017 with a maturity of one year following the decisions of the Bank's Board of Directors on 8 February and 28 March 2018. The new bond of € 350 million has a 2-year maturity with a floating Euribor rate of 3 months plus a margin of 7%, divided into 3,500 bearer bonds with a nominal value of €100 thousand each. The respective bond can be used as a collateral for raising liquidity through the Emergency Liquidity Assistance (ELA) and has a maturity date of 25.05.2020.

The total cost, which is included in the Group's financial statements of the year 2018 for the € 380 million bond, amounts to € 1.7 million. Respectively, for the €350 million bond, the amount which burdened the Group's financial statements results from the calculation of the commission to be paid to the Greek State and determined at 111 b.p, i.e. a nominal commission on a 12-month basis of €3.9 million. The amount of the commission paid for the year is € 2.4 million.

According to the provisions of article 80 of L. 4484/2017, the Bank issued on 21 December 2018 a subordinated bond (TIER II) for the repayment of preference shares of the Greek State amounting to € 100,199,999.90 million. Based on the terms of the "Redemption and Coverage Agreement" between the Bank and the Greek State, the capital instruments of Category 2 have a maturity of ten years (until 20 December 2028) and pay a fixed nominal rate of 6.41%. On 21 December 2018 the share capital of the Bank decreased by 100,199,999.90 with the cancellation of the 286,285,714 preference shares which have been issued under Law 3723/2008 and since that date the Greek State does not hold any preference shares of the bank. At 31 December 2018, the aforementioned capital assets amounted to € 99.7 million, including € 0.5 million issuing costs. A coupon of € 0.2 million was also paid on the same date.

(Amounts in thousand €)

Description	31.12.2018		31.12.2017	
	Average Interest Rate	Carrying Value	Average Interest Rate	Carrying Value
LOWER TIER II	6.41%	99,676	0.00%	0
Issued bonds		99,676		0

31. Deferred tax assets-liabilities

(Amounts in thousand €) Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Impairment on loans and advances to customers	39,952	75,729	39,952	75,729
Impact of transition to IFRS 9 as at 01.01.2018:	39,491	0	39,491	0
Loans and advances to customers	28,467	0	28,467	0
Financial assets at fair value through other comprehensive income (FVTOCI)	7,722	0	7,722	0
Investment Securities at amortized cost	27	0	27	0
Off Balance sheet items	3,275	0	3,275	0
Amortization of debit difference of L. 4465/2017	250,678	222,108	250,678	222,108
Impairment of Greek government bonds	32,432	33,877	32,432	33,843
Amortization of financial assets at fair value through other comprehensive income (FVTOCI)	9,262	(2,036)	9,262	(2,036)
Tax losses carried forward & other temporary differences	57,110	54,061	57,108	54,411
Deferred Tax Assets	428,926	383,739	428,924	384,055
Revaluation of intangible assets	(7,652)	(6,688)	(7,652)	(6,688)
Revaluation of property, plant and equipment	(917)	(649)	(917)	(649)
Deferred Tax Liabilities	(8,569)	(7,337)	(8,569)	(7,337)
Net Deferred Tax Assets	420,357	376,402	420,355	376,718

The income tax for the year ended 31/12/2018 was calculated based of the examination of the items and nature of revenues and expenses, in accordance with the tax provisions in force. As regards the temporary differences between tax and accounting base, a deferred tax has been calculated in accordance with IAS 12.

The Group's deferred tax is calculated, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates that have been enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or deferred tax liability is settled. If the tax rate changes at the year that deferred tax asset is realized or deferred tax liability is settled, then the difference is recognized in the income statement, except from the temporary tax differences that are recorded directly in equity.

In accordance with the provisions of paragraph 4 of Article 1 of Law 4334/2015 "Emergency arrangements for the negotiation and conclusion of an agreement with the European Stability Mechanism (ESM)", the rate of income tax on the profits of legal persons increased from 26% to 29%. These provisions apply to earnings arising in tax years beginning on or after 1 January 2015.

In accordance with the provisions of Article 5 of Law 4303/17.10.2014 "Ratification of the Legislative Content Act "Urgent regulation for the replacement of the Secretary General of Public Revenues due to the early termination of his mandate" (A' 136) and other provisions", as amended by Law 4340/2015 and in force by 4465/2017, the deferred tax assets of the supervised by the Bank of Greece legal persons of the paragraphs 5, 6, and 7 of Articles 26 of Law 4172/2013 that have been or will be recognized and which derive from the debit difference of PSI+ and the accumulated provisions and other general losses due to credit risk regarding claims formed until 30.06.2015, are converted into final and liquidated claims against the State, in case that the accounting, after tax, profit or loss is loss, in accordance with the audited and approved by the Ordinary General Assembly, financial statements.

According to article 43 of Law 4465/04.04.2017 "Integration of Directive 2014/92/EU of the European Parliament and Council held on 23rd of July 2014 for the comparability of charges related to payment accounts, the change of payment account and the access to payment accounts with basic characteristics and other provisions, into national law" the articles 27 and 27A of the Income Tax Code were amended (Law 4172/2013). According to the new legislation, the debit difference, that will arise from the write-off of debtors' debts and the loss from the sale of loans of the legal entities supervised by the Bank of Greece, is recognized as a deduction from gross income and is amortized over a period of 20 years. The deferred tax asset which will be recognized for the abovementioned debit difference as well as of any accounting write-offs of loans or credits, not converted into debit difference until the end of the year when the accounting write-off took place, which relate to write-offs or disposals are converted into a definite and

cleared claim against the State, based on the abovementioned terms and conditions. This arrangement ensures that write-offs and loan transfers in order to reduce non-performing loans will not lead to the loss of regulatory capital. The new provisions are applicable as of 1 January 2016.

As at 31.12.2018, the amount of Deferred Tax Assets that is included with the scope of the aforementioned Law, include also the unamortized debit difference of PSI, which amounts to €283 million (31.12.2017: €298 million).

According to article 82 of Law 4472/19.05.2017 "Public Pension Provisions and amendment of provisions of Law 4387/2016, measures for the implementation of budgetary targets and reforms, social support measures and labor regulations, Medium-term Fiscal Strategy Framework 2018-2021 and other provisions" a new paragraph is added to Article 27A, which states that for the excess amount of the deferred tax asset guaranteed by the Greek State, as derived from the positive difference between the tax rate currently in force (29%) and the tax rate that was in force before L.4334/2015 (26%) the legal entities as mentioned above pay to the Greek State an annual commission. For the year ended 31/12/2018 the amount of the commission is € 494 thousand and is included in "General operating expenses" in the income statement.

According to article 23 of Law 4579/2018 "Obligations of air carries regarding passengers records – adjustment of the legislation to the EU Directive 2016/681 and other provisions", which amends the article 58 of the Greek Income Tax Code, the income tax rate, regarding profits from business activities, earned from legal persons and legal entities is reduced from 29%, currently in force, to 25% for income earned in tax year 2022 and onwards. The income tax rate is progressively reduced by 1% per year, effective from tax year 2019, for which tax rate will be 28%. This reduction does not concern credit institutions for which the income tax rate remains at 29%.

Credit balances resulted from the enforcement of Law 4046/2012, which are not offset after 5 years from the date of their creation, will be offset in 10 annual installments with any tax liability of the Banks effective from 01.01.2020, as defined by Law 4605/2019. The Bank is evaluating the new legal framework and its application.

On the bases of the above, it is estimated that the total deferred tax asset recognized at 31.12.2018 is recoverable either within a period considered reasonable or within the time period provided for by the applicable legislation. Furthermore, the Bank did not recognize deferred tax over tax losses of a total amount of approximately €44.7 million.

In particular, the business plan outlines the Bank's new business model, which is based on targeted financing, conservative credit expansion and deposit growth, but mainly rationalization of the cost base and strategic partnerships. Based on the business plan, it is possible to generate future profits as the restructuring of the Bank and the Group will be completed.

32. Employee Defined benefit obligation

The table below presents the total amount of the employee defined benefit obligation which is recognized in the Financial Statements:

		Group			
		Statement of Financial Position	Statement of Comprehensive Income	Statement of Financial Position	Statement of Comprehensive Income
			01.01.- 31.12.2018		01.01.- 31.12.2017
Description	Note	31.12.2018	31.12.2018	31.12.2017	31.12.2017
Defined benefit plan (supplementary pension)	32.1	-	-	-	-
Defined benefit plan (lump-sum payment)	32.2	3,557	(474)	4,031	4,846
Retirement benefits according to employment regulation	32.3	9,368	1,794	10,237	2,938
Total		12,925	1,320	14,269	7,784

		Bank			
		Statement of Financial Position	Statement of Comprehensive Income	Statement of Financial Position	Statement of Comprehensive Income
			01.01.- 31.12.2018		01.01.- 31.12.2017
Description	Note	31.12.2018	31.12.2018	31.12.2017	31.12.2017
Defined benefit plan (supplementary pension)	32.1	-	-	-	-
Defined benefit plan (lump-sum payment)	32.2	3,557	(474)	4,031	4,846
Retirement benefits according to employment regulation	32.3	9,317	1,786	10,196	2,885
Total		12,874	1,311	14,227	7,731

32.1 Defined benefit plan (Supplementary Pension)

The Extraordinary General Meeting of the shareholders of the Bank, held on 16 September 2005, as it arises from its minutes decided the rescission of the Group's insurance contract between the Bank, the Employees' Association and Ethniki General Insurance Co. S.A., concerning the section Capital Management of Additional Insurance and Complementary Pension Benefits (L.A.K.), and its subject to the regulations of Law 3371/2005. In the context of this decision, the Bank had recognized in its Financial Statements as of 1 January 2004 (making use of the relevant option of I.F.R.S. 1), a liability of € 26,958 thousand, which was directly charged to Equity. During the period from 1.1 to 31.12.2004 the additional charge of the Bank through the Income Statement amounted to €644 thousand. For the six month period of 2005, the plan existing at the Bank for defined benefits, the charge of the results amounted to €220 thousand.

The above amounts arose from a special financial study realized by a group of independent actuaries. The accounting treatment followed is in accordance with L. 3371/2005, which enabled the credit institutions to present in the financial statements of 2005 the financial result of the subject to these provisions of law.

Upon resolution of the aforementioned Extraordinary General Meeting, the BoD of the Bank at its session held on 14.12.2005, proceeded in an appeal against the relative contract. Afterwards, in accordance with its appeal of 28.4.2006, the Bank required the subject of the account for Insurance Cover of the employees of the Bank to the Unified Fund of Bank Employees Insurance (E.T.A.T.) as well as to Law 3371/2005, as it is applied following the amendment of the Law 3455/2006.

The Law 3554/2007, as taking into account the content of Article 9, published on April 2007, regulated in the particular way the requirements due concerning the insured and retired employees of Attica Bank. In compliance with the aforementioned Article, those insured until 31.12.1992, as well as those retired who are subject to the same category belonging to Capital Management of Additional Insurance and Complementary Pension Benefits (L.A.K.), are introduced as from 1.1.2007 to the Unified Fund of Bank Employees Insurance (E.T.A.T.) and the relevant decision of E.T.A.T. numbered 67 of the 61st session as at 08.05.2007 was publicized.

Concerning the introduction of Complementary Pension Benefits (L.A.K.) into E.T.A.T., there was made a reversal claim No. 4686/2006 by the Association of Attica Bank Employees as against the No. 22/23/17.05.2006 decision of E.T.A.T..

Furthermore, there were made reversal claims No. 4693/2007 by the Greek Association of Attica Bank Pensioners as against the decision of E.T.A.T. 61/08.05.2007 and 4635/2007 reversal claim by the Capital

Management of Additional Insurance and Complementary Pension Benefits as against the decision of E.T.A.T. 61/08.05.2007. The aforementioned reversal claims were heard in the Supreme Court of the Council of State on 26.09.2008.

Furthermore, there are pending reversal claims made by the associations of employees of third party banks as against the P.D. 209/2006 making provisions for the E.T.A.T. operation. The Bank has exercised the claim in favor of the P.D. on E.T.A.T. The aforementioned claims were also heard in the Supreme Court of the Council of State on 26.09.2008.

For the aforementioned legal cases, the Supreme Court of the Council of State publicized the 2197-2202/2010 decision. According to the provisions of the decision, the introduction of Complementary Pension Funds (including L.A.K. I) in E.T.A.T has been finalized as legally sound and constitutional, provided that it is a temporary measure for the management of insurance and pension cases until the civil courts to decide upon the decomposition of Complementary Pension Funds and release the Banks from their relative obligations. Consequently, the decision of the Council of State is considered as temporary and the permanent decision will be heard by the civil courts.

In the civil courts to which the matter was essentially referred by the State Council regarding the above-mentioned decisions, a lawsuit against the Bank concerning the incorporation of LAK into ETAT was filled by the Bank of Attica Employees Association, the Insurance Coverage Account of Attica Bank Employees and other bodies and individuals. The lawsuit was overruled following No. 2970/2008 decision of the First Instance Court of Athens. An appeal (Num. 10508/2010) against the decision 2970/2008 has been made, after the decision heard by the Supreme Court of the Council of State, with identification number 2954/2010. This appeal was discussed at a hearing of 16.4.2013 and thereon the decision 6168/2013 of the Athens Court of Appeals was published by which the appeal is rejected entirely. This decision is immediately enforceable, but is subject to appeal to Supreme Court of the Council of State within the prescribed period.

In accordance with the aforementioned developments, the Bank had deposited to E.T.A.T., up to 31.12.2013, the amount of its seven first installments, an amount of €7,625,000 for each year. An additional deposit was made by the Bank to E.T.A.T., of the lump sum amount of €770 thousand that pertains to the return of insurance contributions of those insured in L.A.K. after 01.01.1993. In the first quarter of 2014 the Bank deposited to E.T.A.T the eighth installment. The aforementioned amounts were determined by a special financial study carried out by the Ministry of Economy and Finance. The remaining two installments of €7,625,000.00 each and totaling €15,250,000.00, that were scheduled to be paid in years 2015 and 2016 respectively, were prepaid in June 2014 using a discount rate of 5.03% and the Bank deposited the total amount of €14,524,032.00 fully settling its obligation to E.T.A.T.. Following the above deposit, the Bank has no further obligation to E.T.A.T. regarding the introduction of its insured and pensioned employees in the program.

After the full and complete payoff of the Bank's liability to ETAT, the equity of Insurance Coverage Account (L.A.K.) with a balance of about € 35 million managed by Ethniki A.E.E.G.A., that now belongs to the Bank and is a Bank's asset, according to the Ministry of Finance financial study and the reproductions of Law 3554/2007. This equity has already been transferred to the Bank by virtue of the decision No. 8044/15 of the one-member Athens First Instance Court, issued on 28.09.2015, and designates the Bank as an associate until the trial of the main diagnostic trial. On the basis of the above, certainty is given about the final outcome of the trial.

32.2 Defined benefit plan (Lump-sum payment)

(Amounts in thousand €) Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Statement of Financial Position				
Present value of defined benefit obligation	14,209	16,725	14,209	16,725
(Fair value of plan assets)	(10,652)	(12,694)	(10,652)	(12,694)
Total Net Liability in the Statement of Financial Position	3,557	4,031	3,557	4,031

The change in the present value of the liability is analyzed as follows:

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening balance	16,725	12,422	16,725	12,422
Service cost	619	475	619	475
Interest expenses	227	199	227	199
Settlement cost	249	1,929	249	1,929
Actuarial (gains) / losses	(720)	3,849	(720)	3,849
Expenses	0	(4)	0	(4)
Benefits paid within the year	(2,891)	(2,144)	(2,891)	(2,144)
Closing Balance	14,209	16,725	14,209	16,725

The change in the present value of the liability is analyzed as follows:

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening balance	12,694	13,236	12,694	13,236
Expected return	173	212	173	212
Contributions	865	1,356	865	1,356
Actuarial (gains) / losses	(187)	37	(187)	37
Expenses	(1)	(4)	(1)	(4)
Benefits paid within the year	(2,891)	(2,144)	(2,891)	(2,144)
Closing Balance	10,652	12,694	10,652	12,694
Total Net Liability in the Settlement of Financial Position	3,557	4,031	3,557	4,031

The fair value of the plan's assets consists of cash by 98.1% and of shares of listed companies by 1.9%.

The amounts charged in the Statement of Comprehensive Income are as follows:

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Service cost	619	475	619	475
Interest expenses	229	199	229	199
Settlement cost	249	1,929	249	1,929
Expected return	(173)	(212)	(173)	(212)
Contributions paid	(865)	(1,356)	(865)	(1,356)
Amount charged in Income Statement	59	1,035	59	1,035
Actuarial gains / losses recognized through Other Comprehensive Income	(533)	3,812	(533)	3,812
Total amount charged in Statement of Comprehensive Income	(474)	4,846	(474)	4,846

It concerns a lump sum benefit plan, which is granted by the Account Insurance Cover. According to the resolution of the Extraordinary General Meeting held on 16th September 2005, the plan, which concerns lump sum benefit plans that are granted to the Bank's employees during the time of their retirement, continues to operate as a defined benefit plan according to that set in IAS 19 and is guaranteed by the Bank.

32.3 Retirement benefit according to employment regulation

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Statement of Financial Position				
Present value of unfunded benefit obligation	9,368	10,237	9,317	10,196
Total	9,368	10,237	9,317	10,196

The change in the present value of the liability is analyzed as follows:

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening balance	10,237	7,421	10,196	7,358
Service cost	697	535	696	533
Interest expenses	140	119	139	118
Settlement cost	9	43	9	0
Actuarial (gains) / losses	948	2,241	942	2,234
Benefits paid within the year	(2,664)	(121)	(2,664)	(47)
Closing balance	9,368	10,237	9,317	10,196

The amounts charged in the Statement of Comprehensive Income are as follows:

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Service cost	697	535	696	533
Interest expenses	140	119	139	118
Settlement cost	9	43	9	0
Total amount charged in Income Statement	846	697	843	651
Actuarial gains / losses recognized through Other Comprehensive Income	948	2,241	942	2,234
Total amount charged in Statement of Comprehensive Income	1,794	2,938	1,786	2,885

The above items concern the expected employee retirement benefits obligation, based on the Bank's Regulations, as well as the liability arising from L. 2112/1920. The results of the actuarial study do not include the part of the Bank's liability which relates to a specific class of senior executives for whom retirement benefits which has already been recognized as a provision in prior periods, will be paid by an insurance company in accordance with current employee regulations.

