# ERB NEW EUROPE FUNDING III LIMITED

FINANCIAL STATEMENTS
For the year ended 31 December 2021

# ERB NEW EUROPE FUNDING III LIMITED

FINANCIAL STATEMENTS
31 December 2021

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# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Michalis Louis<br>Demetris Shakallis<br>Spyridon Psychogyios |
| **Company Secretary:** | Demetris Shakallis |
| **Independent Auditors:** | KPMG Limited<br>Certified Public Accountants and Registered Auditors<br>14 Esperidon Street<br>1087 Nicosia<br>Cyprus |
| **Registered office:** | 41 Arch. Makariou III Avenue<br>1065 Nicosia<br>Cyprus |

KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
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# INDEPENDENT AUDITORS' REPORT

# TO THE MEMBERS OF

# ERB NEW EUROPE FUNDING III LIMITED

## Report on the audit of the financial statements

### *Opinion*

We have audited the accompanying financial statements of ERB New Europe Funding III Limited (the "Company"), which are presented on page 5 to 24 and comprise the statement of financial position as at 31 December 2021, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2021, and of 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 ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements"' section of our report. We are independent of the Company in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with the ethical requirements in Cyprus that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

***Responsibilities of the Board of Directors for the financial statements***

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 there is an intention to either liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the 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 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' 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 Company'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 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 Company to cease to continue as a going concern.

***Auditors' responsibilities for the audit of the financial statements*** (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

***Other Matter***

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Constantinos N. Kallis, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

06 February 2022

# STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2021

| | Note | **2021** **€** | 2020 € |
|---|---|---|---|
| Interest expense | 4 | **(1.868.614)** | (2.082.700) |
| **Net interest expense** | | **(1.868.614)** | (2.082.700) |
| Fee and commission expense | | **(281)** | (297) |
| **Net fee and commission expense** | | **(281)** | (297) |
| Net trading profit/(loss) | 7 | **2** | (2) |
| Operating expenses | 5 | **(14.632)** | (23.478) |
| **Operating loss** | | **(1.883.525)** | (2.106.477) |
| Finance costs | 6 | **(6.959)** | - |
| **Loss before tax** | | **(1.890.484)** | (2.106.477) |
| Tax | 8 | **(22.124)** | - |
| **Net loss for the year** | | **(1.912.608)** | (2.106.477) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive (expense) for the year** | | **(1.912.608)** | (2.106.477) |

# STATEMENT OF FINANCIAL POSITION
31 December 2021

| | Note | **2021** | 2020 |
|---|---|---|---|
| | | **€** | € |
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash at bank | 9 | **93.852** | 267.360 |
| **Total assets** | | **93.852** | 267.360 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 10 | **1.100** | 1.100 |
| Share premium | 10 | **18.900** | 18.900 |
| Accumulated losses | | **(97.455.473)** | (95.542.865) |
| **Total equity** | | **(97.435.473)** | (95.522.865) |
| **Liabilities** | | | |
| Loans payable | 11 | **97.500.754** | 95.762.844 |
| Other payables | 12 | **28.562** | 27.372 |
| Current tax liabilities | 13 | **9** | 9 |
| **Total liabilities** | | **97.529.325** | 95.790.225 |
| **Total equity and liabilities** | | **93.852** | 267.360 |

On 06 February 2023 the Board of Directors of ERB NEW EUROPE FUNDING III LIMITED authorised these financial statements for issue.

| | |
|---|---|
| .................................. | .................................. |
| Demetris Shakallis | Spyridon Psychogyios |
| Director | Director |

