

# **ANNUAL FINANCIAL REPORT**

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**FOR THE YEAR ENDED  
31 DECEMBER 2022**

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The directors present their report together with the financial statements for the year ended 31 December 2022.

**General information**

Eurobank S.A. (the Bank) is a wholly owned subsidiary of Eurobank Ergasias Services and Holdings S.A. (the “Parent Company”). The Bank along with its subsidiaries form the Eurobank S.A. Group (the Group) that is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Group operates mainly in Greece and in Central and Southeastern Europe.

**Financial Results Review and Outlook<sup>1</sup>**

In 2022, the economic activity remained strong in Greece and the other countries in which the Group has a substantial presence, despite the negative impact of increased geopolitical volatility, disruption in supply chains and persistent inflationary pressures. In this environment, the Group exceeded its targets in terms of profitability, asset quality and capital strength, expanded its loan portfolio and improved further its liquidity position.

As at 31 December 2022 total assets increased by €3.6bn to €81.5bn (Dec. 2021: €77.9bn) with gross customer loans amounting to €43.5bn (Dec. 2021: €40.8bn) and investment securities reaching €13.3bn (Dec. 2021: €11.3bn). Out of the total loan portfolio, €28.2bn has been originated from Greek operations (Dec. 2021: €26.5bn), €10.4bn from international operations (Dec. 2021: €9.2bn) and €4.9bn refer to senior and mezzanine notes of the Pillar, Cairo and Mexico securitizations (Dec. 2021: €5.1bn). Business (wholesale and small business) loans stood at €25bn (Dec. 2021: €22.4bn) and accounted for 57% of total Group loans, while loans to households reached €13.6bn (Dec. 2021: €13.3bn), of which 75% is the mortgage portfolio and the rest are consumer loans. Group deposits reached €57.3bn (Dec. 2021: €53.2bn) with those from Greek operations increasing by €2.6bn to €39.6bn (Dec. 2021: €37bn), while international operations added €1.5bn totalling €17.7bn (Dec. 2021: €16.2bn). As a result, the (net) loan-to-deposit (L/D) ratio stood at 73% for the Group (Dec. 2021: 73.2%) and at 79.5% for Greek operations (Dec. 2021: 80.1%). The funding from the targeted long term refinancing operations of the European Central Bank (ECB)–TLTRO III programme decreased by €2.9bn amounting to €8.8bn as at December 2022 (Dec. 2021: €11.7bn). During the year, in the context of the implementation of its medium-term strategy to meet the Minimum Requirements for Eligible Own Funds and Eligible Liabilities (MREL), the Bank proceeded with the issuance of a preferred senior note of €500m at a coupon of 4.375 % and maturity date on 9 March 2025. In November 2022, the Parent Company completed the issuance of a Tier 2 debt instrument of €300m at a coupon of 10% which matures in December 2032 and on the same date, the Bank issued a subordinated instrument of equivalent terms, held by the Parent Company. More recently, in January 2023, the Bank completed the issuance of a €500m senior preferred note at a coupon of 7%, which matures in January 2029 (notes 4 and 34 of the consolidated financial statements).

During the year, the net interest income (NII) stood at €1,551m (2021: €1,312m), mainly driven by the higher interest rates, the organic loans growth and the increased income from investment bonds partly offset by higher debt issued and deposits cost. Fees and commissions amounted to €542m (2021: €456m), mainly due to the increased fees from network operations, lending activities and credit/debit cards business. Operating expenses increased by 4.7% to €910m (2021: €869m) due to higher costs from international operations, partly attributed to the merger of Eurobank a.d. Beograd with Direktna Bank in Serbia. Pre-provision Income (PPI) increased to €2,225m (2021: €1,016m). Trading and other activities recorded net income of €1,042m (2021: €117m income) including a) €550m realised gains from the unwinding of interest rate swaps, following the reassessment of Group’s hedging strategies, which are mainly related with the upward movement of the euro interest rate curve in 2022 (notes 9 and 19 of the consolidated financial statements), b) €70m gains from portfolio hedging of interest rate risk (macro hedging) (notes 9 and 19 of the consolidated financial statements), c) €107m gains from short positions in debt instruments entered into in the context of Group’s economic hedging strategies (notes 9 and 35 of the consolidated financial statements), d) €325m gain from the completion of project “Triangle” (note 30 of the consolidated financial statements), e) €34m gains from changes in fair value of investment properties, f) €34m gain on sale of 5.1% shareholding in Group’s joint venture Grivalia Hospitality S.A. and from the measurement of the retained interest as a financial asset at FVTPL (note 24 of the consolidated financial statements), and g) €76m loss from the recyclement of currency translation losses, previously recognized in other comprehensive income, to income statement due to liquidation of ERB Istanbul Holding A.S. (note 23.1 of the consolidated financial statements).