Benefits paid during the year concern retirement benefits as determined by the employment regulations and relate to employees who retired through the Voluntary Retirement Scheme undertaken within the restructuring process of the Bank.

The amount of the obligation for the above benefit plans was determined according to an actuarial study, which has been prepared by independent actuaries.

The principal assumptions used in the actuarial valuations are presented on the following table:

Description	31.12.2018	31.12.2017
Discount rate	1.4%	1.4%
Expected return on plan assets	1.5%	1.5%
Expected wage growth rate	0.0%	0.0%

On 01.03.2019, a new employment regulation act was signed between the Bank and the Association of Employees of Attica Bank, which changes the amount of compensation upon employees' retirement. The positive effect for the Bank is expected to be determined with the actuarial report for the first half of 2019.

Sensitivity Analysis for the retirement benefits plan according to Employment Regulation

For the year ended 31 December 2018 the use of a discount rate 0.5% increase would result in about 5% decreased actuarial liability, while the exact opposite move, that is the use of a discount rate 0.5% decreased, would result in about 6% increased actuarial liability.

As regards the comparative year ended 31 December 2017 the use of a discount rate 0.5% increased would result in 7% decreased actuarial liability while the exact opposite move, that is the use of a discount rate of 0.5% decreased, would result in 8% increased actuarial liability.

Sensitivity Analysis for the defined benefit plan (lump-sum payment)

For the year ended 31 December 2018 an increase of 0.5% to the discount rate applied, would result in a reduction of the liability by about 4%, while in a reverse scenario that is a 0.5% decrease in the discount rate, the resulting increase for the liability would be 4%.

Regarding the comparative year ended 31 December 2017, an increase of 0.5% to the discount rate applied, would result in a reduction of the liability by 7%, while in a reverse scenario, that is 0.5% decrease in the discount rate, the resulting increase for the liability would be 8%.

33. Other Provisions

(Amounts in thousand €)

Description	Group			Bank		
	31.12.2018	01.01.2018	31.12.2017	31.12.2018	01.01.2018	31.12.2017
Provisions for litigious claims	5,274	4,535	4,535	5,274	4,535	4,535
Provisions for credit risk coverage from off balance sheet items	16,301	11,293	0	16,301	11,293	0
Total Other Provisions	21,575	15,828	4,535	21,575	15,828	4,535

"Provisions for litigious claims" is described in Note 41.3.

As at 31.12.2018, "Provisions for credit risk coverage from off balance sheet items", following the application of IFRS 9 since 01.01.2018, amounted to € 16,301 thousand.

34. Other liabilities

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Taxes and duties payable	2,175	2,130	1,983	1,975
Creditors and suppliers	3,480	5,898	3,079	5,383
Liabilities to insurance institutions	2,077	2,285	2,064	2,272
Expenses payable	1,611	1,605	1,601	1,595
Commissions and interest payable	3,995	3,696	3,995	3,696
Liabilities due to collection on behalf of third parties	15	148	15	148
Other liabilities	5,521	2,474	5,499	2,468
Total Other Liabilities	18,874	18,236	18,235	17,537

Liabilities from "Creditors and suppliers" are reduced compared to the previous year, mainly due to the restructuring and reduction of the Bank's operating costs. Category "Other Liabilities" comprises mainly of contingent liabilities to third parties.

35. Equity

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Paid up (common shares)	138,376	701,806	138,376	701,806
Paid up (preference shares)	0	100,200	0	100,200
Share Capital	138,376	802,006	138,376	802,006
Reserves	450,545	246,609	450,339	246,399
Retained Earnings	(98,024)	(415,910)	(98,439)	(419,368)
Total Equity	490,897	632,705	490,276	629,037

Share Capital

Following the decision of the Extraordinary General Assembly of the Bank on 22.12.2017 the following took place:

1. The increase of the nominal value of each registered share with a voting right from € 0.30 to € 4.2539999922534 per share and a reverse split with a ratio of 14.1799999741806 of existing shares for every new one thus decreasing the number of common shares from 2,339,353,394 to 164,975,557 new shares. Following this increase in the nominal value of each common share of the Bank, the common share capital will remain unchanged and it will be € 802,006,018.10 divided into 164.975.557 common registered shares with a nominal value of €4.2539999922534 per common share and 286,285,714 preference shares with a nominal value of €0.35 each.
2. The reduction of the share capital through the reduction of the nominal value of each common share with a voting right of the Bank (as formed after the reverse split) from 4.2539999922534 per share to €

0.30 per share up to the total amount of € 652,313,351.10 for the purpose of writing off, the accumulated losses amounted to € 419,253,000 resulting from the Annual Financial Statements for the year ended 2016 which were approved by the General Assembly of the Bank held on 08.07.2017 and the formation of a special reserve amounted to € 233,060.351.10 according to article 4 par.4a of C.L 2190/1920. Following the above reduction of share capital, the nominal value of the share is € 0.30 while the total number of shares has not changed.

3. The increase in the share capital of the Bank by the issuance of up to 659,902,228 new common registered shares under the Law 3604/2007 (as in force) up to the amount of one hundred and ninety seven million nine hundred and seventy thousand six hundred and sixty eight euros and forty cents (€ 197,970,668.40) in cash and in favor of the existing shareholders. Following the above increase, and if it is fully covered, the total share capital of the Bank will amount to € 247,463,335.50 divided into 824,877,785 ordinary shares of a nominal value of € 0.30 each.

Regarding the increase of the share capital of the 3rd paragraph by cash payment, the Board of Directors of the Bank at its meeting on 21 May 2018 declared that the share capital increase was covered partially by € 88,883,536.80, which represents the 44.9%. At the same time, it proceeded with the issuance of 296,278,456 new common registered shares with nominal value € 0.30 each and approved the distribution and disposal of the new shares.

On 21.05.2018 the Board of Directors certified the payment of the amount of the share capital increase following the partial coverage.

According to the above the total share capital of the Bank as at 30.06.2018 amounts to € 238,576,203.80 divided into:

- a) 461,254,013 common registered shares with voting rights, with nominal value of € 0.30 each and
- b) 286,285,714 preference shares with nominal value € 0.35 each, which are redeemable. The shares in this category have been issued under Law 3723/2008 "Liquidity assistance program of the Greek economy". These shares are of indefinite duration and are subject to redemption by the Bank upon the relevant approvals of the Bank of Greece. Furthermore, these shares bear a fixed non-cumulative yield of 10% conditional upon the requirements of Article 44 of C.L. 2190/1920 being met and distributable profits to exist. Therefore, the payment of the fixed non-cumulative interest of 10% requires a previous approval by the Annual General Meeting of the Bank's shareholders. The aforementioned characteristics with regards to the nature, type and decision-making process related to these preference shares, indicate that these shares should be recognized as part of equity and not as a liability.

The General Assembly on 27 June 2018, as completed on 25 July 2018, decided the acquisition of the preference shares of the Greek State with a nominal value of € 100,199,999.90, following the decision of the Extraordinary General Assembly held on 22.12.2017, in order for the acquisition to take place in exchange for: a) cash and b) by delivering to Greek State subordinated bonds in accordance with paragraph 1a of article 1 of Law 3723/2008, as in force. Furthermore, it decided to reduce the share capital of the Bank through the cancellation of the preference shares acquired and corresponding amendment of article 5 of the Bank's Articles of Association.

Following the above the Bank, pursuant to the provisions of Article 80 of Law 4484/2017, on 21 December 2018 the Bank issued a subordinated bond (TIER II) for the repayment of the Greek State's preference shares amounting to € 100,199,999.90 million. According to the terms of their issuance, the above Tier 2 capital instruments have a maturity of ten years (until 20 December 2028) and pay a fixed nominal interest rate of 6.41%. On 21 December 2018 the Bank's Share Capital was reduced by € 100,199,999.90 with the cancellation of 286,285,714 preference shares which had been issued under the provisions of Greek Law 3723/2008 and since that date onwards the Greek State does not hold any preference shares of the Bank. Following the redemption of the preference shares held by the Greek State, the Bank's Common Share Capital amounted to € 138,376,203.90 divided into 461,254,013 common, registered shares with voting rights and a nominal value of € 0.30 each.

Treasury Shares

As at 31.12.2017, the Bank owned a total of 26 treasury shares of "Attica Bank S.A." at acquisition cost of € 97,332.30. These shares resulted from the reverse split of the 380 common registered shares held on 30.04.2018, which took place within the framework of the share capital increase. These shares represent a percentage of 0.0000056% the total common shares with voting right the same date. The other Group companies included in the consolidation did not hold any shares of the Bank as at 31.12.2018.

36. Reserves

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Statutory reserve	6,948	6,948	6,773	6,773
Taxable reserves	15,234	15,234	15,234	15,234
Intra-group dividend tax exemption special reserve	300	300	300	300
Share capital decrease 2015 special reserve	229,941	229,941	229,941	229,941
Special reserve for the reduction of the share capital of the year 2018	233,060	0	233,060	0
Reserve for revaluation of assets at fair value through the statement of comprehensive income	(22,675)	4,984	(22,675)	4,984
Treasury shares reserve	97	97	97	97
Reserve from actuarial gains / (losses) on defined benefit plans	(12,361)	(10,895)	(12,392)	(10,931)
Reserves	450,545	246,609	450,339	246,399

According to article 44 of the C. L. 2190/1920 as amended and in force by article 158 of the law 4548/2018 the Bank is required to deduct annually 5% of its net annual profits for the formation of a Statutory Reserve. The obligation to form a statutory reserve ceases when it reaches one third of the Bank's share capital according to the Bank's Article of Association (similar arrangement refers to Article 28 of the Bank's Articles of Association).

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Opening balance for the year	4,984	(505)	4,984	(505)
Net gains / (losses) from changes in fair value	(26,741)	5,983	(26,741)	5,983
Amounts transferred to profit or loss	(918)	(494)	(918)	(494)
Closing balance for the year	(22,675)	4,984	(22,675)	4,984

37. Cash and cash equivalents

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Cash and balances with Central Bank	60,860	38,473	60,858	38,471
Due from other financial institutions	9,429	2,698	9,422	2,690
Cash and cash equivalents	70,289	41,170	70,280	41,161

38. Operating leases

The Group's obligations arising from contracts for leased property, either relate to buildings which are used by the Bank as branches or for administrative purposes, or leased buildings used by the other companies of the Group for administrative purposes.

The table below presents the total of future minimum lease payments of the both the Group and the Bank

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Future minimum lease payments of the Group/Bank as lessee:				
Up to 1 year	4,642	4,774	4,580	4,722
1 to 5 years	11,667	12,156	11,500	12,003
More than 5 years	3,527	1,896	3,527	1,866
Total future minimum lease payments	19,836	18,826	19,606	18,590

The total amount which is charged to the income statement for 2018, and refers to lease payments is €5,062.8 thousand for the Group and €5,000 thousand for the Bank. The change in future lease payments in the current year relative to the comparative is due to the rationalization of operating costs (reduction of branch network).

IFRS 16 First Time Adoption (FTA) Impact

The Group will apply the standard retrospectively using the modified retrospective approach (IFRS 16:C8 (a) & (bii)), where the right-of-use asset is set equal to the amount of the lease liability and will not restate the comparative information.

The Group has decided to apply the practical expedient (IFRS 16:C3), and not to reassess on initial application whether a contract is, or contains, a lease and will apply the standard to contracts that were previously identified as leases under IAS 17

In addition, the Group will make use of the following practical expedients on transition:

- Apply a single discount rate to all leases
- Exclude of initial direct costs from the measurement of the right-of-use asset
- Use hindsight to determine the lease term if the contracts contain options to extend or terminate the lease.

Furthermore, the requirements of the new standard were not applied on leases for which the lease term is less than 12 months (short term), as well as to leases for which the underlying asset is of low value when new (less than € 5.000 when new)

For the initial measurement of the present value of future lease payments the Group and Bank used an appropriate discount rate (incremental borrowing rate). The Group and the Bank estimate that at 01.01.2019 the right-of-use asset will amount to approximately € 18.3 million and € 18.2 million, respectively. There will be no impact on Equity and the impact on the Capital Adequacy Ratio is estimated around 10bps.

39. Related party Transactions

(Amounts in thousand €)

	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
A. Transactions with related companies				
Receivables	0	2,107	15,999	20,732
Liabilities	201,885	185,098	209,657	198,853
Off Balance Sheet Items	0	0	59	71
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Income	0	41	329	318
Expenses	2,357	1,755	2,759	1,954
Transactions with Members of the Management	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Receivables (Loans)	612	570	612	570
Liabilities (Deposits)	723	341	723	338
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Interest income	23	29	23	29
Interest expenses	5	2	6	2
Salaries and wages	1,924	1,083	1,854	1,013
Directors' fees	708	643	563	503
Total fees of Members of Management	2,632	1,725	2,416	1,515

The increase in "Salaries and wages" as at 31.12.2018 compare to 31.12.2017, is due to the increase to the number of persons who, during 2017 and according to the Bank's Operating Regulation, meet the requirements to considered key management personnel in compliance with International Accounting Standard 24.

Transactions with related companies include subsidiaries and associates of the Group, as presented in note 22 and 23, as well as the Bank's main shareholder, Single Social Security Body (E.F.K.A.).

Transactions with Members of the Group's Management concern the Members of the Board, the Deputy Managing Directors and the members of the Executive Committee, as well as the members of the Assets & Liabilities Management Committee. All loans to members of management a) were granted in the course of usual business operations b) carried the same terms, including interest rates and collateral, as similar loans granted to third parties in the same period, and c) do not involve a higher than normal degree of credit risk or other unfavorable features. "Salaries and wages" in the current year have increased compared to prior year 2017, due to new members participating in the above mentioned committees.

It is noted that transactions with members of the Board of Directors also include the remaining transactions of the members of the Management Board until the period of their tenure.

40. Companies of the Group

The following table present the companies of the Group, included in the consolidated financial statements under full consolidation method for the closing period, as well as for the comparative year ended 31.12.2017.

31.12.2018

<u>Company</u>	<u>Country of incorporation</u>	<u>% Participation</u>
1. Attica Wealth Management M.F.M.C.	Greece	100.00%
2. Attica Bancassurance Agency S.A.	Greece	100.00%
3. AtticaBank Properties S.A.	Greece	100.00%

31.12.2017

<u>Company</u>	<u>Country of incorporation</u>	<u>% Participation</u>
1. Attica Wealth Management M.F.M.C.	Greece	100.00%
2. Attica Bancassurance Agency S.A.	Greece	100.00%
3. AtticaBank Properties S.A.	Greece	100.00%

41. Contingent Liabilities and Commitments

41.1 Off balance sheet liabilities and pledged assets

(Amounts in thousand €)

Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Contingent Liabilities				
Letters of Guarantee	307,008	382,322	307,008	382,322
Letters of Credit	1,591	3,507	1,591	3,507
Contingent liabilities from forward contracts	46,342	69,734	46,342	69,734
Total Contingent Liabilities	354,941	455,563	354,941	455,563
Undrawn Credit Limits				
- Up to 1 year maturity	128,009	155,012	128,009	155,012
- Over 1 year maturity	37,333	35,851	37,333	35,851
Total Undrawn Credit Limits	165,342	190,864	165,342	190,864
Pledged Assets				
Emergency Liquidity Assistance (E.L.A.)				
Securities of Loans and Receivables	72,850	0	72,850	0
Bond from reverse repo	7,900	0	7,900	0
Total commitments to E.C.B.	80,750	0	80,750	0
Emergency Liquidity Assistance (E.L.A.)				
- Trading securities	0	1,079	0	1,079
- Available for Sale securities	0	33,673	0	33,673
- Held to Maturity securities	0	10,000	0	10,000
- Bond of L. 3723/2008	0	380,000	0	380,000
- Other Loans	1,123,714	1,594,179	1,123,714	1,594,179
Total commitments to E.L.A.	1,123,714	2,018,931	1,123,714	2,018,931
Total of Pledged Assets	1,204,463	2,018,931	1,204,463	2,018,931
Total off-balance sheet liabilities and pledged assets	1,724,746	2,665,358	1,724,746	2,665,358

The following table analyzes the nominal and adjusted value of the pledged collaterals, as well as the liquidity absorption of the Group as at 31.12.2018:

Description	E.C.B.	E.L.A.	Total
Nominal Value of pledged Collaterals	80,750	1,123,714	1,204,463
Adjusted Value of pledged Collaterals	58,514	659,106	717,619
Liquidity	58,400	95,000	153,400

41.2 Tax liabilities

Pursuant to the provisions of article 65A of Greek Law 4174/2013 from 2011 the statutory auditors and audit firms conducting the statutory audit in Public Companies are required to issue an "Annual Tax Certificate" certifying compliance with relative tax issues. This certificate shall be submitted both to the audited company up to its Corporate Income Tax Declaration and at the latest within the first ten days of the tenth month following the audited financial year, and electronically to the Ministry of Finance not later than the end of the tenth month following year end.

Pursuant to article 56 of Greek Law 4410/03.08.2016 for the fiscal years starting as of 01.01.2016, the issuance of a tax certificate becomes optional. However, the intention of the Bank is to continue to obtain the tax certificate. The year 2011 is considered barred according to the provision of Circular POL.1208/20.12.2017 of the Independent Public Revenue Authority.

The Bank for the fiscal years 2011 up to 2017, has obtained the relevant tax certificates without any qualifications on the tax issues covered. In all circumstances, there are no indications to suggest that the Bank has not complied, in any material aspect, with relevant tax legislation.

As at 31.12.2018 the Group has recorded provisions for tax purposes of a total amount of € 2,979 thousand. An amount of approximately € 2.5 million relates to withheld tax concerning specially taxed income of fiscal year 2011 and € 494 thousand relates to the annual commission towards the Greek State for the amount of the guaranteed deferred tax asset deriving from the positive difference in the current tax rate (29%) and the tax rate that was in force until 31.12.2014 (26%).

It is noted that the Bank is evaluating the application under the provisions of Greek Law 4605/2019.

In addition, on 29.06.2018, the Bank paid a commission in favor of the Greek State amounting to € 539 thousand for the corresponding commission for the year 2017.

With respect to the other companies of the Group, the unaudited period for tax purposes is 2010 which has become final in accordance with the limitation provisions. The unaudited tax periods for Attica Bank Properties SA are the years 2014 and 2016, which in those years did not meet the turnover requirements of the law, in order to receive a tax compliance report from the statutory auditors.