# STATEMENT OF CHANGES IN EQUITY
31 December 2021

| | Share capital € | Share premium € | Accumulated losses € | Total € |
|---|---|---|---|---|
| **Balance at 1 January 2020** | **1.100** | **18.900** | **(93.436.388)** | **(93.416.388)** |
| **Comprehensive expense** | | | | |
| Net loss for the year | - | - | (2.106.477) | (2.106.477) |
| **Balance at 31 December 2020/ 1 January 2021** | **1.100** | **18.900** | **(95.542.865)** | **(95.522.865)** |
| **Comprehensive expense** | | | | |
| Net loss for the year | - | - | (1.912.608) | (1.912.608) |
| **Balance at 31 December 2021** | **1.100** | **18.900** | **(97.455.473)** | **(97.435.473)** |

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders at the end of the period of two years from the end of the year of assessment to which the profits refer are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

# ERB NEW EUROPE FUNDING III LIMITED

## STATEMENT OF CASH FLOWS
31 December 2021

| | Note | 2021 € | 2020 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Loss before tax** | | **(1.890.484)** | (2.106.477) |
| Adjustments for: | | | |
| Interest expense | 6 | **6.959** | - |
| | | **(1.883.525)** | (2.106.477) |
| **Changes in working capital:** | | | |
| Increase/(Decrease) in other payables | | **1.190** | (5.951) |
| **Cash used in operations** | | **(1.882.335)** | (2.112.428) |
| Tax paid | | **(22.124)** | - |
| **Net cash used in operating activities** | | **(1.904.459)** | (2.112.428) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Additions / (Repayments) of loans payable, net | | **1.737.910** | 1.929.013 |
| Interest paid | | **(6.959)** | - |
| **Net cash generated from financing activities** | | **1.730.951** | 1.929.013 |
| **Net decrease in cash and cash equivalents** | | **(173.508)** | (183.415) |
| Cash and cash equivalents at beginning of the year | | **267.360** | 450.775 |
| **Cash and cash equivalents at end of the year** | 9 | **93.852** | 267.360 |

For the purposes of the cash flow statement, cash and cash equivalents comprise exclusively by Cash at bank, which has less than 90 days' maturity.

As at 31 December 2021, the Company holds deposits with the Bank and other Group's subsidiaries amounting to Euro 25 (2020: Euro 23) and Euro 93.827 (2020: Euro 267.337) respectively. Eurobank's Local Currency LT credit rating was upgraded to "B+" from "B" on 27 th April 2021, according to S&P Global Rating agency.

## 1. General

ERB NEW EUROPE FUNDING III LIMITED (the "Company") was registered in Cyprus on 25 November 2010 as a private limited liability Company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 41 Arch. Makariou III Avenue, 1065, Nicosia, Cyprus. As at 31 December 2021, Eurobank S.A. (the "Bank") owns indirectly 100% of ERB New Europe Funding III through its 100% subsidiary NEU Property Holdings Ltd.

### Principal activities and nature of the operations of the Company

The principal activities of the Company are to invest into debt and equities securities and into portfolio of loans, both performing and non performing, granted to clients and originated by respective Bank's subsidiaries.

## 2. Principal accounting policies

The policies set out below have been consistently applied to the years 2021 and 2020, except as described below. Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee (IFRS IC) issued by the IASB, as endorsed by the European Union (the 'EU') and the requirements of the Cyprus Companies Law, Cap.113.

On 20 March 2020, the demerger of "Eurobank Ergasias S.A." (Demerged Entity) through the banking sector's hive down and its transfer to a new credit institution that has been established under the corporate name "Eurobank S.A." (the Bank) was completed. Following the above, the corporate name of the Demerged Entity has been amended to "Eurobank Ergasias Services and Holdings S.A." (Eurobank Holdings).

The Company is not required by the Cyprus' Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company, Eurobank Ergasias Services and Holdings S.A. publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2021. The financial statements of Eurobank Ergasias Services and Holdings S.A. are available from its head office: 8 Othonos Street, 105 57 Athens, Greece, and from its website at www.eurobank.gr.

The policies set out below have been consistently applied to the years presented unless otherwise stated.