41.3 Legal cases

All litigation claims against the Group are recorded and examined for the probability of success, as well as the possible outcome. For cases where a negative outcome is probable and can be reliably estimated the Group records a provision which is included in the Group and Bank's Statement of Financial Position under "Provisions for litigious cases" in line "Other Provisions". For the year ended 31.12.2018, based on the Legal Department's assessment, the estimated amount for the Group's present obligations arising from cases under litigation is €5,274 thousand (31.12.2017: €4,535 thousand), which concerns only the Bank and a provision of equal amount has been recorded in its books.

42. Risk Management

The Group is exposed to a variety of risks, the most important of which are credit risk, market risk which refers to risks arising from fluctuations in foreign exchange rates, interest rates and market prices, operational risk and liquidity risk. Risk management is an integral part of the business strategy development process, including the business planning process and risk taking policy, as it determines the admissible risk caps for each type of risk.

During the year 2018 and within the framework of the restructuring plan, the Group has adopted both for administrative and operational aspects of risk management, a process of corporate governance, international standards, and the provisions of the supervisory authorities. In this context it develops continuously advanced mechanisms and organizational structures for the identification, quantification, monitoring and management of all kinds of risks. Within the framework of the new organizational structure of the Bank, the Risk Management Division is reorganized and is now organized into Units chaired by the Chief Risk Officer, who maintains his / her independent role on demand to the Board of Directors through the Risk Management Committee (RMC).

The strategy for taking and managing all kinds of risks is in line with best international practices, current legislation and the supervisory framework, and is constantly evolving through the development of a single risk management concept for the Group. The Risk Management Committee of the Board of Directors is responsible for the approval and periodic review of the Group's risk-appetite profile. More specifically, the Board of Directors through the RMC monitors overall risk, consents to the selection of the CRO, approves policies and procedures, and monitors Group VAR on the basis of the monthly and quarterly reports of the unit and CRO reports.

In the context of the effort for a more effective management of the risks to which the Group is exposed and also to avoid a departure from the risk limits as defined by the Risk Assurance Framework, the Group has designed an Early Warning System to address such purpose.

The Early Warning System is divided into three separate sections:

- Bank Level Monitoring;
- Customer Level Monitoring;
- Implementation of procedures for appropriate containment and restoration measures by competent bodies.

Credit Risk

Credit risk is the most significant risk for the Group and for that reason, the Group's main target is to systematically monitor and effectively manage credit risk. For purposes of better credit risk management, there is continuous reassessment of the Group credit policies and monitoring of compliance of the relevant operating units with these policies.

Great emphasis is given to portfolio quality assessment in the segments of corporate loans as well as consumer and mortgage loans. Through the use of developed systems of credit risk measurement and assessment of the borrowers based on qualitative and quantitative criteria, the credit risks involved are evaluated and met in a timely and efficient way.

As far as consumer and mortgage loans are concerned, a system of customers' creditworthiness evaluation - credit scoring – is implemented which also applies to credit cards and credit products. The credit rating system consists of a 7-grade scaling (A/B/C/D/E/F/G) and classifies customers based on creditworthiness rating scales. The re-evaluation of customers' creditworthiness is performed annually through the validation of the models.

As far as corporate loans are concerned, concerning enterprises with C Class accounting books, external credit evaluations of the ICAP Group S.A. which was recognized by the Bank of Greece following the decision 262/8/26.6.2008, are taken into account. Through this system, debtors are ranked based on their credit rating into one of eleven credit rating classes (AA/A/BB/B/C/D/E/F/G/H/NR/NC/NT), by giving them a Probability of Default, thus assisting in determining the appropriate pricing in view of the level of risk undertaken. Moreover, in cooperation with ICAP SA, an internal model of credit assessment of enterprises that do not fall into the above category has been developed, ranking them on a respective scale based on the calculated probability of default. The reassessment of the creditworthiness of debtors shall be carried out regularly and at least on a semiannual basis.

For the approval of the loan portfolio, the Bank's Credit Division, the relevant Sub-Divisions for Individuals and Businesses and for loans exceeding their approval thresholds, the Credit Committee and the Supreme Credit Committee are responsible. Depending on the type and amount of the proposed loan, the approvals of the above stages may require the approval of the Board of Directors in order to set them into force. The above approval structures are consistent with the supervisory requirements as they ensure the independence of the approval steps from the Bank's operational revenue units.

At the end of year 2018, the Bank's Credit Regulation was updated, while in the context of a more proactive credit management, with particular emphasis on the timely identification of borrowers with characteristics (alerts) that make it possible to breach their obligations towards the Bank, a System (Policy-Procedures) was developed in order to categorize, on the basis of risk, the enterprise creditors and to take preventative measures and actions.

Impairment risk

The Group carries out regular impairment tests of its portfolios, whether loans or not, on a quarterly basis for each financial statement date, but also extraordinarily for stress testing purposes. The risk assessment process is fully based on Bank's statistics, while historical data of default payments and values of collateral are kept, as provided by the regulatory framework and in line with the Bank of Greece guidelines. Additionally, the Group has taken the necessary steps to comply fully with the prudential requirements set out in IFRS 9.

According to IAS 39, credit losses were recognized when a default event had already taken place, while through transition to IFRS 9, the Bank is obliged to estimate and record Expected Credit Losses (ECL) through the lifetime of its financial assets, irrespective of a default event having taken place.

The Group performs the calculation of ECL at each reporting date, in order to assess the changes in the financial instrument's credit risk since its initial recognition. To this regard, the calculation incorporates current, historical and forward-looking information related to the Group's financial instruments.

For relevant information, please refer to Note 2.34

Concentration Risk

The limits applied in the Bank Portfolio are determined based on criteria regarding a proper allocation of the Group capital for the purposes of avoiding concentration of risks in certain market segments, geographical regions or related counterparties, taking into account the following:

- Surveys on the level of credit risk associated with specific industries in order to identify those where credit expansion should be limited.
- Assessment of concentration risk that can arise from exposures to particular customers or groups of customers and/or exposures to groups of counterparties whose probability of default is affected

by common factors such as: macroeconomic environment, geographical position, operating market segment, currency, use of risk mitigating techniques.

- Carrying out stress tests and using their results in developing a limit system.

The assessment of concentration risk based on the geographical distribution of exposures did not result to any concentration, except for the region of Attica, which is expected given the structure of the Greek economy.

Market risk

The Group is exposed to market risk arising from variations in the value of financial instruments as a result of adverse changes in market variables such as equities' prices, interest rates, foreign exchange rates.

The Group has established internal procedures regarding applicable trading limits for the Treasury Department for purposes of controlling market risk. Within the scope of market risk management, hedging activities are applied. The Bank monitors the effectiveness of these hedging and risk mitigating techniques within the context of the respective policy and limit management as set by the Assets Liabilities Committee (ALCO). In the context of Group's restructuring, modern methods of risk measurement of investment portfolios (Value-at-Risk Methods and Scenario Analysis and Stress Testing) were implemented in full compliance with European supervisory requirements and best market practices.

Transaction portfolio includes investments held for trading. These are securities acquired for the purpose of directly realizing profits from short term price fluctuations. Bank's investment portfolio includes investments measured at fair value through other comprehensive income and at amortized cost.

For the management of currency risk, there is an established limits framework which has been approved by the Assets Liabilities Committee (ALCO). This framework includes profit and loss limits, nominal limits (by currency, in total, daily, intra-day etc.).

Regarding interest rate risk, measurement methods used are associated with the re-pricing risk, the yield curve risk, the basis risk and optionality.

In addition, the Bank periodically carries out stress tests and sensitivity analysis for changes in the economic value of the portfolio that will occur in various scenarios of changes in yield curves, fx rates and share prices. A variety of scenarios are tested that reflect the optimum market practices, the regulatory requirements and the estimations of the executives and Management of the Bank in respect to developments in the market.

Liquidity risk

The Group monitors the liquidity risk by using quantitative indicators and sets specific risk limits according to the current Risk Appetite Framework.

The monitoring of liquidity risk is carried out by the Group on the basis of qualitative criteria (as defined in the Annex to the Bank of Greece Governor's Act (PD/TE) No. 2614/07.04.2009) and quantitative data. The Group uses the following methods to achieve the specific objective:

- Configuration of internal limits according to the risk profile of the Group;
- Diversification of funding sources;
- Periodic review of liquidity needs and maintenance of minimum reserves to meet exceptional liquidity needs;
- Performing stress-testing scenarios to anticipate the impact on the Group of adverse changes in the financial system;
- Determination of methods for measuring short- and long-term liquidity risk.

Liquidity risk management also includes the management of liquidity crises. Attica Bank Group, in accordance with the provisions of the Bank of Greece Governor's Act (PD/TE) No. 2614/07.04.2009, has developed a Contingency Funding Plan under which it manages Group's liquidity under extraordinary circumstances (Liquidity Crisis).

Tools have been developed that allow the close monitoring of the main factors that determine the level of liquidity and take appropriate actions in breach of the established early warning levels.

Taking into consideration the above and in line with the provisions of the Risk Assurance Framework and the decisions of the ALCO and the Risk Management Committee, the optimal level of liquidity is formulated for the Group's operation and its maintenance at tolerable risk levels.

Capital Adequacy

The Risk Management Unit of the Group monitors capital adequacy at regular time intervals and checks the submitted calculated data on a quarterly basis to the Bank of Greece that acts as the supervisory authority for all Credit Institutions.

The Capital Adequacy Ratio is defined as the ratio of regulatory equity capital to assets and off-balance sheet items, weighted by the risk they incorporate.

The main objective for the Group is to maintain its capital receivables to levels complying with the regulatory framework as this is established by the country's regulatory authorities, so that the Group is able to continue the course of its normal operations and to maintain its capital base to a level which would not prevent the realization of its business plan.

Apart from meeting minimum capital requirements, the Group, in accordance with Law 4261/2014, has reliable, effective and complete strategies and procedures for assessing and continuously maintaining the size, structure and allocation of its capital base to a level which is considered adequate relative to the nature and level of risks undertaken (internal capital). In particular, regarding credit risk within the ICAAP, the Group applies the Internal Ratings-Based Approach for the calculation of the expected and unexpected losses in the portfolio and of the regulatory capital required to cover the above losses.

Within the framework of the Internal Capital Adequacy Assessment Process (ICAAP) the following items are examined in both quantitative and qualitative scopes:

1. Level, structure and stability of regulatory capital;
2. Profitability and its sustainability;
3. Credit risk component of concentration risk;
4. Market risk;
5. Interest rate risk;
6. Liquidity risk;
7. Securitization risk;
8. Operational risk;
9. Leverage risk;
10. Compliance risk;
11. Level and allocation of internal capital.

The assessment of how the above items have developed over time and the consideration of executives' qualitative perspectives on them, leads into determining further capital requirements against the following:

- Underestimation of Credit Risk using the standardized approach;
- Underestimation of Market Risk;
- Underestimation of Operational Risk using the Basic Indicator approach;
- Other risks such as interest rate risk, concentration risk, liquidity risk, profitability risk, capital risk and reputation risk.

Internal capital is calculated as the sum of the individual assessments on coverage of all forms of risk.

42.1 Liquidity risk

"Liquidity risk" is the risk that the Group is unable to fully meet payment obligations and potential payment obligations as and when they fall due because of lack of liquidity. This risk includes the possibility that the bank may have to raise funding at higher cost or sell assets on a discount. The monitoring of liquidity risk is concentrated on the managing of the time lag between cash inflows and outflows, as well as to ensure the existence of adequate cash reserves for the day-to-day transactions. The regulatory authorities have defined liquidity indices, on their own criteria, in order to control liquidity gaps and the bank is now required to monitor two new indices (LCR - NSFR) with minimum regulatory limits of 100% for both.

The following tables depict a Liquidity Gap Analysis, providing an idea for the expected cash flows of assets and liabilities for each period. In those instances that there is no contractual expiration of the assets and liabilities then these are classified in the up to one month category. For pumping extra liquidity the Bank commits financial assets as collateral to the Bank of Greece (note 41.1 of the financial statements). During 2018, were revised and updated and are expected to be approved during 2019 the Liquidity Management Policy, the Liquidity Risk Policy, the Contingency Funding Plan and the Recovery Plan, as well as the Internal Liquidity Adequacy Assessment Process – ILAAP.

In 2018, the actions of ELA Zero Plan were implemented and the use of ELA was limited to € 95m. During the first quarter of 2019, its use was eliminated.

Liquidity Risk

(Amounts in thousand €)

Group

31.12.2018

Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Total
Cash and balances with Central Bank	60,860					60,860
Due from other financial institutions	9,429					9,429
Derivative financial instruments - assets				87		87
Financial assets at fair value through profit or loss			236	895	1,818	2,950
Loans and advances to customers (net of impairment)	106,959	80,499	86,600	225,272	1,092,816	1,592,144
Financial assets measured at fair value through other comprehensive income (FVOCI)		85	1,015	25,391	882,797	909,288
Investment securities measured at amortised cost				9,879		9,879
Investments in associates					3,427	3,427
Property, plant and equipment					31,646	31,646
Investment property				57,862		57,862
Intangible assets			(1,093)	139,202	50,413	50,413
Deferred tax assets				282,248		282,248
Other assets	49,675	5,988	21,210	28,214	97,074	202,162
Total Assets	226,923	86,572	107,968	486,716	2,442,327	3,350,505
Due to other financial institutions	248,902	175,747				424,649
Due to customers	1,426,583	364,312	452,105	38,876		2,281,875
Derivative financial instruments - liabilities		34				34
Issued bonds					99,676	99,676
Defined benefit obligations				5,150	7,775	12,925
Other provisions				21,575		21,575
Other liabilities	13,101	4,757	961	16	40	18,874
Total Liabilities	1,688,586	544,850	453,066	65,616	107,491	2,859,609
Liquidity Gap	(1,461,662)	(458,279)	(345,098)	421,100	2,334,836	490,897

Liquidity Risk

(Amounts in thousand €)

Description	Group 31.12.2017					Total
	Up to 1 month	From 1 to 3 months	From 1 year to 5 years	More than 5 years		
Cash and balances with Central Bank	38,473					38,473
Due from other financial institutions	5,628	(2,930)				2,698
Derivative financial instruments - assets		0		190		190
Financial assets at fair value through profit or loss	218	1,080	587	518		3,536
Loans and advances to customers (net of impairment)	128,364	480,917	470,473	1,014,782		2,192,074
Financial assets available for sale	2,402	194	23,807	554,619		581,022
Investments held to maturity			9,899			9,899
Investments in associates				6,757		6,757
Property, plant and equipment				28,716		28,716
Investment property			58,047			58,047
Intangible assets				46,668		46,668
Deferred tax assets		(955)	45,966	331,391		376,402
Other assets	46,854	20,029	32,656	66,800		192,967
Total Assets	221,939	115,770	641,435	2,050,441		3,537,449
Due to other financial institutions	943,451					943,451
Due to customers	1,407,932	267,185	249,015			1,924,131
Derivative financial instruments - liabilities		122				122
Defined benefit obligations			5,691	8,578		14,269
Other provisions			4,535			4,535
Other liabilities	14,282	2,361	16	35		18,236
Total Liabilities	2,365,665	269,667	10,241	8,613		2,904,744
Liquidity Gap	(2,143,725)	(153,898)	631,194	2,041,829		632,705

Liquidity Risk

(Amounts in thousand €)

Description	Bank					Total
	31.12.2018	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	
Cash and balances with Central Bank	60,858					60,858
Due from other financial institutions	9,422					9,422
Derivative financial instruments - assets					87	87
Financial assets at fair value through profit or loss			236	895	1,818	2,950
Loans and advances to customers (net of impairment)	106,959	80,499	86,600	225,272	1,092,816	1,592,144
Financial assets measured at fair value through other comprehensive income (FVOCI)		85	1,015	25,391	882,797	909,288
Investment securities measured at amortised cost				9,879		9,879
Investments in subsidiaries					1,102	1,102
Investments in associates					7,702	7,702
Property, plant and equipment					31,581	31,581
Investment property				57,862		57,862
Intangible assets					50,390	50,390
Deferred tax assets			(1,093)	139,201	282,248	420,355
Other assets	49,569	5,982	21,210	28,214	97,074	202,050
Total Assets	226,807	86,566	107,968	486,714	2,447,616	3,355,671
Due to other financial institutions						424,649
Due to customers	248,902	175,747				424,649
Derivative financial instruments - liabilities	1,433,058	364,312	452,105	38,876		2,288,350
Issued bonds		34				34
Defined benefit obligations					99,676	99,676
Other provisions				5,150	7,725	12,874
Other liabilities	13,015	4,205	961	21,575	40	21,575
Total Liabilities	1,694,975	544,298	453,066	65,616	107,441	2,865,395
Liquidity Gap	(1,468,167)	(457,732)	(345,098)	421,098	2,340,175	490,276

Liquidity Risk (Amounts in thousand €)	Bank 31.12.2017				
Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years
Cash and balances with Central Bank	38,471				38,471
Due from other financial institutions	2,690				2,690
Derivative financial instruments - assets		0			190
Financial assets at fair value through profit or loss	218	1,133	1,080	587	518
Loans and advances to customers (net of impairment)	128,364	97,537	480,917	470,473	1,014,782
Financial assets available for sale	2,402		194	23,807	554,619
Investments held to maturity				9,899	9,899
Investments in subsidiaries					2,926
Investments in associates					7,702
Property, plant and equipment					28,629
Investment property				58,047	58,047
Intangible assets					46,635
Deferred tax assets			(955)	46,282	331,391
Other assets	46,990	19,720	26,627	32,656	66,800
Total Assets	219,136	118,391	507,863	641,751	2,054,194
Due to other financial institutions	943,451				943,451
Due to customers	1,416,226	267,185	249,015		1,932,425
Derivative financial instruments - liabilities		122			122
Defined benefit obligations				5,691	8,536
Other provisions				4,535	4,535
Other liabilities	14,254	1,689	1,544	16	35
Total Liabilities	2,373,930	268,996	250,558	10,241	8,571
Liquidity Gap	(2,154,795)	(150,605)	257,305	631,510	2,045,623
					629,037

42.2 Market risk

42.2.1 SHARE PRICE RISK

The risk concerning stocks and other securities in Group's possessions, arises from potential adverse changes in current prices of stocks and other securities. As a rule, the Group invests in Stock Exchange securities which are classified according to investment purposes into the corresponding portfolio (trading or investing).