### Going concern basis

The annual financial statements have been prepared on a going concern basis. In making their assessment at the Company's ability to continue as a going concern, the directors have taken into consideration the impact of the following factors directly related to the Parent entity's operations. The Company has shown negative capital for the period however the directors of the Company have the support of the Parent entity. The Parent entity has confirmed the continuing support so that to ensure that the Company will continue its operations in the foreseeable future.

**2. Principal accounting policies (continued)**

**Macroeconomic environment**

After a year of strong economic recovery from the pandemic-induced recession, Greece and the other countries, in which the Eurobank Group has a substantial presence, were ready to embark on a cycle of sustained growth. However, the current geopolitical upheaval caused by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation. Specifically in Greece, according to Hellenic Statistical Authority (ELSTAT), the Harmonized Index of Consumer Prices (HICP) increased by 11.6% on an annual basis in June 2022, driven by the rise in energy, food, and transportation prices, compared to 0.6% in June 2021. The Greek economy exhibited notable resilience in the first quarter of 2022, growing by 2.3% on a quarterly basis (or 7.0% on an annual basis), while the seasonally adjusted unemployment rate stood at 12.5% in May 2022 (May 2021: 15.6%). The European Commission (EC), in its summer economic forecasts (July 2022), estimates that a) the Greek economy will grow by 4% in 2022 and by 2.4% in 2023 (2021: 8.3%) and b) the inflation rate will close at 8.9% in 2022 due to increased energy and fuel costs and their secondary impact on the other sectors of the economy, before declining to 3.5% in 2023. On the fiscal front, the EC in its spring forecasts (May 2022) expects the general government to post a primary deficit of 1.9% of GDP in 2022 and a primary surplus of 1.3% of GDP in 2023 (2021: primary deficit of 5%, including a pandemic stimulus and relief package of € 16 billion and additional support measures of € 1 billion). The gross public debt-to-GDP ratio is expected to decline to 185.7% and 180.4% in 2022 and 2023 respectively (2021: 193.3%). The above forecasts may change as a result of the actual size of the support measures, the impact of inflation on economic growth, and the repercussions of the energy price hikes on public finances. For instance, recent researches refer to a 2022 GDP growth at the area of 5% or above (Moody's analytics) and for debt-to-GDP ratio at ca. 177% and 166% for 2022 and 2023 respectively (Eurobank Research debt sustainability analysis).

A significant boost to growth is expected in Greece and in other countries of presence from the European Union (EU) funding mainly under the EC's Next Generation EU (NGEU) and the EU's Multiannual Financial Framework (MFF). Greece shall receive EU funds of more than € 30.5 billion (€ 17.8 billion in grants and € 12.7 billion in loans) up to 2026 from the Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled "Greece 2.0".

A pre-financing of € 4 billion was disbursed in August 2021, and the first regular payment of € 3.6 billion in April 2022. Greece has been also allocated about € 40 billion through EU's MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, on 21 July 2022 the Governing Council of ECB, in line with its strong commitment to its price stability mandate, decided to raise the three key ECB interest rates by 50 basis points and approved a new instrument (Transmission Protection Instrument – TPI) aimed at preventing fragmentation in the sovereign bonds market. This year, the Greek State, through the Public Debt Management Agency (PDMA), issued a 10-year bond of € 3 billion at a yield of 1.836% on 19 January 2022, a bond of € 1.5 billion with 5 years to maturity (reopening of an older 7-year bond) at a yield of 2.366% on 17 April 2022, two bonds of € 0.25 billion and € 0.15 billion with 15-and 20 years to maturity (reopening of older 20 and 25-year bonds) at yields of 3.51% and 3.56% respectively on 30 May 2022, and a 10-year bond of € 0.5 billion (reopening of the bond issued on 19 January) at a yield of 3.67% on 11 July 2022. As of early June 2022, the cash reserves of the Greek State stood at nearly € 40 billion, and its sovereign rating was one notch below investment grade by two of the four major rating agencies accepted by the ECB (DBRS Morningstar: BB (high), S&P Ratings: BB+).

**2. Principal accounting policies (continued)**

**Macroeconomic environment (continued)**

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows:

The ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, (d) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country's public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called "twin deficits" (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations' agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

Materialization of the above risks including those related to increased energy prices and inflation, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. However, the risks coming from the geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non-significant exposure in Russian or Ukrainian assets, is continuously monitoring the developments on the macroeconomic and geopolitical fronts as well as the evolution of its asset quality KPIs and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals in accordance with the business plan for 2022-2024.

As at 30 June 2022, the Eurobank Group's Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios, which include full year's transition effects, stood at 17.2% (31 December 2021: 16.1%) and 14.7% (31 December 2021: 13.7%) respectively. In accordance with the business plan for the period 2022-2024, the Group's NPE ratio is expected at 5.8% at the end of 2022 and to decline below 5% in 2024.

***Eurobank Demerger***

On 20.03.2020 Eurobank Ergasias S.A. announced that, following the decision of the Extraordinary General Meeting of its shareholders held on 31.01.2020 and after obtaining the necessary approvals by the competent Authorities, its demerger through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Eurobank") was completed. Furthermore, on 23.03.2020 the amendment of its Articles of Association was announced, according to which its corporate name of Eurobank Ergasias S.A. was amended to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

Following the above, Eurobank substitutes Eurobank Holdings, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30.06.2019) and formed up to Demerger's completion on 20.03.2020.

### 2. Principal accounting policies (continued)

Eurobank Holdings, Eurobank's sole shareholder, ceases to be a credit institution and maintains activities, assets and liabilities that are not related to main banking activities, but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Eurobank Holdings continues to be listed on the Athens Stock Exchange with its shares trading under its new name starting from 24.03.2020.

**Liquidity risk**
The gradual stabilization of the macroeconomic environment in Greece has enhanced Greece's credibility towards the international markets, improved the domestic economic sentiment and facilitated the return of deposits as well as the further relaxation of capital controls. The quick resolution of the uncertainty towards the post-program period will help further reinstating depositors' confidence, will accelerate the access to the markets for debt issuance and positively influence the financing of the economy.

As at 31 July 2018, Eurobank (the Bank) has managed to reduce its dependence on Eurosystem funding mainly through deposits inflows, assets deleveraging, increased market repos on Greek Government bonds and an asset backed securities issue.

**Solvency risk**
As at 30 June 2022, the Eurobank Group's Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios, which include full year's transition effects, stood at 17.2% (31 December 2021: 16.1%) and 14.7% (31 December 2021: 13.7%) respectively. In accordance with the business plan for the period 2022-2024, the Group's NPE ratio is expected at 5.8% at the end of 2022 and to decline below 5% in 2024.

In terms of liquidity, as at 30 June 2022, the Group deposits increased to € 54 billion (31 December 2021: € 53.2 billion), leading the Group's (net) loans to deposits (L/D) ratio to 75% (31 December 2021: 73.2%), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme amounted to € 11.6 billion (31 December 2021: € 11.7 billion). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 174% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

### Adoption of new and revised International Financial Reporting Standards

During the year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2021. This adoption did not have a material effect on the accounting policies of the Company.

### Foreign currency translation

**(1) Functional and presentation currency**
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(2) Transactions and balances**
Foreign currency transactions that are transactions denominated, or that require settlement, in a foreign currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

**2. Principal accounting policies (continued)**

**Interest income and expense**

Interest income and expenses for all interest-bearing financial instruments are recognised within "interest income" and "interest expense" in the income statement on an accruals basis, using the effective interest rate method.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the expected life of the financial instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Once a financial asset or group of similar financial assets has been written down as a result of an impairment loss, interest income is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

**Fee and commissions**

Fees and commissions are generally recognised in the income statement on an accruals basis.

**Tax**

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

**Financial assets**

**Financial assets - Classification**

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

**2. Principal accounting policies (continued)**

**Financial assets (continued)**

**Financial assets - Recognition and derecognition**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

**Financial assets - Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

<u>Debt instruments</u>

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

**2. Principal accounting policies (continued)**

**Financial assets (continued)**

**Financial assets - Measurement (continued)**

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's Management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTPL are not reported separately from other changes in fair value.