The Group estimates the risk by calculating the adverse effects on annual financial results by any change in equity prices. The parameters used in the sensitivity analysis are similar to those used in the reporting to the Regulatory Bodies.

According to the relevant calculations of the Group on the account balances as at 31.12.2018, it was estimated that a decrease in equity prices per 30% implies a loss of € 55 thousand for both the Group and the Bank.

Correspondingly, concerning the comparative year 2017, in the event of a share price decrease by 30%, the Group would have suffered losses amounting to €596,3 thousand for both the Group and the Bank.

There are no changes in the management, the exposure and the methodology of the risk for the current period compared to the comparative period of 2017.

42.2.2 FOREIGN EXCHANGE RISK

As "foreign exchange risk" is defined the investment risk that arises from the exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Group/ Bank has set limits on the level of exposure on each currency, which are monitored daily. The Group often hedges the largest part of this risk, by maintaining corresponding liabilities in the same currency. In the tables below is shown, categorized by currency, the level of exposure of the Group to foreign exchange risk. There are no changes in the management, the exposure and the methodology of the risk for the current year end compared to the comparative year end of 2017.

Foreign Exchange Risk

(Amounts in thousand €)

Description	Group 31.12.2018					Total
	EUR	USD	GBP	JPY	OTHER	
Cash and balances with Central Bank	60,438	241	36	0	145	60,860
Due from other financial institutions	8,184	263	117	34	831	9,429
Derivative financial instruments - assets	87					87
Financial assets at fair value through profit or loss	2,950					2,950
Loans and advances to customers	1,591,623	394			127	1,592,144
Financial assets measured at fair value through other comprehensive income (FVOCI)						
Investments securities measured at amortised cost	909,282		6			909,288
Investments in associates	9,879					9,879
Property, plant and equipment	3,427					3,427
Investment property	31,646					31,646
Intangible assets	57,862					57,862
Deferred tax assets	50,413					50,413
Other assets	420,357					420,357
	200,686	1,469	6	1	(0)	202,162
Total Assets	3,346,835	2,367	165	36	1,103	3,350,505
Due to other financial institutions	424,649					424,649
Due to customers	2,237,670	36,103	2,307	1	5,795	2,281,875
Derivative financial instruments - liabilities	41,250	(34,002)	(2,198)		(5,015)	34
Issued bonds	99,676					99,676
Defined benefit obligations	12,925					12,925
Other provisions	21,575					21,575
Other liabilities	18,137	525	48	(0)	164	18,874
Total Liabilities	2,855,881	2,626	156	1	945	2,859,609
Net Exchange Position	490,953	(259)	8	35	159	490,897

The Group estimates the extent of foreign exchange risk by measuring the negative effect of the exchange rates fluctuations on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2018 a change by plus (+)/ minus (-) 6% for the main currencies and a change by plus (+)/ minus (-) 20% for the secondary currencies, will result in a loss of €182 thousand for the Group.

Foreign Exchange Risk (Amounts in thousand €)		Group 31.12.2017				
Description	EUR	USD	GBP	JPY	OTHER	Total
Cash and balances with Central Bank	38,108	169	46	1	149	38,473
Due from other financial institutions	127	498	177	30	1,866	2,698
Derivative financial instruments - assets	190				0	190
Financial assets at fair value through profit or loss	3,536					3,536
Loans and advances to customers (net of impairment)	2,191,572	376			125	2,192,074
Financial assets available for sale	581,015		8			581,022
Investments held to maturity	9,899					9,899
Investments in associates	6,757					6,757
Property, plant and equipment	28,716					28,716
Investment property	58,047					58,047
Intangible assets	46,668					46,668
Deferred tax assets	376,402					376,402
Other assets	191,569	1,390	2	2	3	192,967
Total Assets	3,532,606	2,432	233	33	2,145	3,537,449
Due to other financial institutions	943,451					943,451
Due to customers	1,882,829	33,086	2,250	4	5,962	1,924,131
Derivative financial instruments - liabilities	36,950	(30,734)	(2,051)		(4,042)	122
Defined benefit obligations	14,269					14,269
Other provisions	4,535					4,535
Other liabilities	18,100	102	14	1	20	18,236
Total Liabilities	2,900,133	2,454	213	5	1,940	2,904,744
Net Exchange Position	632,474	(21)	20	28	204	632,705

The Group estimates the extent of foreign exchange risk by measuring the negative effect of the exchange rates fluctuations on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2017 in case of a change by plus (+)/ minus (-) 6% for the main currencies and a change by plus (+)/ minus (-) 20% for the secondary currencies, will result to a loss of € 45 thousand for the Group.

Foreign Exchange Risk

(Amounts in thousand €)

Description	Bank 31.12.2018					Total
	EUR	USD	GBP	JPY	OTHER	
Cash and balances with Central Bank	60,436	241	36	0	145	60,858
Due from other financial institutions	8,176	263	117	34	831	9,422
Derivative financial instruments - assets	87					87
Financial assets at fair value through profit or loss	2,950					2,950
Loans and advances to customers (net of impairment)	1,591,623	394			127	1,592,144
Financial assets at fair value through other comprehensive income (FVOCI)	909,282		6			909,288
Investment securities at amortised cost	9,879					9,879
Investments in subsidiaries	1,102					1,102
Investments in associates	7,702					7,702
Property, plant and equipment	31,581					31,581
Investment property	57,862					57,862
Intangible assets	50,390					50,390
Deferred tax assets	420,355					420,355
Other assets	200,574	1,469	6	1	(0)	202,050
Total Assets	3,352,000	2,367	165	36	1,103	3,355,671
Due to other financial institutions	424,649					424,649
Due to customers	2,244,145	36,103	2,307	1	5,795	2,288,350
Derivative financial instruments - liabilities	41,250	(34,002)	(2,198)		(5,015)	34
Issued bonds	99,676					99,676
Defined benefit obligations	12,874					12,874
Other provisions	21,575					21,575
Other liabilities	17,498	525	48	(0)	164	18,235
Total Liabilities	2,861,667	2,626	156	1	945	2,865,395
Net Exchange Position	490,333	(259)	8	35	159	490,276

The Bank estimates the extent of foreign exchange risk by measuring the negative effect of the exchange rates fluctuations on its annual results. According to the measurements performed by the Bank on the balances of the accounts as at 31.12.2018 a change by plus (+)/ minus (-) 6% for the main currencies and a change by plus (+)/ minus (-) 20% for the secondary currencies, will result to a loss of €182 thousand for the Bank.

Foreign Exchange Risk

(Amounts in thousand €)

Description	Bank 31.12.2017					Total
	EUR	USD	GBP	JPY	OTHER	
Cash and balances with Central Bank	38,106	169	46	1	149	38,471
Due from other financial institutions	119	498	177	30	1,866	2,690
Derivative financial instruments - assets	190				0	190
Financial assets at fair value through profit or loss	3,536					3,536
Loans and advances to customers (net of impairment)	2,191,572	376			125	2,192,074
Financial assets available for sale	581,015		8			581,022
Investments held to maturity	9,899					9,899
Investments in subsidiaries	2,926					2,926
Investments in associates	7,702					7,702
Property, plant and equipment	28,629					28,629
Investment property	58,047					58,047
Intangible assets	46,635					46,635
Deferred tax assets	376,718					376,718
Other assets	191,396	1,390	2	2	3	192,793
Total Assets	3,536,491	2,432	233	33	2,145	3,541,334
Due to other financial institutions	943,451					943,451
Due to customers	1,891,122	33,086	2,250	4	5,962	1,932,425
Derivative financial instruments - liabilities	36,950	(30,734)	(2,051)		(4,042)	122
Defined benefit obligations	14,227					14,227
Other provisions	4,535					4,535
Other liabilities	17,400	102	14	1	20	17,537
Total Liabilities	2,907,685	2,454	213	5	1,940	2,912,297
Net Exchange Position	628,806	(21)	20	28	204	629,037

The Bank estimates the extent of foreign exchange risk by measuring the negative effect of the exchange rates fluctuations on its annual results. According to the measurements performed by the Bank on the balances of the accounts as at 31.12.2017 a change by plus (+)/ minus (-) 6% for the main currencies and a change by plus (+)/ minus (-) 20% for the secondary currencies, will result to a loss of €45 thousand for the Bank.

42.2.3 INTEREST RATE RISK

As “interest rate risk” is defined the investment risk that arises from the changes in market interest rates. Such changes in interest rates can affect the financial position of the Group/the Bank, since it can change also:

- The net interest rate result.
- The value of income and expenses, sensitive to interest rate changes.
- The value of Assets and Liabilities, since the present value of future cash flows (and often the cash flows itself) varies as the interest rates change.

The attached table presents the Group’s exposure to interest rate risks with the analysis of the interest rate gap. There are no changes in the management, the exposure and the methodology of the risk for the current year end compared to the comparative year end of 2017.

Interest rate risk

(Amounts in thousand €)

Group
31.12.2018

Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years	Assets not subject to interest rate risk	Total
Cash and balances with Central Bank	9,698					51,161	60,860
Due from other financial institutions	7,646					1,783	9,429
Derivative financial instruments - assets						87	87
Financial assets at fair value through profit or loss			236	895	1,818		2,950
Loans and advances to customers	794,599	238,992	794,258	17,290		(252,994)	1,592,144
Financial assets measured at fair value through other comprehensive income (FVOCI)							
Investment securities measured at amortised cost	20,508	865,055	21,392		691		909,288
Investments in associates				9,879			9,879
Property, plant and equipment						3,427	3,427
Investment property						31,646	31,646
Intangible assets						57,862	57,862
Deferred tax assets						50,413	50,413
Other assets	22,054	90,518	1,795	529	468	420,357	420,357
Total Assets	854,505	1,194,565	817,680	28,592	2,977	452,186	3,350,505
Due to other financial institutions						2,865	424,649
Due to customers	246,037	175,747				9,360	2,281,875
Derivative financial instruments - liabilities	1,417,222	364,312	452,105	38,876		34	34
Issued Bonds					99,676		99,676
Defined benefit obligations						12,925	12,925
Other provisions						21,575	21,575
Other liabilities	2,671	596				15,607	18,874
Total Liabilities	1,665,930	540,655	452,105	38,876	99,676	62,366	2,859,609
Interest Rate Risk Gap	(811,425)	653,909	365,575	(10,284)	(96,699)	389,820	490,897

The Group estimates the extent of interest rate risk by measuring the negative effect that a parallel shift in the yield curves for all currencies will have on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2018, in case of a parallel shift in the yield curves by 100 basis points, the gains for the Group will decrease by € 2.090 thousand.

Interest rate risk

(Amounts in thousand €)

Description	Group 31.12.2017					Assets not subject to interest rate risk	Total
	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 year to 5 years	More than 5 years		
Cash and balances with Central Bank	13,265					25,208	38,473
Due from other financial institutions	296					2,402	2,698
Derivative financial instruments - assets		0				190	190
Financial assets at fair value through profit or loss							
Loans and advances to customers (net of impairment)	218	1,133	1,080	587	518		3,536
Financial assets available for sale	1,898,685	468,316	230,493	34,776	34,470	(474,667)	2,192,074
Investments held to maturity		167	194	21,832	552,029	6,800	581,022
Investments in associates				9,899			9,899
Property, plant and equipment						6,757	6,757
Investment property						28,716	28,716
Intangible assets						58,047	58,047
Deferred tax assets						46,668	46,668
Other assets	24,123	81,517	419	642	181	376,402	376,402
Total Assets	1,936,587	551,133	232,186	67,736	587,199	162,608	3,537,449
Due to other financial institutions						1,691	943,451
Due to customers	941,760	267,185	249,015			8,951	1,924,131
Derivative financial instruments - liabilities						122	122
Defined benefit obligations						14,269	14,269
Other provisions						4,535	4,535
Other liabilities	2,259	483		16		15,478	18,236
Total Liabilities	2,343,000	267,668	249,015	16		45,045	2,904,744
Interest Rate Risk Gap	(406,413)	283,466	(16,829)	67,719	587,199	117,562	632,705

The Group estimates the extent of interest rate risk by measuring the negative effect that a parallel shift in the yield curves for all currencies will have on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2017, in case of a parallel shift in the yield curves by 100 basis points, the gains for the Group will decrease by € 2,401 thousand.

Interest rate risk

(Amounts in thousand €)

Bank
31.12.2018

Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Assets not subject to interest rate risk	Total
Cash and balances with Central Bank	9,698					51,160	60,858
Due from other financial institutions	7,639					1,783	9,422
Derivative financial instruments - assets						87	87
Financial assets at fair value through profit or loss			236	895	1,818		2,950
Loans and advances to customers (net of impairment)	794,599	238,992	794,258	17,290		(252,994)	1,592,144
Financial assets measured at fair value through other comprehensive income (FVOCI)							
Investments securities measured at amortised cost	20,508	865,055	21,392		691	1,643	909,288
Investment in subsidiaries				9,879			9,879
Investments in associates						1,102	1,102
Property, plant and equipment						7,702	7,702
Investment property						31,581	31,581
Intangible assets						57,862	57,862
Deferred tax assets						50,390	50,390
Other assets	20,744	90,512	1,795	529	468	420,355	420,355
Total Assets	853,187	1,194,559	817,680	28,592	2,977	458,675	3,355,671
Due to other financial institutions	246,037	175,747				2,865	424,649
Due to customers	1,423,698	364,312	452,105	38,876		9,360	2,288,350
Derivative financial instruments - liabilities						34	34
Issued Bonds					99,676		99,676
Defined benefit obligations						12,874	12,874
Other provisions						21,575	21,575
Other liabilities	2,585	562				15,088	18,235
Total Liabilities	1,672,319	540,621	452,105	38,876	99,676	61,797	2,865,395
Interest Rate Risk Gap	(819,132)	653,938	365,575	(10,284)	(96,699)	396,878	490,276

The Bank estimates the extent of interest rate risk by measuring the negative effect that a parallel shift in the yield curves for all currencies will have on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2018, in case of a parallel shift in the yield curves by 100 basis points, the gains for the Bank will decrease by € 2,090 thousand.

Interest Rate Risk

(Amounts in thousand €)

Bank
31.12.2017

Accounts not
subject to
interest rate
risk

Description	Up to 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Accounts not subject to interest rate risk	Total
Cash and balances with Central Bank	13,265					25,207	38,471
Due from other financial institutions	288					2,402	2,690
Derivative financial instruments - assets		0				190	190
Financial assets at fair value through profit or loss							
Loans and advances to customers (net of impairment)	218	1,133	1,080	587	518		3,536
Financial assets available for sale	1,898,685	468,316	230,493	34,776	34,470	(474,667)	2,192,074
Investments held to maturity		167	194	21,832	552,029	6,800	581,022
Investments in subsidiaries				9,899			9,899
Investments in associates						2,926	2,926
Property, plant and equipment						7,702	7,702
Investment property						28,629	28,629
Intangible assets						58,047	58,047
Deferred tax assets						46,635	46,635
Other assets	21,940	81,191	419	642	181	376,718	376,718
Total Assets	1,934,397	550,808	232,186	67,736	587,199	169,009	3,541,334
Due to other financial institutions						1,691	943,451
Due to customers	941,760					8,951	1,932,425
Derivative financial instruments - liabilities	1,407,275	267,185	249,015			122	122
Defined benefit obligations						14,227	14,227
Other provisions						4,535	4,535
Other liabilities	2,231	465				14,841	17,537
Total Liabilities	2,351,266	267,649	249,015			44,367	2,912,297
Interest Rate Risk Gap	(416,870)	283,159	(16,829)	67,736	587,199	124,642	629,037

The Bank estimates the extent of interest rate risk by measuring the negative effect that a parallel shift in the yield curves for all currencies will have on its annual results. According to the measurements performed by the Group on the balances of the accounts as at 31.12.2017, in case of a parallel shift in the yield curves by 100 basis points, the gains for the Bank will decrease by € 2,480 thousand

42.3 Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts partially or in full when due according to contractual terms. Credit exposures from related accounts are monitored on a consolidated basis. The methods for evaluating the credit rating of the counterparties differ depending on the categories of the borrowers and rely on quantitative and qualitative data. Group's portfolio monitoring is carried out on the basis of customers' creditworthiness, sector of the economy and guarantees held by the Group. The Group's credit risk is spread out in various sectors of the economy.

The Bank applies various techniques to mitigate credit risk to which it is exposed, such as receiving collaterals and guarantees. Tangible collaterals provide the Bank with seniority right from an asset (movable or immovable) whose ownership remains with the obligor. Tangible collaterals are distinguished between mortgages and pre-notation of mortgages which are registered over immovable properties and pledges on movable assets (e.g., commodities, checks) or on claims. Respectively, the collaterals refer to contractual agreements with an individual or an entity which undertakes responsibility of someone else's debts.

The main types of collateral accepted by the Group in accordance with the policy of lending can be divided in the following categories.

- Mortgages to real estate of a value covering the amount of funding.
- Cash or Deposits.
- Guarantees from the Greek government, banks, ETEAN and companies with a high credit rating.
- Bills of exchange and checks from customers.
- Assigned export shipping documents.
- Pledged goods in the State Repositories.
- Pledged accrued claims based on invoices from contracts with the government, public organizations, or public entities.
- Maritime liens.
- Pledge on securities: Bank shares, Bank bonds, Government bonds and treasury-bills, Corporate bonds, Shares of listed large companies, Mutual funds units.

Collaterals are monitored on a regular basis, thus ensuring that they remain legally valid, enforceable and of adequate value while their administration and evaluation is based on reliable estimations. The process of monitoring collaterals covers their legal recognition, current status and value as well as their insurance. The frequency of the reassessment depends mainly on the volatility of the value of the collateral, the significant changes in the market or the significant reduction in the counterparty's creditworthiness.

Valuation frequency consists a primary factor in impairment loss calculation. In cases of collateralized loans, the current net realizable value of collaterals is taken into account when estimating the need for an impairment allowance. Furthermore, cash flows assessment takes into account all relevant costs for the sale of collaterals as well as other inflows such as resorting to other assets. The extent of any resulting reduction to the value of the collateral compared to the initial valuation is affected by the type of collateral e.g. land, developed land or investment property as well as by the location.

During the year 2018 no new properties have come into the Group's possession.