**Financial assets - impairment - credit loss allowance for ECL**

The Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at amortised cost and FVOCI and exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments carried at amortised cost are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected credit losses to be recognised from initial recognition of the financial assets.

For all other financial instruments that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

**2. Principal accounting policies (continued)**

**Financial assets (continued)**

**Financial assets -Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

**Financial assets - write-off**

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

**Financial assets - modification**

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

**Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank with maturity of three months or less. Cash and cash equivalents are carried at amortised cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

**Borrowings**

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

**2. Principal accounting policies (continued)**

**Financial assets (continued)**

**Trade payables**

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

**Taxation**

*(i) Current income tax*

Income tax payable is calculated on the basis of the applicable tax law in the respective jurisdiction and is recognised as an expense for the period in which profits arise. The tax effects of income tax losses available for carry forward are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

*(ii) Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the balance sheet and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised when it is probable that future taxable profit will be available against which these temporary differences can be utilised.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to items recognised in other comprehensive income, is also recognised in the other comprehensive income and subsequently in the income statement together with the deferred gain or loss.

**Provisions**

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits willbe required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

**Related party transactions**

Related parties include associates, fellow subsidiaries, directors and key management personnel, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All transactions entered into with related parties are in the normal course of business and on an arm's length basis.

**2. Principal accounting policies (continued)**

**Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share Capital.

**Critical accounting estimates and judgments**

In the process of applying the Company's accounting policies, the Company's management makes various judgments, estimates and assumptions that affect the reported amounts of assets and liabilities recognized in the financial statements within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

**(a) Impairment losses on loans and advances**

The Company reviews its loan portfolios to assess impairment continuously. In determining whether an impairment loss should be recorded in the statement of income, the Company makes judgments as to whether there is any observable data indicating there is a measurable decrease in the estimated future cash flows from a portfolio of loans before the decrease can be identified with an individual loan in that portfolio. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group, or national or local economic conditions that correlate with defaults on assets in the Company. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience (see notes 3.1.).

**(b) Initial recognition of acquisition of debt securities lending, held to maturity and available-for-sale portfolio from group entities**

The Company acquired a portfolio of debt securities lending, held to maturity investments and available-for-sale from Group companies and at the same time the Bank provided a credit enhancement to the Company in the form of a lien arrangement in relation to these debt securities.

The consideration paid by the Company to group entities for the acquisition of these debt securities consisted of the fair value of the securities acquired as well as a consideration for the fair value of the financial guarantee provided by the ultimate Parent company in relation to these securities.

As both transactions, the acquisition of the debt securities from group companies and the provision of the financial guarantee by the Bank were entered into at the same time and in contemplation of one another, the management has concluded that it would be more appropriate on initial recognition to recognise the fair value of the financial guarantee as a single asset together with the underlying debt securities it relates to and classified as debt securities lending, held to maturity investments and available-for-sale portfolio as this would reflect the commercial substance of the transactions. As a result, the subsequent measurement of the financial guarantee forming part of these securities has been amortised on the same basis as the underlying debt securities it relates to and has been reported as an adjustment to interest income.

**2. Principal accounting policies (continued)**

**Critical accounting estimates and judgments (continued)**

Had the two transactions not been treated as a single transaction, the Company would have recognised the debt securities and the financial guarantee as two separate assets and would have reported these separately. The debt securities would have been reported at their fair value on initial recognition and the financial guarantee would have been recognised as a prepayment asset which would be amortised over the life of the guarantee which is equivalent to the expected life of the guaranteed debt instruments. The financial guarantee asset would be tested for impairment under IAS36 and the amortisation and potential impairment charges would be accounted for as a reduction of interest income. However, no P&L impact would have been reported for the period due to the presentation of two separated assets.

In May 2017, the Company transferred the whole DSL portfolio of €0,1 million book value to the Bank, with no significant impact in Company's capital position.

**(c) Tax**

The Company is subject to income tax in Cyprus. In order to establish the current and deferred tax, as presented in the Statement of Financial Position, significant assumptions are required. For specific transactions and calculations, the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**3. Financial risk management**

**Use of financial instruments**
By their nature the Company's activities are principally related to the use of financial instruments including derivatives.

**Financial risk factors**
The Company is exposed to a variety of financial risks: market risk (including currency risk and interest rate risk) and liquidity risk. The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Company's financial performance, financial position and cash flows.

**3.1 Liquidity risk**
The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for a company in the financial services industry to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Company.

**Maturity analysis of liabilities**

The amounts disclosed in the table below are the contractual undiscounted cash flows for the period ended 31 December 2021 and 31 December 2020. Liabilities without contractual maturities are presented in the "less than 1 month" time bucket.

It should be noted that this table represents the worst case scenario since it is based on the assumption that all liabilities will be paid earlier than expected. The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote. Additionally, these liabilities are towards related parties, which facilitates liquidity management and the avoidance of such an event.

**3. Financial risk management (continued)**

**3.1 Liquidity risk (continued)**

| **31 December 2021** | Carrying amounts | Contractual cash flows | Less than 1 month | 1-3 months | 3 months to 1 year | Over 1 year |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| Loans payable | 97.500.754 | 97.500.754 | 9.086.630 | 88.414.124 | - | - |
| | **97.500.754** | **97.500.754** | **9.086.630** | **88.414.124** | **-** | **-** |

| 31 December 2020 | Carrying amounts | Contractual cash flows | Less than 1 month | 1-3 months | 3 months to 1 year | Over 1 year |
|---|---|---|---|---|---|---|
| | € | € | € | € | € | € |
| Loans payable | 95.762.844 | 95.762.844 | 9.088.156 | 86.674.688 | - | - |
| | 95.762.844 | 95.762.844 | 9.088.156 | 86.674.688 | - | - |

**3.2 Capital risk management**
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company's policy is to maintain a capital base so as to support operations and sustain future development of the business as necessary. Capital consists of share capital, share premium and retained earnings. The Company is not regulated and hence not required to comply with any capital requirements.

**4. Interest expense**

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Interest on loans payable | **1.868.614** | 2.082.700 |
| | **1.868.614** | 2.082.700 |

**5. Operating expenses**

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Auditor's remuneration | **3.570** | 3.570 |
| Auditor's remuneration - prior years | **5.950** | 13.090 |
| Other expenses | **5.112** | 6.818 |
| | **14.632** | 23.478 |

**6. Finance costs**

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Interest expense | **6.959** | - |
| **Finance costs** | **6.959** | - |

### 7. Net trading profit / (loss)

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Revaluation of foreign exchange positions | **2** | (2) |
| | **2** | (2) |

### 8. Tax

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Corporation tax - prior years | **22.124** | - |
| **Charge for the year** | **22.124** | - |

The tax on the Company's results before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

| | **2021** | 2020 |
|---|---|---|
| | **€** | € |
| Loss before tax | **(1.890.484)** | (2.106.477) |
| Tax calculated at the applicable tax rates | **(236.311)** | (263.310) |
| Tax effect of expenses not deductible for tax purposes | **234.481** | 260.375 |
| Tax effect of tax loss for the year | **1.830** | 2.935 |
| Prior year tax | **22.124** | - |
| **Tax charge** | **22.124** | - |

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

### 9. Cash at bank

As of 31.12.2021, the Cash at Bank balances of the company were with Eurobank Ergasias S.A. of amount €25 (2020: €23), with Eurobank Cyprus Ltd of amount €93.824 (2020: €267.334), and with Eurobank Private Bank Luxembourg S.A. of amount €3 (2020: €3).