Property comes under the Group's possession through auctions for the settlement of non-collectible loans.

42.3.1 MAXIMUM EXPOSURE TO CREDIT RISK BEFORE COLLATERALS & OTHER CREDIT RISK PROTECTION MEASURES

The table below presents the maximum exposure of the Group to credit risk for the year ended as at 31.12.2018 as well as for the comparative year 2017. It is noted that there have not been taken into account collaterals or other credit risk protection measures.

As at 31.12.2018, the 10 largest business groups account for 39% of the total balance of loans and advances to customers of the Bank before provisions for impairment (2017: 24%). The increase is due to the securitization and transfer of non-performing exposures of approximately € 701 million, which completed on 26.10.2018.

Maximum exposure to credit risk

(Amounts in thousand €)

	Group 31.12.2018			Bank 31.12.2018		
	Value of exposures before provisions for impairment	Cumulative impairment provisions	Net exposure to credit risk	Value of exposures before impairment provisions	Cumulative impairment provisions	Net exposure to credit risk
Exposure to credit risk through Balance Sheet items						
Cash and balances with Central Bank	9,822	0	9,822	9,822	0	9,822
Due from other financial institutions	9,429	0	9,429	9,422	0	9,422
Loans and advances to customers at amortised cost	1,845,138	(252,994)	1,592,144	1,845,138	(252,994)	1,592,144
Loans to private individuals:						
- Loan current accounts for individuals	46,813	(13,806)	33,008	46,813	(13,806)	33,008
- Credit cards	21,779	(5,144)	16,635	21,779	(5,144)	16,635
- Consumer loans	51,326	(15,117)	36,209	51,326	(15,117)	36,209
- Mortgages	423,147	(64,466)	358,681	423,147	(64,466)	358,681
Corporate loans:						
- Large entities	837,063	(69,809)	767,253	837,063	(69,809)	767,253
- Small & medium entities	320,687	(61,861)	258,826	320,687	(61,861)	258,826
- Other	144,324	(22,791)	121,533	144,324	(22,791)	121,533
Derivative financial instruments	87	0	87	87	0	87
Financial assets at fair value through profit or loss	2,950	0	2,950	2,950	0	2,950
Financial assets measured at fair value through other comprehensive income (FVOCI)	934,079	(26,434)	907,645	934,079	(26,434)	907,645
Investment securities measured at amortized cost	9,919	(41)	9,879	9,919	(41)	9,879
Other assets	202,207	(45)	202,162	202,050	0	202,050
Exposure to credit risk through off Balance Sheet items is as follows:						
Letters of Guarantee	307,008	(16,301)	290,707	307,008	(16,301)	290,707
Credit guarantees	1,591	0	1,591	1,591	0	1,591
Undrawn credit limits	165,342	0	165,342	165,342	0	165,342
Total as at December 31st	3,487,574	(295,815)	3,191,759	3,487,409	(295,770)	3,191,639

(Amounts in thousand €)

(Amounts in thousand €)	Group 31.12.2017		Bank 31.12.2017			
	Value of exposures before impairment provisions	Cumulative impairment provisions	Net exposure to credit risk	Value of exposures before impairment provisions	Cumulative impairment provisions	Net exposure to credit risk
Exposure to credit risk through Balance Sheet items						
Cash and balances with Central Bank	13,265	0	13,265	13,265	0	13,265
Due from other financial institutions	2,698	0	2,698	2,690	0	2,690
Loans and advances to customers (net of impairment)	2,666,741	(474,667)	2,192,074	2,666,741	(474,667)	2,192,074
Loans to private individuals:						
-Loan current accounts for individuals	60,651	(21,849)	38,802	60,651	(21,849)	38,802
-Credit cards	32,853	(12,944)	19,909	32,853	(12,944)	19,909
-Consumer loans	82,174	(32,580)	49,594	82,174	(32,580)	49,594
-Mortgages	444,322	(69,946)	374,375	444,322	(69,946)	374,375
Corporate loans:	0	0	0			
- Large entities	866,526	(57,540)	808,986	866,526	(57,540)	808,986
-Small & medium entities	770,002	(186,819)	583,183	770,002	(186,819)	583,183
-Other	410,213	(92,988)	317,225	410,213	(92,988)	317,225
Trading portfolio						
- Bonds	3,536	0	3,536	3,536	0	3,536
Derivative financial instruments	190	0	190	190	0	190
Investment portfolio						
-Bonds	578,648	0	578,648	578,648	0	578,648
Other assets	192,967	0		200,668	0	200,668
Exposure to credit risk through off Balance Sheet items is as follows:						
Letters of Guarantee	382,322	0	382,322	382,322	0	382,322
Credit guarantees	3,507	0	3,507	3,507	0	3,507
Undrawn credit limits	190,864	0	190,864	190,864	0	190,864
Total as at December 31st	4,034,738	(474,667)	3,367,104	4,042,431	(474,667)	3,567,764

(Amounts in thousand €)	Group	Bank
Loans under Greek State guarantee		
31.12.2018	33,394	33,394
31 December 2017	46,137	46,137
Loans to the Greek State		
31.12.2018	30,212	30,212
31 December 2017	31,727	31,727

The table above presents the balance of loans provided by the Bank to individuals and corporations, capped to the amount covered by the Greek State guarantee as well as the loans provided to the wider public sector.

42.3.2 DUE FROM OTHER FINANCIAL INSTITUTIONS

Due from other Financial Institutions

(Amounts in thousand. €)	31.12.2018			
Rating	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	Group
Exceptional	0	0	0	0
High	9,429	0	0	9,429
Medium-Lower	0	0	0	0
Total	9,429	0	0	9,429

Due from other Financial Institutions

(Amounts in thousand. €)	31.12.2018			
Rating	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	Bank
Exceptional	0	0	0	0
High	9,422	0	0	9,422
Medium-Lower	0	0	0	0
Total	9,422	0	0	9,422

Due from other Financial Institutions (Amounts in thousand. €)	31.12.2017
Rating	Group
Exceptional	911
High	1,244
Medium-Lower	534
Total	2,698
	Bank
	911
	1,244
	534
	2,690

42.3.3 Exposure to credit risk of assets by industry sector

The following table lists the sectors in which the Bank has the highest risk concentrations. As at 31.12.2018, the 10 largest business groups account for 39% of the total outstanding loans and advances to customers of the Bank before provisions for impairment (2017: 24%). The increase is due to the securitization and transfer of non-performing exposures of nearly € 701 million, a transaction that was completed at 26.10.2018.

Group

(Amounts in thousand €)	Financial institutions	Manufacturing	Shipping	Public Sector	Trade	Construction	Other Sectors	Private individuals	Total
Cash and balances with Central Bank	9,822								9,822
Due from other financial institutions	9,429								9,429
Loans and advances to customers at amortised cost									
Loans to individuals:									
-Loan current accounts for individuals									
-Credit Cards									
-Consumer loans									
-Mortgages									
Corporate loans:									
Derivative financial instruments	87								87
Financial Assets at fair value through profit or loss				2,950					2,950
Financial assets measured at fair value through other comprehensive income (FVOCI)	841,185	1,789		39,123			25,548		907,645
Investment securities at amortized cost				9,879					
Other Assets				80,099			122,063		202,162
Total exposure as at 31.12.2018	860,524	104,116	27,030	162,037	129,687	336,678	669,515	444,533	2,724,240
Total exposure as at 31.12.2017	530,585	182,921	27,329	162,922	222,713	475,101	916,661	482,680	3,000,911

Bank

(Amounts in thousand €)

	Financial institutions	Manufacturing	Shipping	Public Sector	Trade	Construction	Other Sectors	Private individuals	Total
Cash and balances with Central Bank	9,822								9,822
Due from other financial institutions	9,422								9,422
Loans and advances to customers at amortised cost:									
Loans to individuals:									
-Loan current accounts for individuals								33,008	33,008
-Credit Cards								16,635	16,635
-Consumer loans								36,209	36,209
-Mortgages								358,681	358,681
Corporate loans:		102,326	27,030	29,986	129,687	336,678	521,904		1,147,612
Derivative financial instruments	87								87
Financial Assets at fair value through profit or loss				2,950					2,950
Financial assets measured at fair value through other comprehensive income (FVOCI)	841,185	1,789		39,123			25,548		907,645
Investment securities at amortized cost				9,879					
Other Assets				79,949			122,101		202,050
Total exposure as at 31.12.2018	860,516	104,116	27,030	161,886	129,687	336,678	669,553	444,533	2,724,121
Total exposure as at 31.12.2017	530,577	182,921	27,329	162,658	222,713	475,101	893,829	482,680	2,977,807

42.3.4 Bonds and other securities

The table below provides the analysis of the fair value of bonds and other securities of the investment and financial instruments portfolio at fair value through profit or loss. Securities classified as held-to-maturity, are presented at amortized cost. The value of held-to-maturity investments is included in the investment portfolio. Credit rating categories follow rating ranges adopted by internationally recognized companies (Moody's, Fitch).

(Amounts in thousand €)

	Group			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Cash and balances with Central Bank	Stage 1	Stage 2	Stage 3	Total
Non graded	60,860			60,860
Value of exposures before impairment provisions	60,860			60,860
Carrying value	60,860	0	0	60,860

(Amounts in thousand €)

	Bank			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Cash and balances with Central Bank	Stage 1	Stage 2	Stage 3	Σύνολο
Non Graded	60,858			60,858
Value of exposures before impairment provisions	60,858			60,858
Carrying Value	60,858	0	0	60,858

(Amounts in thousand €)

	Group			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Due from other financial institutions	Stage 1	Stage 2	Stage 3	Total
Less than A-	1,894			1,894
Non graded	7,535			7,535
Value of exposures before impairment provisions	9,429			9,429
Carrying value	9,429	0	0	9,429

(Amounts in thousand €)

	Bank			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Due from other financial institutions	Stage 1	Stage 2	Stage 3	Σύνολο
Less than A-	1,886			1,886
Non Graded	7,535			7,535
Value of exposures before impairment provisions	9,422			9,422
Carrying Value	9,422	0	0	9,422

(Amounts in thousand €)

	Group and Bank			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Investment Securities at amortized cost	Stage 1	Stage 2	Stage 3	Total
Less than A-	9,919			9,919
Value of exposures before impairment provisions	9,919			9,919
Expected credit risk losses	(41)			(41)
Carrying Value	9,879	0	0	9,879

(Amounts in thousand €)

	Group and Bank			31.12.2018
	IFRS 9	IFRS 9	IFRS 9	
Financial assets measured at fair value through other comprehensive income (FVTOCI)	Stage 1	Stage 2	Stage 3	Σύνολο
Less than A-	47,329			47,329
Non Graded	888,394			888,394
Value of exposures before impairment provisions	935,723			935,723
Expected credit risk losses	(26,434)			(26,434)
Carrying Value	909,288	0	0	909,288

(Amounts in thousand €)

Group and Bank

Derivative financial instruments	Assets	Liabilities
Non Graded	87	34
Value of exposures before impairment provisions	87	34
Carrying Value	87	34

(Amounts in thousand €)

31.12.2018

Financial assets at fair value through profit or loss	Group and Bank
Less than A-	2,950
Value of exposures before impairment provisions	2,950
Carrying Value	2,950

(amount in thousand €)

Group and Bank

Analysis of bonds and other securities per Rating	Investment portfolio securities	Trading portfolio securities	Total
31.12.2017			
AAA	0	0	0
AA- to AA+	0	0	0
A- to A+	0	0	0
Less than A-	51,246	3,536	54,782
Non graded	527,402	0	527,402
Total	578,648	3,536	582,184

42.4 Credit risk management

42.4.1 Loans and advances to customers by product line (impaired or non impaired-provisions for impairment-collateral value)

31.12.2018	IFRS 9 Stage 1				IFRS 9 Stage 2				IFRS 9 Stage 3			
	Book balance before impairment	Expected credit losses	Net Value Stage 1	Book balance before impairment	Expected credit losses	Net Value Stage 2	Book balance before impairment	Expected credit losses	Net Value Stage 3	Expected credit losses	Total Net Value after Impairment	Value of collateral
Group and Bank (amounts in thousand €)												
Retail lending	170,353	1,454	168,899	33,325	2,388	30,937	339,386	94,689	244,696		444,533	411,888
Mortgage	121,436	708	120,728	27,509	1,958	25,551	274,202	61,800	212,402		358,681	355,115
Consumer loans	13,451	455	12,996	3,363	410	2,954	34,511	14,252	20,260		36,209	28,816
Credit cards	15,063	117	14,946	637	5	632	6,078	5,021	1,057		16,635	1,885
Other	20,402	174	20,229	1,816	16	1,800	24,595	13,616	10,979		33,008	26,073
Corporate lending	521,188	1,980	519,208	334,061	9,993	324,068	416,613	142,264	274,349		1,117,626	630,599
Large	426,269	1,648	424,621	252,696	4,660	248,036	129,033	63,276	65,757		738,414	318,737
SME	94,919	331	94,587	81,364	5,332	76,032	287,580	78,988	208,592		379,212	311,862
Public sector	18,586	11	18,575	11,626	215	11,411	0	0	0		29,986	24,848
Greece	18,586	11	18,575	11,626	215	11,411	0	0	0		29,986	24,848
Other countries	0	0	0	0	0	0	0	0	0		0	0
Total	710,127	3,445	706,682	379,012	12,596	366,416	755,999	236,953	519,046		1,592,144	1,067,334

Collaterals are measured at their fair value. When the value of collateral exceeds the loan balance, the amount is limited to the loan balance. The caption SME's includes Small and Medium Enterprises.

31.12.2017	Not impaired Loans and Advances				Impaired Loans and Advances				Accumulated Impairment allowance			
	Neither past due nor impaired	Past due but not impaired	Individually assessed	Collectively assessed	Total gross amount	Individually assessed	Collectively assessed	Total net amount	Value of collateral			
Group and Bank (amounts in thousand €)												
Retail lending	195,822	77,086	35,287	311,804	619,999	13,713	123,606	482,680	438,951			
Mortgage	132,699	68,256	31,172	212,195	444,322	12,364	57,582	374,375	369,771			
Consumer	15,045	7,305	2,621	57,203	82,174	782	31,798	49,594	39,407			
Credit cards	17,449	883	83	14,438	32,853	34	12,910	19,909	2,653			
Other	30,629	642	1,412	27,968	60,651	533	21,316	38,802	27,120			
Corporate lending	1,050,982	121,939	737,100	104,994	2,015,014	289,277	48,057	1,677,681	1,045,854			
Large	676,325	19,502	130,175	10,137	836,139	51,020	6,507	778,612	337,838			
SMEs	374,656	102,437	606,925	94,857	1,178,875	238,256	41,550	899,069	708,016			
Public sector	31,727	0	0	0	31,727	0	14	31,713	20,053			
Greece	31,727	0	0	0	31,727	0	14	31,713	20,053			
Other countries	0	0	0	0	0	0	0	0	0			
Total	1,278,531	199,025	772,387	416,798	2,666,741	302,989	171,677	2,192,074	1,504,858			

42.4.2 Loans and advances to customers by credit quality

31.12.2018

Group and Bank

Group and Bank		Strong			Satisfactory			Watch list (higher risk)						Default			Value of collateral
		IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3				
(Amounts in thousand €)		IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	Value of collateral
Retail lending		968	10	3	67,720	9,275	1,180	125,951	43,880	1,678	0	0	435,865	411,888			
Mortgages		0	0	0	26,338	2,424	0	95,099	25,085	0	0	0	274,202	355,115			
Consumer loans		0	0	0	2,578	139	0	10,874	3,224	0	0	0	34,511	28,816			
Credit cards		0	0	0	0	0	0	15,563	637	0	0	0	6,078	1,885			
Other		968	10	3	38,805	6,712	1,180	4,415	14,933	1,678	0	0	121,074	26,073			
Corporate lending		112,199	0	0	260,497	53,409	3,783	124,206	272,313	72,377	0	0	241,114	630,599			
Large entities		100,146	0	0	226,359	47,672	18	99,764	216,524	5,352	0	0	123,663	318,737			
SME's		12,053	0	0	34,138	5,737	3,765	24,442	55,789	67,025	0	0	117,451	311,862			
Public Sector		0	0	0	18,586	0	0	0	126	0	0	0	0	24,848			
Greece		0	0	0	18,586	0	0	0	126	0	0	0	0	24,848			
Other countries		0	0	0	0	0	0	0	0	0	0	0	0	0			
Total		113,167	10	3	346,802	62,684	4,963	250,157	316,319	74,055	0	0	676,978	1,067,334			

31.12.2017

Group and Bank

Group and Bank (amount in thousand €)	Strong	Satisfactory	Watch list (higher risk)	Total neither past due nor impaired	Value of collateral
Retail lending	0	195,822	0	195,822	152,925
Mortgages	0	132,699	0	132,699	123,016
Consumer loans	0	15,045	0	15,045	8,596
Credit cards	0	17,449	0	17,449	1,766
Other	0	30,629	0	30,629	19,547
Corporate lending	107,853	803,423	139,705	1,050,982	465,369
Large entities	107,853	525,113	43,359	676,325	248,164
SME's	0	278,310	96,347	374,656	217,205
Public Sector	0	20,053	11,674	31,727	20,053
Greece	0	20,053	11,674	31,727	20,053
Other countries	0	0	0	0	0
Total	107,853	1,019,298	151,379	1,278,531	638,347

42.4.4.3 Loans and advances to customers net of impairment ageing analysis by product type

31.12.2018																
Retail lending																
Group and Bank (Amounts in thousand €)	Mortgages			Consumer			Credit Cards			Other			Total			
	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3				
Current	101,803	5,975	2,330	110,108	11,558	637	77	12,271	14,141	84	22	14,247	19,769	984	1,597	22,350
1-29 days	17,473	2,265	2,279	22,016	1,268	1,058	24	2,350	805	5	3	814	460	0	3	463
30-59 days	1,453	7,406	4,073	12,932	170	551	159	880	0	286	5	290	0	174	70	243
60-89 days	0	6,383	1,676	8,059	0	529	108	637	0	226	3	229	0	142	7	149
90-179 days	0	2,762	8,149	10,912	0	178	924	1,103	0	23	94	118	0	500	125	625
180-360 days	0	641	16,440	17,081	0	0	1,018	1,018	0	7	621	628	0	1	1,640	1,641
>360 days	0	119	177,454	177,573	0	1	17,949	17,950	0	0	308	309	0	0	7,537	7,538
Total	120,728	25,551	212,402	358,681	12,996	2,954	20,260	36,209	14,946	632	1,057	16,635	20,229	1,800	10,979	33,008
Value of collateral	114,355	24,435	216,326	355,115	8,199	2,280	18,337	28,816	1,290	77	518	1,885	14,028	1,403	10,642	26,073
Corporate lending																
Group and Bank	Large			SME's			Public Sector (Greece)			Total						
	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	Total
Current	346,982	159,626	4,678	511,287	72,048	52,442	43,365	167,855	18,575	11,411	0	29,986	709,128			
1-29 days	77,639	83,778	2,483	163,900	22,540	18,660	4,423	45,623	0	0	0	0	209,522			
30-59 days	0	136	0	136	0	3,299	1,129	4,428	0	0	0	0	4,564			
60-89 days	0	2,040	60	2,100	0	64	231	295	0	0	0	0	2,395			
90-179 days	0	1,740	8,620	10,361	0	1,545	36,496	38,041	0	0	0	0	48,401			
180-360 days	0	716	30,007	30,723	0	0	42,125	42,125	0	0	0	0	72,848			
>360 days	0	0	19,907	19,907	0	22	80,823	80,846	0	0	0	0	100,753			
Total	424,621	248,036	65,757	738,414	94,587	76,032	208,592	379,212	18,575	11,411	0	29,986	1,147,612			
Value of collateral	72,195	134,128	112,414	318,737	60,921	59,974	190,967	311,862	18,586	6,262	0	24,848	655,447			

31.12.2017 Group and bank(Amounts in thousand €)	Retail lending			Corporate lending			Public Sector		
	Mortgages	Consumer Loans	Credit Cards	Other	Large entities	SMEs	Greece	countries	Other
1-29 days	28,452	2,208	245	351	8,501	20,018	0	0	59,775
30-59 days	12,639	1,652	307	189	0	991	0	0	15,777
60-89 days	27,165	3,445	332	102	11,001	81,428	0	0	123,472
90-179 days	0	0	0	0	0	0	0	0	0
180-360 days	0	0	0	0	0	0	0	0	0
>360 days	0	0	0	0	0	0	0	0	0
Total	68,256	7,305	883	642	19,502	102,437	0	0	199,025
Value of collateral	61,443	3,910	64	57	11,382	79,195	0	0	156,050

31.12.2017 Group and bank(Amounts in thousand €)	Retail lending			Corporate lending			Public Sector		
	Mortgages	Consumer Loans	Credit Cards	Other	Large entities	SMEs	Greece	countries	Other
Current	4,739	1,433	31	28	35,198	146,401	0	0	187,830
1-89 days	7,222	569	1,498	2,129	1,150	12,534	0	0	25,101
90-179 days	1,366	255	19	547	8,277	24,107	0	0	34,571
180-360 days	11,131	1,739	46	727	5,803	12,156	0	0	31,603
>360 days	150,087	23,958	493	5,060	35,298	231,012	0	0	445,910
Net value of impaired loans	174,546	27,954	2,087	8,491	85,726	426,211	0	0	725,015
Value of collateral	185,312	26,901	823	7,517	78,293	411,616	0	0	710,461

42.4.4 Impaired loans and advances to customers per loan type

31.12.2018		Retail lending											
Group and Bank	(amount in thousand €)	Mortgages			Consumer Loans			Credit Cards			Other		
		IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3
Balance as at 01.01.2018		161,151	39,804	243,367	17,253	5,098	59,823	17,694	638	14,520	30,980	290	29,380
Transfer to stage 1 from stages 2 or 3		6,308	(5,229)	(1,712)	636	(567)	(163)	191	(211)	(78)	79	(76)	(7)
Transfer to stage 2 from stages 1 or 3		(18,192)	19,088	(1,716)	(1,652)	2,497	(1,025)	(554)	577	(14)	(1,797)	1,744	(1)
Transfer to stage 3 from stages 1 or 2		(16,690)	(25,388)	41,179	(1,852)	(1,996)	3,781	(933)	(308)	1,373	(5,186)	(137)	5,604
New financial assets created or acquired		2,659	0	15	2,493	101	524	1,189	35	123	287	40	2,494
Derecognized Financial Assets		0	0	(9,033)	(183)	(1,649)	(30,349)	(5)	0	(3,251)	(4)	0	(3,710)
Financial Assets write-offs		0	0	(27)	0	0	(10)	0	0	0	0	0	0
Other movements, repayments and transfers		(13,801)	(766)	2,129	(3,244)	(122)	1,931	(2,518)	(94)	(6,596)	(3,957)	(45)	(9,165)
Total 31.12.2018		121,436	27,509	274,202	13,451	3,363	34,511	15,063	637	6,078	20,402	1,816	24,595
Cumulative impairment allowance		708	1,958	61,800	455	410	14,252	117	5	5,021	174	16	13,616
Net Loan Value as at 31.12.2018		120,728	25,551	212,402	12,996	2,954	20,260	14,946	632	1,057	20,229	1,800	10,979
													444,533

31.12.2018
Group and Bank
Corporate lending

(amount in thousand €)	Large entities			SME's			Public Sector (Greece)			Total
	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	
Balance as at 01.01.2018	528,132	167,696	140,312	262,823	214,270	701,782	20,053	11,674	0	2,046,742
Transfer to stage 1 from stages 2 or 3	13,821	(14,344)	(369)	21,007	(23,085)	(7)	0	0	0	(2,977)
Transfer to stage 2 from stages 1 or 3	(117,695)	137,377	(28,253)	(14,303)	19,423	(6,750)	0	0	0	(10,200)
Transfer to stage 3 from stages 1 or 2	(25,818)	(33,442)	60,956	(40,050)	(72,330)	112,621	0	0	0	1,937
New financial assets created or acquired	45,326	3,610	41,518	14,148	3,516	8,841	0	11,500	0	128,459
Derecognized Financial Assets	(713)	(8,639)	(90,749)	(10,558)	(12,737)	(528,921)	0	0	0	(652,316)
Financial Assets write-offs	0	0	(1,955)	0	0	0	0	0	0	(1,955)
Other movements, repayments and transfers	(16,783)	438	7,573	(138,149)	(47,692)	13	(1,467)	(11,548)	0	(207,616)
Total 31.12.2018	426,269	252,696	129,033	94,919	81,364	287,580	18,586	11,626	0	1,302,073
Cumulative impairment allowance	1,648	4,660	63,276	331	5,332	78,988	11	215	0	154,462
Net Loan Value as at 31.12.2018	424,621	248,036	65,757	94,587	76,032	208,592	18,575	11,411	0	1,147,612

31.12.2017 Group and Bank (amount in thousand €)	Retail lending				Corporate lending		Public Sector		
	Mortgages	Consumer Loans	Credit Cards	Other	Large entities	SME	Greece	Countries	Total
Balance as at 01.01.2016	259,020	92,683	40,333	82,571	376,894	1,580,813	0	0	2,432,314
Value of loans impaired during the period	34,161	6,758	1,694	3,293	13,595	64,455	0	0	123,956
Value of loans transferred to non-impaired	(8,655)	(1,637)	(47)	(66)	(22,204)	(14,482)	0	0	(47,091)
Proceeds from impaired loans	(1,310)	(959)	(470)	(691)	(11,897)	(15,636)	0	0	(30,963)
Write-offs of impaired L&A	(42)	(150)	(22)	(34)	(768)	(79)	0	0	(1,095)
Disposal of impaired L&A	(45,047)	(39,022)	(27,016)	(55,760)	(221,842)	(942,126)	0	0	(1,330,814)
Acquisition of impaired L&A	0	0	0	0	0	0	0	0	0
Exchange rate differences and other movements	5,240	2,151	49	68	6,533	28,838	0	0	42,879
Total impaired L&A 31.12.2017	243,367	59,823	14,520	29,380	140,312	701,782	0	0	1,189,185
Accumulated impairment allowance	68,821	31,869	12,433	20,889	54,586	275,571	0	0	464,170
Total amount of impaired L&A at 31.12.2017 (Net value)	174,546	27,954	2,087	8,491	85,726	426,211	0	0	725,015

42.4.5 Loan to Value ratio (LTV)

Group and Bank (amounts in thousand €)	Mortgages Loans	
	31.12.2018	31.12.2017
Less than 50%	51,255	84,979
50%-70%	60,620	104,860
71%-80%	37,908	56,067
81%-90%	34,633	43,066
91%-100%	32,842	27,934
101%-120%	53,583	34,059
121%-150%	58,750	33,747
Greater than 150%	93,554	59,609
Total value L&A	423,147	444,322
Index average	78.5%	86.2%

42.4.6 Repossessed collaterals

Group and Bank (amounts in thousand €)	Value of collaterals recovered	Of which: During the period	Cumulative impairment allowance	Of which: During the period	Net value of collaterals recovered
31.12.2018	74,320	0	16,458	185	57,862
31.12.2017	74,320	4,072	16,273	2,393	58,047

42.4.7 Breakdown of collaterals and guarantees

31.12.2018 Group and Bank (amounts in thousand €)	Collateral value		Collateral Value	
	Real Estate Collateral	Cash Collateral	Other Collateral	Total Collateral
Retail lending	404,197	6,889	802	411,888
Corporate lending	341,994	59,329	227,733	629,056
Public Sector	6,262	18,586	0	24,848
Total	752,453	84,803	228,535	1,065,791

31.12.2017 Group and Bank (amounts in thousand €)	Collateral Value		Collateral Value	
	Real Estate Collateral	Cash Collateral	Other Collateral	Total Collateral
Retail lending	430,195	7,630	1,127	438,951
Corporate lending	591,432	87,417	367,004	1,045,854
Public Sector	0	0	20,053	20,053
Total	1,021,627	95,047	388,184	1,504,858

42.5 Impairment losses on loans and advances to customers

42.5.1 Change in accumulated impairment allowance by product line of loans

31.12.2018														
Group and Bank		Retail lending												
		Mortgages			Consumer			Credit Cards			Other			
		IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	
(amount in thousand €)													Total	
Total as at 01.01.2018		1,361	2,893	69,438	848	1,158	33,921	1,533	64	12,435	3,090	29	20,889	147,659
Transfer to stage 1 from stages 2 or 3		78	(239)	(168)	29	(125)	(81)	2	(21)	(45)	1	(8)	(6)	(583)
Transfer to stage 2 from stages 1 or 3		(323)	1,392	(201)	(101)	291	(123)	(55)	5	(12)	(180)	16	(1)	708
Transfer to stage 3 from stages 1 or 2		(455)	(2,074)	5,256	(167)	(474)	1,570	(93)	(31)	1,074	(528)	(14)	3,257	7,321
Reassessment of expected credit losses		26	(15)	(8,987)	(158)	(56)	(2,735)	(1,129)	(3)	(50)	(1,732)	(3)	(622)	(15,464)
Loss from impairment of new loans		24	0	1	61	17	239	11	0	96	3	0	1,335	1,787
Change in credit parameters		0	0	(21)	0	0	(0)	0	0	0	0	0	0	(21)
Other transfers and exchange rate differences		189	61	(232)	(45)	(272)	(1,690)	(151)	(10)	(775)	(480)	(5)	(632)	(4,042)
Balance as at 31.12.2018		899	2,019	65,087	467	538	31,101	117	5	12,724	174	16	24,219	137,365
Write-offs		0	0	(10)	0	0	(6)	0	0	0	0	0	(2)	(18)
Write-offs of derecognised financial assets		(191)	(61)	(3,277)	(12)	(128)	(16,843)	(0)	0	(7,703)	0	0	(10,601)	(38,816)
Total as at 31.12.2018		708	1,958	61,800	455	410	14,252	117	5	5,021	174	16	13,616	98,532

31.12.2018

Group and Bank

31.12.2018													
Group and Bank		Corporate lending											
		Large Entities			SME's			Public Sector (Greece)					
		IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9	IFRS 9
		Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
(amount in thousand €)													
Total as at 01.01.2018		2,441	5,353	55,103	11,054	47,958	303,171	36	52	0	425,168	0	0
Transfer to stage 1 from stages 2 or 3		87	(1,156)	(6,696)	26	(437)	(5)	0	0	0	(8,181)	0	0
Transfer to stage 2 from stages 1 or 3		(1,206)	3,867	(879)	(909)	909	(1,283)	0	0	0	498	0	0
Transfer to stage 3 from stages 1 or 2		(5,144)	(29,454)	24,987	(1,019)	(8,611)	34,343	0	0	0	15,102	0	0
Reassessment of expected credit losses		(207)	(1,746)	814	(442)	276	(4,788)	(25)	(52)	0	(6,169)	0	0
Loss from impairment of new loans		127	56	19,820	58	244	1,271	0	214	0	21,791	0	0
Loans of credit parameters		(1,271)	0	0	0	(221)	2,054	0	0	0	562	0	0
Other transfers and exchange differences		6,823	29,482	13,302	(7,513)	(28,359)	(4,278)	0	0	0	9,457	0	0
Balance as at 31/12/2018		1,649	6,402	106,452	1,255	11,760	330,485	11	215	0	458,228	0	0
Write-offs		0	0	(2,976)	0	0	(231)	0	0	0	(3,207)	0	0
Write-offs of financial assets		(1)	(1,741)	(40,199)	(924)	(6,427)	(251,267)	0	0	0	(300,559)	0	0
Total as at 31.12.2018		1,648	4,660	63,276	331	5,332	78,988	11	215	0	154,462	0	0

Group and Bank

(amount in thousand €)	Corporate lending		Public sector		Total
	Retail lending	Corporate lending			
Balance at 01.01.2017	233,949	973,709	0	1,207,658	
Loss from impairment allowance for the period	21,678	62,479	0	84,157	
Reversal of used impairment allowance	(2,204)	(8,453)	0	(10,657)	
Recoveries of impairment allowance from write-offs	0	0	0	0	
Total loss from impairment allowance L&A	19,474	54,026	0	73,500	
Write-offs	0	804	0	804	
Change in the present value of impairment losses	(248)	(847)	0	(1,095)	
Exchange rate differences and other changes	(115,856)	(690,344)	0	(806,200)	
31.12.2017	137,319	337,348	0	474,667	

42.5.2 Loans and advances to customers and expected credit losses by product line, industry sector and geographical region

31.12.2018

Greece

Group and Bank (amount in thousand €)	Book balance before impairment allowance					Expected Credit losses	Net Value
	Stage 1	Stage 2	Stage 3				
Retail lending	170,353	33,325	339,386	543,064	98,532	444,533	
Mortgages	121,436	27,509	274,202	423,147	64,466	358,681	
Consumer	13,451	3,363	34,511	51,326	15,117	36,209	
Credit Cards	15,063	637	6,078	21,779	5,144	16,635	
Other	20,402	1,816	24,595	46,813	13,806	33,008	
Corporate lending	521,188	334,061	416,613	1,271,862	154,236	1,117,626	
Wholesale and retail trade	83,260	24,288	37,173	144,721	15,034	129,687	
Manufacturing	45,554	38,211	37,892	121,658	19,752	101,905	
Shipping	520	26,694	0	27,214	184	27,030	
Construction and real estate	172,835	44,670	240,968	458,473	98,523	359,950	
Tourism	12,874	21,449	49,731	84,054	11,418	72,636	
Energy	88,218	138,774	28,630	255,622	2,201	253,421	
Other	117,927	39,975	22,220	180,121	7,124	172,997	
Public Sector	18,586	11,626	0	30,212	226	29,986	
Total	710,127	379,012	755,999	1,845,138	252,994	1,592,144	

31.12.2017

Group and Bank (amount in thousand €)	Greece		
	Total L&A	Impaired L&A	Accumulated impairment allowance
Retail lending	619,999	347,091	137,319
Mortgages	444,322	243,367	69,946
Consumer	82,174	59,823	32,580
Credit Cards	32,853	14,520	12,944
Other	60,651	29,380	21,849
Corporate lending	2,015,014	842,094	337,334
Wholesale and retail trade	269,435	118,642	46,723
Manufacturing	229,076	114,503	47,984
Shipping	36,141	33,960	8,812
Construction and real estate	644,393	316,555	118,547
Tourism	185,909	107,056	27,591
Energy	295,935	3,379	1,010
Other	354,126	147,999	86,667
Public Sector	31,727	0	14
Total	2,666,741	1,189,185	474,667

The Group and the Bank do not have credit exposures in countries other than Greece.

42.5.3 Analysis of interest income from loans and advances to customers by product line

31.12.2018

Group and Bank (amounts in thousand €)	IFRS 9 Stage 1	IFRS 9 Stage 2	IFRS 9 Stage 3	Total Interest Income
Retail lending	7,542	1,475	15,025	24,042
Corporate lending	23,073	14,789	18,444	56,306
Public Sector	823	515	0	1,337
Total Interest Income	31,438	16,779	33,469	81,686

31.12.2017

Group and Bank

<i>(amounts in thousand €)</i>	Interest income on non- impaired L&A	Interest income on impaired L&A	Total Interest Income
Retail lending	9,123	6,674	15,798
Corporate lending	82,942	25,822	108,764
Public Sector	1,272	0	1,272
Total Interest income	93,337	32,497	125,834

42.6 Forborne loans and advances to customers
42.6.1 Forborne loans and advances to customers by type of forbearance measure
Group and Bank
(amounts in thousand €)
Forborne loans

Type of forborne arange	31.12.2018	31.12.2017
Interest only payment	938	1,537
Reduced payments scheme	80,819	210,608
Grace period	37,257	4,000
Loans term extension	1,888	19,630
Arrears capitalization	11,498	6,303
Partial write-off in borrower's obligation	1,713	1
Combination for bearance measures	5,733	268,655
Other	20,268	7,247
Total Net Value	160,114	517,980

31.12.2018

Amounts in euro thousand, unless otherwise stated.