### 10. Share capital and share premium

| | **2021** | **2021** | 2020 | 2020 |
|---|---|---|---|---|
| | **Number of shares** | **€** | Number of shares | € |
| **Authorised** | | | | |
| Ordinary shares of €1 each | **90.000** | **90.000** | 90.000 | 90.000 |

**10. Share capital and share premium (continued)**

| **Issued and fully paid** | **Number of shares** | **Share capital €** | **Share premium €** | **Total €** |
|---|---|---|---|---|
| Balance at 1 January 2020 | 1.100 | 1.100 | 18.900 | 20.000 |
| **Balance at 31 December 2020/ 1 January 2021** | **1.100** | **1.100** | **18.900** | **20.000** |
| **Balance at 31 December 2021** | **1.100** | **1.100** | **18.900** | **20.000** |

**11. Loans payable**

| | **2021 €** | 2020 € |
|---|---|---|
| **Current borrowings** | | |
| Loans from related companies - Euro | **92.984.048** | 91.340.527 |
| Loans from related companies - USD | **3.768.859** | 3.689.134 |
| Loans from related companies - CHF | **747.847** | 733.183 |
| | **97.500.754** | 95.762.844 |

The interest rate on loans payable applied for the year 2021 was EURIBOR plus 1,40%. In the event of EURIBOR is less than zero, then shall be deemed zero.

**12. Other payables**

| | **2021 €** | 2020 € |
|---|---|---|
| Accruals | **28.562** | 27.372 |
| | **28.562** | 27.372 |

**13. Current tax liabilities**

| | **2021 €** | 2020 € |
|---|---|---|
| Corporation tax | **9** | 9 |
| | **9** | 9 |

**14. Related party transactions**

**The Bank's shareholding structure**

Eurobank Ergasias Services and Holdings S.A. (Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank). The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the key management personnel (KMP) of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities.

### 14. Related party transactions (continued)

As at 30 June 2022, the percentage of the Company's ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force and the Tripartite Relationship Framework Agreement (TRFA) between the Bank, the Company and the HFSF signed on 23 March 2020 and amended on 3 February 2022. Fairfax Group, which holds 33% of Eurobank Holdings voting rights as of 30 June 2022 (31 December 2021: 33%), is considered to have significant influence over the Eurobank Holdings.

### 14.1 The following transactions were carried out with related parties:

| | **Within the Bank 2021 €** | **Within the Group 2021 €** | **Within the Bank** 2020 € | **Within the Group** 2020 € |
|---|---|---|---|---|
| Cash at bank | **25** | **93.827** | 23 | 267.337 |
| Loans payable | **(88.414.124)** | **(9.086.630)** | (86.674.688) | (9.088.156) |
| Interest expense | **(1.739.436)** | **(129.178)** | (1.930.160) | (152.540) |
| Fees and commission expense | **-** | **(281)** | - | (297) |

### 14.2 Key management personnel

Key management personnel includes directors of the Company and their close family members. No transactions have taken place between the Company and key management personnel.

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is the Bank, incorporated in Greece with registered office 8 Othonos Street, Athens 105 57, Greece. Its consolidated financial statements are available at the website www.eurobank.gr. The Bank is also the parent entity, which prepares the consolidated financial statement of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking.

### 15. Contingent liabilities and commitments

The Company had no contingent liabilities as at 31 December 2021 and as at 31 December 2020.

### 16. Events after the reporting period

***Current conflict between Russia and Ukraine developments***

The current geopolitical upheaval caused by the Russian invasion in Ukraine in February 2022 has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows:

**16. Events after the reporting period (continued)**

The ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, (d) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country's public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called "twin deficits" (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations' agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

Materialization of the above risks including those related to increased energy prices and inflation, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. However, the risks coming from the geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non-significant exposure in Russian or Ukrainian assets, is continuously monitoring the developments on the macroeconomic and geopolitical fronts as well as the evolution of its asset quality KPIs and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals in accordance with the business plan for 2022-2024.

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

**Independent auditor's report on pages 2 to 4**