42.6.3 Reconciliation of forborne loans and advances to customers

Group and Bank (amounts in thousand €)	31.12.2018	31.12.2017
Opening balance	517,980	548,118
Forborne status during the period	47,339	134,638
Interest income	2,669	16,336
Repayments of L&A (partial or total)	(23,887)	(11,811)
L&A which exited forborne status during the period	(256,208)	(54,728)
Impairment loss	(18,826)	(25,770)
Book value of loans that were derecognised	(108,954)	(88,804)
Closing balance	160,114	517,980

42.6.4 Forborne loans and advances to customers by product line

Group and Bank (amounts in thousand €)	31.12.2018	31.12.2017
Retail lending	47,506	99,931
Mortgage	42,294	85,690
Consumer	3,636	11,542
Credit cards	211	295
Other	1,364	2,403
Corporate lending	112,608	418,049
Large	54,832	92,181
SME's	57,776	325,868
Public sector	0	0
Greece	0	0
Other countries	0	0
Total Net Value	160,114	517,980

42.6.5 Forborne loans and advances to customers by geographical region

Group and Bank (amounts in thousand €)	31.12.2018	31.12.2017
Greece	160,114	517,980
Total Net Value	160,114	517,980

42.7 Fair value of financial assets and liabilities

The following table presents the carrying amounts as well as the fair values of financial instruments (financial assets and liabilities) that are not measured at fair value in the Group's Balance Sheet.

Group				
Fair value of Balance Sheet items	Carrying amount		Fair value	
Financial Assets	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Due from other financial institutions	9,429	2,698	9,429	2,698
Loans and advances to customers (net of impairment)	1,592,144	2,192,074	1,590,043	2,189,973
Investment securities at amortized cost	9,879	-	10,482	-
Investments held to maturity	-	9,899	-	10,360
Financial Liabilities	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Due to other financial institutions	424,649	943,451	424,649	943,451
Due to customers	2,281,875	1,924,131	2,047,782	1,918,775

Bank				
Fair value of Balance Sheet items	Carrying amount		Fair value	
Financial Assets	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Due from other financial institutions	9,422	2,690	9,422	2,690
Loans and advances to customers (net of impairment)	1,592,144	2,192,074	1,590,043	2,189,973
Investment securities at amortized cost	9,879	-	10,482	-
Investments held to maturity	-	9,899	-	10,360
Financial Liabilities	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Due to other financial institutions	424,649	943,451	424,649	943,451
Due to customers	2,288,350	1,932,425	2,282,967	1,927,042

Fair value of amounts due from and due to other financial institutions carried at amortized cost does not differ substantially from the corresponding carrying value since the maturity for the majority of them is less than one month.

The fair value of investment securities at amortised cost is calculated based on active market prices.

The fair value of loans and advances to customers and due to customers is calculated by discounting the expected future cash flows (inflows and outflows correspondingly). The interest rates used to discount cash flows for loans and customer liabilities were based on the yield curve.

The fair value reflects the estimates at the date of the preparation of the financial statements. These estimates are subject to, among others, adjustments depending on the prevailing market conditions at the date of measurement. These calculations represent the most suitable estimates and are based on particular assumptions. Taking into account the fact that these calculations incorporate uncertainties, it is probable that the fair values might not represent the price at which such financial instruments could actually be sold for or settled with in the future.

Financial instruments which are measured at fair value or their fair value is disclosed, are classified in the following three levels based on the lowest information source used for the estimation of their fair value:

- Level 1: active market prices (not adjusted) for the respective assets and liabilities
- Level 2: inputs which are directly or indirectly observable
- Level 3: resulting from non-observable inputs used in valuation models

In cases where the fair value differs from the transaction price at the time of the initial recognition of financial instruments, the difference is recognized directly in profit and loss only when the instrument is measured based on inputs related to levels 1 and 2. In cases where it is measured based on inputs related to level 3, the difference arising on initial recognition is not recognized directly in profit and loss but it may be recognized subsequently provided that the instrument's measurement is based on observable inputs and after taking into account the nature of the instrument as well as the length of time.

Level 2 includes inputs which do not meet the requirements for classification in level 1 but they are observable, either directly or indirectly. These inputs are:

- Active market prices for similar assets or liabilities.

- Other observable inputs for the asset or liability under measurement, such as:
 - Interest rate and yield curves;
 - Implied volatility;
 - Credit margins

The principal methods used for the measurement of fair value in level 2 are the reference to the current fair value of a reasonably similar instrument, the discounting method and the options pricing models.

Non observable inputs are included in level 3. Non observable inputs used for the measurement of fair value include correlations, long-term volatility measures, expected cash flows, discount rates, credit margins and other parameters related to specific transactions and determined by the Group. The principal methods used for the measurement of fair value in level 3 are the discounting method, the multipliers and the options pricing models. With respect to the senior bond of € 525 million, which is a bond with collateral exposures totaling to € 1.3 billion, the Bank has classified it as Level 3 as there is no active market for this bond. The valuation method is the discounted cash flows and the main assumptions that are not observable are the probability of default, the time of collection, the expected amount of collection, the value of the collateral, and the discount rate. As at 31.12.2018, the fair value of the aforementioned financial instrument has been determined by an independent international rating expert on similar projects, based on statistical models used in similar transactions. More specifically, apart from the assumptions mentioned above, the valuation was based on probabilities of adoption of different strategies from the servicer, taking into consideration the servicing effectiveness, the estimated Impairment of the value of collaterals up to liquidation date, as well as the point in time that the servicing activities are implemented. Based on these parameters, collection curves over periods of time are created, through which the fair value of the financial instrument arises.

Regarding the bonds A-1 and A-2 that the Bank holds, in the context of the second securitization of an amount of 343 million euros, the Management has valued the management of the underlying loans by the Servicer for this short period of time, also considering that the valuation date is very close to the transaction date,

In particular, the following are noted:

- The fair value of non-listed shares as well as shares not quoted in an active market is determined based on the Group's estimations regarding the future profitability of the issuer after taking into account the expected growth rate of its operations as well as the weighted average rate of capital return which is used as a discount rate. Given that these parameters are mainly non-observable, the valuation of these shares is classified into level 3.

-Level 3 also includes debt instruments not quoted in an active market due to lack of liquidity, e.g. in cases where the issuer is under liquidation. In these cases, the expected cash flows from the debt instruments are determined by the Group based on their collectability.

At each reporting date, the Group assesses alternative methods for determining non-observable inputs, estimates their effect on the fair value calculation and ultimately selects non-observable inputs which are consistent with current market conditions and with methods it uses for fair value measurement.

The table below depicts the hierarchy of financial instruments measured at fair value at each reporting date based on the quality of inputs used for the estimation of fair value.

	Group			
31.12.2018	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at fair value through other comprehensive income (FVOCI)	45,848	0	863,440	909,288
Securities at fair value through profit and loss	2,950	0	0	2,950
Derivative financial instruments - assets	87	0	0	87
31.12.2017	Stage 1	Stage 2	Stage 3	Total
Securities available for sale	43,155	0	529,992	573,147
Securities at fair value through profit and loss	3,536	0	0	3,536
Derivatives - assets	190	0	0	190
Derivative financial instruments - liabilities	0	122	0	122

31.12.2018	Bank			
	Stage 1	Stage 2	Stage 3	Total
Financial assets measured at fair value through other comprehensive income (FVOCI)	45,848	0	863,440	909,288
Securities at fair value through profit and loss	2,950	0	0	2,950
Derivative financial instruments - assets	87	0	0	87

31.12.2017	Stage 1	Stage 2	Stage 3	Total
Securities available for sale	43,155	0	529,992	573,147
Securities at fair value through profit and loss	3,536	0	0	3,536
Derivative financial instruments - assets	190	0	0	190
Derivative financial instruments - liabilities	0	122	0	122

It should be noted that no transfers between fair value levels took place during the current year. The variance in the amounts of financial assets quoted on Level 3 refers to the addition of the two bond (Class A-1 and A-2) of the second securitization, of a total amount of 343 million euros, along with the junior not held by the bank, which corresponds to the 5% of the Class B of the second securitization.

Regarding the sensitivity of the level 3 fair value of the senior bond of € 525 million, it is noted that a change in the liquidation value of the collaterals by +20% / - 20% affect the fair value of the bond by approximately 2.7 million euros and -7million euros, respectively, whereas the variation, due to a deviation of the expected future effectiveness of the servicing by +5%/-5%, amounts to +12.5 and -7.3 million euros respectively.

Additionally, the fair value is significantly affected by the discount rate used for the valuation. Due to the lack of similar transactions in the Greek market, evidence from other European countries, where similar transaction took place, have been used, after being adjusted for the yields of the Greek Government Bonds of similar duration with the aforementioned transaction, and finally it was taken into consideration the rate of the recent issue of the Tier II financial instrument used for the repayment of the preference share of L. 2723/2008. The above sensitivity analysis incorporates alternative values of the discount rate with equal weight.

Regarding the junior note the Bank held from the second securitization transaction, a variation of +20%/-20% of the rate used for the discount of the future cash flows affects the fair value of the financial instrument by -53.4 thousand euros / +54.5 thousand euros respectively.

Finally, in relation to the Bank's investment property portfolio, the change in the main appraisal by + 5% / -5% affects the fair value of real estate by approximately +1.9 million euros and -1.9 million euros, respectively, as at 31.12.2018.

43. IFRS 9 Impact

The following table presents the impact from the transition of the carrying amounts of 31.12.2017 according to IAS 39 to the carrying amounts of 01.01.2018 according to IFRS 9.

	Balance 31.12.2017 IAS 39	Reclassification	Impact from valuation / impairment	Balance 01.01.2018 IFRS 9
Assets				
Cash and balances with Central Bank	38,473			38,473
Due from other financial institutions	2,698			2,698
Derivative financial instruments - assets	190			190
Financial assets at fair value through profit or loss	3,536			3,536
Loans and advances to customers (net of impairment)	2,192,074		(98,160)	2,093,913
Financial assets available for sale	581,022	(581,022)		0
Investments held to maturity	9,899	(9,899)		0
Financial assets measured at fair value through other comprehensive income (FVOCI)		581,022	(26,629)	554,394
Investment securities at amortized cost		9,899	(94)	9,805
Investments in associates	6,757			6,757
Property, plant and equipment	28,716			28,716
Investment property	58,047			58,047
Intangible assets	46,668			46,668
Deferred tax assets	376,402		39,491	415,893
Other assets	192,967		(45)	192,922
Total Assets	3,537,449	0	(85,437)	3,452,012
Liabilities				
Due to financial institutions	943,451			943,451
Due to customers	1,924,131			1,924,131
Derivative financial instruments - liabilities	122			122
Defined benefit obligations	14,269			14,269
Other provisions	4,535		11,293	15,828
Other liabilities	18,236			18,236
Total Liabilities	2,904,744	0	11,293	2,916,037
Equity				
Share capital (common shares)	701,806			701,806
Share capital (preference shares)	100,200			100,200
Reserves	246,609			246,609
Retained earnings	(415,910)		(96,730)	(512,640)
Total Equity	632,705	0	(96,730)	535,974
Total Liabilities and Equity	3,537,449	0	(85,437)	3,452,012
Off Balance Sheet Items	646,427		(11,293)	635,133

The estimated effect from the implementation of IFRS 9 is analyzed as follows and is recognized as an adjustment of the opening balance of 01.01.2018:

Impact from:

(Amounts in thousand €)

Impact of IFRS 9**Impairment of financial assets**

Loans and advances to customers	98,160
Investment securities at fair value through other comprehensive income (FVOCI)	26,629
Investment securities at amortized cost	94
Other assets	45
Off-balance sheet items	11,293
Total impairment	136,221
Deferred tax	(39,504)
Total impact of IFRS 9	96,717

The accumulated losses to Retained Earnings after the implementation of IFRS 9 are adjusted as follows:

Accumulated losses

(Amounts in thousand €)

Impact from the implementation of IFRS 9

Opening balance per IAS 39	(415,910)
Remeasurement of Expected Credit Losses Based on IFRS 9	(136,221)
Deferred tax	39,504
Opening balance per IFRS 9	(512,627)

The reconciliation of the accumulated provision for impairment as at 31.12.2017, according to IAS 39, along with the reconciliation of the new accumulated provision for impairment as at 01.01.2018, according to IFRS 9 is presented to the following table.

(Amounts in thousand €)	31.12.2017 Impairment allowance per IAS 39	01.01.2018			Impairment allowance in accordance with IFRS 9
		Expected credit losses for 12 months 2018	Expected credit losses non-impaired assets	Expected credit losses impaired assets	
Loans and advances to customers	474,667	13,250	54,123	30,787	572,827
Financial assets at fair value through other comprehensive income (FVOCI)		26,629			26,629
Investment securities at amortized cost		94			94
Other assets		45			45
Off-balance sheet items		1,716	9,577		11,293
Total	474,667	41,734	63,701	30,787	610,888

The impact to the regulatory capital of the Group, due to the implementation of IFRS 9 as at 01.01.2018 is analyzed as follows:

Impact on regulatory capital from the application of IFRS 9

	31.12.2017	01.01.2018 Full implementation of IFRS 9	01.01.2018 IFRS 9 Transitional Provisions
(Amounts in thousand €)	IAS 39		
Common Equity Tier I	503,618	375,060	497,190
Total Weighted Assets	3,421,731	3,314,907	3,419,318
CET1 - Common Equity Tier I Capital	14.7%	11.3%	14.5%

* The capital ratios for 31.12.2017 are presented based on the transitional provisions of the CRD IV directive.

The following table presents the carrying amount of Loans and advances to customers as at 31.12.2018:

Loans and advances to customers	31.12.2017	01.01.2018	31.12.2018			
			Expected credit losses for the 12 months 2018	Expected credit losses of non-impaired assets	Expected credit losses of impaired assets	Carrying amount
(Amounts in thousand €)	Carrying amount	Carrying amount				
Retail lending:						
<u>Mortgages</u>						
Exposure before impairment	444,322	444,322	121,436	27,509	274,202	423,147
Impairment Allowance	(69,946)	(73,692)	(708)	(1,958)	(61,800)	(64,466)
Net amount after impairment	374,375	370,630	120,728	25,551	212,402	358,681
<u>Consumer loans</u>						
Exposure before impairment	82,174	82,174	13,451	3,363	34,511	51,326
Impairment Allowance	(32,580)	(35,927)	(455)	(410)	(14,252)	(15,117)
Net amount after impairment	49,594	46,247	12,996	2,954	20,260	36,209
<u>Credit cards</u>						
Exposure before impairment	32,853	32,853	15,063	637	6,078	21,779
Impairment Allowance	(12,944)	(14,032)	(117)	(5)	(5,021)	(5,144)
Net amount after impairment	19,909	18,821	14,946	632	1,057	16,635
<u>Other</u>						
Exposure before impairment	60,651	60,651	20,402	1,816	24,595	46,813
Impairment Allowance	(21,849)	(24,008)	(174)	(16)	(13,616)	(13,806)
Net amount after impairment	38,802	36,643	20,229	1,800	10,979	33,008
Corporate loans:						
<u>Large entities</u>						
Exposure before impairment	836,139	836,139	426,269	252,696	129,033	807,998
Impairment Allowance	(57,527)	(62,897)	(1,648)	(4,660)	(63,276)	(69,585)
Net amount after impairment	778,612	773,242	424,621	248,036	65,757	738,414
<u>Small & medium entities</u>						
Exposure before impairment	1,178,875	1,178,875	94,919	81,364	287,580	463,864
Impairment Allowance	(279,806)	(362,183)	(331)	(5,332)	(78,988)	(84,651)
Net amount after impairment	899,069	816,692	94,587	76,032	208,592	379,212
Public sector						
<u>Greece</u>						
Exposure before impairment	31,727	31,727	18,586	11,626	0	30,212
Impairment Allowance	(14)	(88)	(11)	(215)	0	(226)
Net amount after impairment	31,713	31,639	18,575	11,411	0	29,986
Total						
Total Exposure before impairment	2,666,741	2,666,741	710,127	379,012	755,999	1,845,138
Total Impairment Allowance	(474,667)	(572,827)	(3,445)	(12,596)	(236,953)	(252,994)
Total net amount after impairment	2,192,074	2,093,913	706,682	366,416	519,046	1,592,144

44. Capital adequacy

The Risk Management Department monitors capital adequacy at regular time intervals and submits the results of its calculations on a quarterly basis to the Bank of Greece that acts as the supervisory authority for all Credit Institutions.

The Capital Adequacy Ratio is defined as the ratio of regulatory equity capital to assets and off-balance sheet items, weighted by the risk they incorporate. Tier 1 capital ratio is defined as the ratio of Tier 1 (Tier 1) capital to risk weighted assets (on and off balance sheet) while the ratio Common Equity Tier 1 (CET 1) is defined in a similar way.

According to Regulation 575/2013 and Bank of Greece's Credit and Insurance Committee Decision 114 / 04.08.2014 banks are required, to meet the following minimum capital ratios on both a standalone and a consolidated basis: Common Equity Tier 1 (CET 1) 4.5%, Tier 1 capital ratio (TIER 1) 6% and total capital adequacy ratio (Total Capital Ratio) 8%.

It is noted that the above Decision abolished Bank of Greece's Executive Committee Act 13/28.03.2013 and provides for transitional amendments regarding the implementation of regulatory capital reductions for Common Equity Tier 1 (CET 1) capital. More specifically, deduction of deferred tax assets which are based on future profitability will be gradually implemented by 2024. Moreover, according to Decision 114 / 04.08.2014, intangible assets, defined benefit plan assets as well as specific placements of the Bank to entities in the financial sector, will be deducted from common Equity Tier 1 capital. The above settlement will be gradually implemented by 2018.

Additionally, according to Directive 2013/36 / EU, banks will also be required to gradually create a capital conservation buffer of 2.5% until 01.01.2019 (0.625% on 01.01.2016, 1.25% on 01.01.2017 and 1.875% on 01.01.2018), beyond the existing Common Equity Tier 1 (CET 1) capital and the minimum regulatory capital.

Overall, the minimum required ratios including the capital conservation buffer with an effective date 01.01.2019, are:

- Minimum Common Equity Tier 1 Ratio of 7%.
- Total Capital Adequacy Ratio of 10.5%.

Finally, the following buffers may be imposed by member states of the EU, under Directive 2013/36 / EU:

- Countercyclical capital buffer. (0% for the fourth quarter of 2017 under the Executive Committee's Act (PEE) 122/12.9.2017);
- Systemic risk capital buffer.

The following table presents the pro-forma core and supplementary capital, as well as regulatory adjustments to which they are subject.

The movement in the Capital Adequacy Ratios from 31/12/2017 is attributed to the implementation of the new IFRS standard (IFRS 9). The Bank uses the transitional provisions of the EU Regulation 2395/2017.

The table below lists the basic and supplementary capital, as well as the supervisory adjustments to which they are subject before their final calculation.

<i>(Amounts in thousand €)</i> Description	Group		Bank	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Share capital (Common shares)	91,683	650,354	91,683	650,354
Reserves	450,545	246,609	450,339	246,399
Retained earnings	(98,024)	(415,910)	(98,439)	(419,368)
Hybrid securities & other assets equalized with share capital	0	100,200	0	100,200
Items detracted from capital				
Intangible assets net book value	(42,761)	(39,980)	(42,808)	(39,947)
Transitional arrangements of IFRS 9	91,881	0	91,881	0
Deferred Tax Assets based on future profitability and arising from temporary differences	(49,651)	(37,654)	(49,651)	(37,654)
Common equity capital for the calculation of the 10% limit	443,673	503,618	443,006	499,984
Items detracted from capital				
Deferred Tax Assets based on future profitability and arising from temporary differences >10% CET I	(12,525)	0	(12,592)	0
CET1 - Common Equity Tier I Capital	431,148	503,618	430,414	499,984
T1 - Tier I Capital	431,148	503,618	430,414	499,984
T2L - Lower Tier II Capital				
Subordinated debt of a specified duration	99,685	0	99,685	0
T2 - Tier II Capital	99,685	0	99,685	0
Total Regulatory Capital	530,833	503,618	530,100	499,984
Weighted against credit risk	3,005,315	3,200,995	3,018,755	3,206,914
Weighted against market risk	1,600	4,129	1,600	4,129
Weighted against operational risk	197,723	216,608	192,246	209,965
	3,204,638	3,421,731	3,212,602	3,421,008
CET 1 RATIO	13.5%	14.7%	13.4%	14.6%
TIER 1 RATIO	13.5%	14.7%	13.4%	14.6%
TOTAL CAPITAL RATIO	16.6%	14.7%	16.5%	14.6%
Capital Adequacy (Complete Implementation)				
CET 1 RATIO	8.8%	14.2%	8.8%	14.2%
TIER 1 RATIO	8.8%	14.2%	8.8%	14.2%
TOTAL CAPITAL RATIO	11.8%	14.2%	11.8%	14.2%

On 21st of January 2019, Bank of Greece informed Attica Bank, with a similar decision, that for the year 2019 the minimum threshold for the Total Capital Ratio is 12.92%. The aforementioned ratio is comprised from the minimum threshold of the Total Capital Adequacy Ratio (8%), according to the article 92(1) of CRR, the additional Pillar II supervisory requirements, along with the capital requirements for security deposit in accordance with the provisions of Law 4261/2014. The minimum index should be kept on an ongoing basis, taking into account the CRR / CRD IV transitional provisions.

The de-recognition of the non-performing exposures completed in the fourth quarter of 2018 did not lead to a reduction in the Bank's weighted assets.

45. Events after 31 December 2018

A) At the meeting held on 26 March, 2019, the Board of Directors of the Bank elected a new, non-executive Chairman, Mr. Georgios Michelis, in place of the resigned Mr. Panayiotis Roumeliotis.

B) On 21/03/2019, the Bank eliminated its dependency on Emergency Liquidation Assistance (ELA).

C) The credit balances that arose under the provisions of Law 4046/2012 and have not been set off after the end of the five-year period from the year of their creation will be offset in ten equal annual installments with any tax liability of banks starting on 01.01.2020 as required by Law 4605/2019. The Bank assesses the new legislative framework and its implementation.

D) On 01.03.2019 a new Staff Regulation was signed between the Bank and the Association of Employees of Attica Bank, which changed the amount of the employees' retirement indemnity. The positive effect for the Bank is expected to be determined by the actuarial study of the first half of 2019.

E) On 29 March 2019, the Greek Parliament voted the revised law for the protection of the primary residence. Compared to the pre-existing framework, the subsumption of borrowers in the new law to protect their home from seizure becomes now more stringent. The Bank at this stage evaluates all the data and business choices stemming from this new framework.

F) From 01.01.2019, the Law 4548/2018 "Reform of the Law of public limited companies" came into force, which in combination with the Law on Internal Formations, fully replaces the previous company law 2190/1920 for public limited companies. The main changes concern the following sections:

- Establishment of a public limited company (legal documents of incorporation, branding, corporate documents)
- Share capital (valuation of contributions in tangible assets, certification of payment of initial share capital or its increase)
- Board of Directors (composition and function, tasks, defective decisions, remuneration policy, salary report)
- Transactions with related parties
- Securities issued by public limited companies: Shares (abolition of shares, transfer of shares, minimum nominal value of shares, electronic stock retention), warrants, bonds (extension of the bond loans, responsibilities of the Board of Directors), founding securities
- General Assembly (types of General Assembly, terms of participation, decision-making rules)
- Minority rights (possibility to set up joint ventures)
- Profit distribution (distribution of minimum or temporary dividend and optional reserves)

The impact of the new law is not expected to be significant for the Group.

Disclosures of Law 4374/2016

IV. Disclosures of Law 4374/2016

According to article 6 of Law 4374/1.4.2016 "Transparency among credit institutions, media companies and subsidized persons" introduced to all credit institutions established in Greece the obligation to publish annually and in a consolidated database:

1. All payments made in the relevant fiscal year, to direct or indirect media company recipient and its related parties according to IAS 24 or communication and advertising company.
2. All payments made in the relevant fiscal year due to donation, subsidy, grant or other gratis to individuals and legal entities.

The tables required are as presented below:

PAYMENTS TO MEDIA COMPANIES, WEB MEDIA COMPANIES AND ANY OTHER ENTITY AFFILIATED WITH THE ABOVE COMPANIES FOR ADVERTISING PURPOSES PURSUANT TO ARTICLE 6 OF LAW 4374/2016

	Net amount (in euro)
COMPANY	31.12.2018
24 MEDIA ΨΗΦΙΑΚΩΝ ΕΦΑΡΜΟΓΩΝ ΑΕ	3,000.00
DIMERA ΕΚΔΟΤΙΚΗ ΑΝΩΝΥΜΗ ΕΤΑΙΡΕΙΑ	2,200.28
DPG DIGITAL MEDIA Α.Ε.	1,500.00
FORTHNET MEDIA ΑΕ	19,496.25
ICAP GROUP ΑΕ	806.00
NEWPOST PRIVATE COMPANY NEWPOST.GR	850.00
NEWSIT ΕΠΕ	4,000.00
REAL MEDIA ΜΕΣΑ ΜΑΖΙΚΗΣ ΕΝΗΜΕΡΩΣΗΣ ΑΕ (πιστωτικό τιμολόγιο για εργασίες προηγούμενων ετών)	-7,836.10
SABD ΕΚΔΟΤΙΚΗ Α.Ε.	2,400.00
ΑΘΗΝΑΪΚΟ ΜΑΚΕΔΟΝΙΚΟ ΠΡΑΚΤΟΡΕΙΟ ΕΙΔΗΣΕΩΝ	26,000.00
ΑΛΤΕΡ ΕΓΚΟ Μ.Μ.Ε Α.Ε.	5,000.00
ΑΛΤΕΡ ΕΓΚΟ ΜΕΣΩΝ ΜΑΖΙΚΗΣ ΕΝΗΜΕΡΩΣΗΣ ΑΕ	6,000.00
ΑΝΕΞΑΡΤΗΤΑ ΜΕΣΑ ΜΑΖΙΚΗΣ ΕΝΗΜΕΡΩΣΗΣ ΑΕ	3,318.40
ΔΗΜΟΚΡΑΤΙΚΟΣ ΤΥΠΟΣ ΑΕ	2,800.00
ΕΚΔΟΣΕΙΣ ΕΘΝΟΣ ΑΝΩΝΥΜΗ ΕΤΑΙΡΕΙΑ (πιστωτικό τιμολόγιο για εργασίες προηγούμενων ετών)	-4,264.00
ΕΚΔΟΣΕΙΣ ΠΡΩΤΟ ΘΕΜΑ ΕΚΔΟΤΙΚΗ ΑΕ	101.58
ΕΛΛΗΝΙΚΗ ΡΑΔΙΟΦΩΝΙΑ ΤΗΛΕΟΡΑΣΗ ΑΕ	39,136.32
ΖΟΥΓΚΛΑ ΤΖΙ ΑΡ ΑΕ ΜΕΣΩΝ ΗΛΕΚΤΡΟΝΙΚΩΝ ΜΑΖ.ΕΠΙΚ/ΝΙΑΣ	1,500.00
ΙΝΣΤΙΤΟΥΤΟ ΕΡΕΥΝΩΝ & ΜΕΛΕΤΩΝ ΤΗΣ ΚΕΝΤΡΙΚΗΣ ΕΝΩΣΗΣ ΕΠΙΜΕΛΗΤΗΡΙΩΝ ΕΛΛΑΔΟΣ (Ι.Ε.Μ.Ε.-Κ.Ε.Ε.Ε.)	2,900.00
ΚΑΘΗΜΕΡΙΝΕΣ ΕΚΔΟΣΕΙΣ ΑΕ (πιστωτικό τιμολόγιο για εργασίες προηγούμενων ετών)	-6,480.16
ΚΟΙΝΩΦΕΛΗΣ ΕΠΙΧΕΙΡΗΣΗ ΥΠΗΡΕΣΙΩΝ ΝΕΑΠΟΛΗΣ ΣΥΚΕΩΝ	20,000.00
ΟΤΕ Α.Ε	17,114.00
ΤΡΑΠΕΖΙΚΟΣ ΑΓΩΝ	800.00
Total	140,342.57

Note:

The above expenses were charged with the surcharges of the Greek State and third parties (VAT, AGGELIOSIMO and others) amounting to 49.055,50 euro

SPONSORSHIPS OF 2018 TO LEGAL ENTITIES

Entity	Net amount (in euro)
Α.Π.Ο. ΑΜΒΡΥΣΣΕΥΣ ΔΙΣΤΟΜΟΥ	1,000.00
ΔΗΜΟΣ ΛΕΒΑΔΕΩΝ	3,000.00
ΕΘΝΙΚΗ ΛΥΡΙΚΗ ΣΚΗΝΗ	8,064.52
ΕΛΛΗΝΙΚΗ ΜΑΘΗΜΑΤΙΚΗ ΕΤΑΙΡΕΙΑ	1,612.90
ΕΜΠΟΡΙΚΟΣ & ΕΙΣΑΓΩΓΙΚΟΣ ΣΥΛΛΟΓΟΣ ΠΑΤΡΩΝ	1,000.00
ΕΡΕΥΝΗΤΙΚΟ ΠΑΝΕΠΙΣΤΗΜΙΑΚΟ ΙΝΣΤΙΤΟΥΤΟ ΔΙΕΘΝΩΝ ΣΧΕΣΕΩΝ ΠΑΝΤΕΙΟΥ ΠΑΝΕΠΙΣΤΗΜΙΟΥ	7,000.00
ΕΤΑΙΡΕΙΑ ΑΡΧΙΠΕΛΑΓΟΣ	10,000.00
ΕΥΡΩΠΑΙΚΟΣ ΟΡΓΑΝΙΣΜΟΣ ΔΗΜΟΣΙΟΥ ΔΙΚΑΙΟΥ	5,000.00
Η ΕΝ ΑΘΗΝΑΙΣ ΦΙΛΕΚΠΑΙΔΕΥΤΙΚΗ ΕΤΑΙΡΕΙΑ	3,225.81
ΙΔΡΥΜΑ ΧΑΡΑΛΑΜΠΟΥΣ ΠΑΠΕ	3,000.00
ΚΑΛΛΙΤΕΧΝΙΚΗ ΕΤΑΙΡΕΙΑ ΑΞΑΝΑ	7,000.00
ΚΟΙΝΩΦΕΛΗΣ ΕΠΙΧΕΙΡΗΣΗ ΥΠΗΡΕΣΙΩΝ ΝΕΑΠΟΛΗΣ ΣΥΚΕΩΝ	35,000.00
ΜΟΡΦΩΤΙΚΟ ΙΔΡΥΜΑ Ε.Σ.Η.Ε.Α.	6,000.00
ΟΙΚΟΝΟΜΙΚΟ ΕΠΙΜΕΛΗΤΗΡΙΟ ΤΗΣ ΕΛΛΑΔΟΣ	4,032.26
ΠΑΝΕΛΛΗΝΙΑ ΕΝΩΣΗ ΔΙΠΛ.ΜΗΧΑΝΙΚΩΝ ΕΡΓΟΛΗΠΤΩΝ ΔΗΜ.ΕΡΓΩΝ	15,000.00
ΠΕΛΟΠΟΝΝΗΣΟΣ ΠΑΤΡΩΝ ΕΚΔΟΣΕΙΣ Α.Ε.	8,000.00
ΠΟΛΙΤΙΣΤΙΚΟΣ ΟΜΙΛΟΣ ΘΕΡΜΗΣ "Ο ΘΕΡΜΑΙΚΟΣ"	804.00
ΠΟΛΙΤΙΣΤΙΚΟΣ ΣΥΛΛΟΓΟΣ ΣΚΑΦΗΣ - ΑΡΓΑΣΤΗΡΙΟΥ - ΤΖΑΓΚΑΡΙΑΚΟΥ ΤΑ ΣΚΑΦΙΔΑΚΙΑ	2,000.00
ΡΕΘΥΜΝΙΑΚΟΣ ΑΘΛΗΤΙΚΟΣ ΟΜΙΛΟΣ	2,000.00
Total	122,739.49

Note:

A surcharge of €16,257.47 VAT was paid on the above costs.

SPONSORSHIPS OF 2018 TO INDIVIDUALS

INFORMATION ACCORDING TO PARAGRAPH 2 OF ARTICLE 6 OF L. NO.4374 / 2016 REGARDING INDIVIDUALS	Net amount (in euro)
1 INDIVIDUAL	943.00

DONATIONS OF 2018 TO LEGAL ENTITIES

Entity	Net amount (in euro)
"ΟΙ ΦΙΛΟΙ ΤΟΥ ΠΑΙΔΙΟΥ"	1,000.00
"ΜΕ ΟΔΗΓΟ ΤΟ ΔΙΑΒΗΤΗ"	1,000.00
"ΜΕΛΕΔΩΝΗ"-ΕΝΩΣΗ ΦΟΡΕΩΝ ΣΤΗΡΙΞΗΣ ΑΤΟΜΩΝ ΜΕ ΝΟΗΤΙΚΗ ΣΤΕΡΗΣΗ	1,000.00
ΓΙΑΤΡΟΙ ΧΩΡΙΣ ΣΥΝΟΡΑ	1,000.00
ΕΛΛΗΝΙΚΗ ΕΤΑΙΡΕΙΑ ΠΡΟΣΤΑΣΙΑΣ & ΑΠΟΚΑΤΑΣΤΑΣΕΩΣ ΑΝΑΠΗΡΩΝ ΠΡΟΣΩΠΩΝ	1,000.00
ΕΤΑΙΡΕΙΑ ΠΡΟΣΤΑΣΙΑΣ ΣΠΑΣΤΙΚΩΝ	1,000.00
ΚΕΝΤΡΟ ΕΠΑΓΓΕΛΜΑΤΙΚΗΣ ΑΠΟΚΑΤΑΣΤΑΣΗΣ ΑΤΟΜΩΝ ΜΕ ΕΙΔΙΚΕΣ ΑΝΑΓΚΕΣ (Κ.Ε.Α/Α.Μ.Ε.Α)	1,000.00
ΚΕΝΤΡΟ ΚΟΙΝΩΝΙΚΗΣ ΠΡΟΝΟΙΑΣ ΠΕΡΙΦΕΡΕΙΑΣ ΑΤΤΙΚΗΣ	2,000.00
ΜΑΖΙ ΓΙΑ ΤΟ ΠΑΙΔΙ	1,000.00
ΠΑΝΕΛΛΗΝΙΟΣ ΣΥΛΛΟΓΟΣ ΠΑΡΑΠΛΗΓΙΚΩΝ	1,000.00
ΠΑΠΑΦΕΙΟ ΚΕΝΤΡΟ ΠΑΙΔΙΚΗΣ ΜΕΡΙΜΝΑΣ ΑΡΡΕΝΩΝ ΘΕΣ/ΚΗΣ "Ο ΜΕΛΙΤΕΥΣ "	1,000.00
"ΠΝΟΗ" ΦΙΛΟΙ ΕΝΤΑΤΙΚΗΣ ΘΕΡΑΠΕΙΑΣ ΠΑΙΔΙΟΥ	1,000.00
ΣΥΛΛΟΓΟΣ ΓΟΝΕΩΝ & ΚΗΔΕΜΟΝΩΝ ΝΟΗΤΙΚΑ ΥΣΤΕΡΟΥΝΤΩΝ ΑΤΟΜΩΝ ΠΡΟΤΥΠΟ ΕΙΔΙΚΟ ΟΙΚΟΤΡΟΦΕΙΟ "ΟΙ ΑΓΙΟΙ ΑΝΑΡΓΥΡΟΙ"	1,000.00
ΣΥΛΛΟΓΟΣ ΠΡΟΣΤΑΣΙΑΣ ΑΓΕΝΝΗΤΟΥ ΠΑΙΔΙΟΥ- Η ΑΓΚΑΛΙΑ	1,000.00
ΣΩΜΑΤΕΙΟ ΦΙΛΟΙ ΚΟΙΝΩΝΙΚΗΣ ΠΑΙΔΙΑΤΡΙΚΗΣ & ΙΑΤΡΙΚΗΣ "ΑΝΟΙΧΤΗ ΑΓΚΑΛΙΑ"	1,000.00
ΤΟ ΧΑΜΟΓΕΛΟ ΤΟΥ ΠΑΙΔΙΟΥ	350.00
ΦΑΡΟΣ ΤΥΦΛΩΝ ΤΗΣ ΕΛΛΑΔΟΣ	1,000.00
Total	17,350.00

Note:

A surcharge of €2,183.73 VAT was paid on the above costs.

Availability of Annual Financial Report

V. Availability of Annual Financial Report

The Annual Financial Report, which includes:

- The Statement by the Members of the Board of Directors;
- The Board of Directors' report;
- The Explanatory Report of the Board of Directors;
- The Annual Financial Statements of the Group and Bank (including the Independent Auditors' Report;

Is available on the website <https://www.atticabank.gr/el/investors/investor-financial-results/periodical-financial-data?folder=2018>

(Section: Home/Investor Relations / Useful information/Annual reports/2018)