As at 31 December 2022, following the classification of project “Solar” underlying loan portfolio as held for sale (note 20 of the consolidated financial statements) and other initiatives, the Group’s NPE stock amounted to €2.3bn (31 December 2021: €2.8bn) driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%). During the year, the NPE formation was positive by €46m (fourth quarter: €35m positive) (2021: €44m positive), while the loan provisions (charge) reached €292m (2021: €413m).

Furthermore, the Group recognised in 2022 other impairment losses and provisions amounting to €108m (2021: €51m), which are analysed in a) €21m on investment bonds, including €7m loss attributable to Russian debt exposures b) €15m on real estate properties c) €23m on computer hardware and software and d) €49m for litigations and other operational risk events. In addition, it recorded restructuring costs of €102m (2021: €25m) consisting of a) €60m cost for Voluntary Exit Schemes (VES) and related costs, mainly referring to the scheme that was launched in February 2022 for eligible units in Greece and b) €42m costs mainly related to the merger

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<sup>1</sup> Definitions of the selected financial ratios and the source of the financial data are provided in the Appendix of the parent company’s (Eurobank Holdings) Directors Report for the year ended 31 December 2022.

and the integration thereafter of Eurobank a.d. Beograd with Direktna Banka in Serbia, as well as the Group's transformation project (note 12 of the consolidated financial statements).

#### Profit or Loss

Overall, in 2022, the profit attributable to shareholders amounted to €1,336m (2021: €398m).

Going forward, the Parent Company's group, pursues its objectives set out in the business plan for the period 2023-2025, which includes targets for a) loans organic growth, b) the further strengthening of the core profitability (EPS and RoTBV), c) improvement of the asset quality ratios, d) solid organic capital generation adequate to support the business growth, and e) the initiation of dividend distribution in the form of cash dividends and/or share buybacks, subject to regulatory approval, mainly through the following initiatives and actions:

- a) Higher NII mainly driven by the positive effect of the interest rates' increase and the sustainable growth in loan volumes and the increase, at a relatively lower pace, of customer deposits,
- b) Organic increase of Group's performing loans mainly through business lending,
- c) Growth of fee and commission income in a number of fee business segments such as lending, network and assets under management activities, bancassurance, card's issuing and investment property rentals,
- d) Initiatives for pursuing further operating efficiency, cost containment of "run the bank" activities, and proceeding with further simplification and digitalisation in Greece and abroad, maintaining the annual increase of the operating expenses at a low to mid-single digit %, considering the inflationary pressures and the "grow the bank" needs,
- e) Maintaining low NPE ratios with high coverage levels in all core markets in which the Group has presence, which may be challenged by the higher interest rates and inflationary pressures' impact on households disposable income and corporate profit margins,
- f) Strengthening core markets presence and increasing earnings contribution by international activities through organic growth and the exploration of potential market opportunities,
- g) Major transformation initiatives introduced in the context of the Group's transformation plan "Eurobank 2030",
- h) Support the green transition and financial inclusion through the adoption of the Environment, Social and Governance (ESG) criteria in all Group's activities and processes.

The geopolitical and macroeconomic risks, mainly related with the prolongation of the inflationary wave and the impact of interest rate hikes on both households and businesses, combined with potential political uncertainty in Greece, set a number of challenges to the achievement of the Eurobank Holdings Group 2023-2025 Business Plan, mainly related with growth potential, lending margins, deposit rates, asset quality and operating costs. The headwinds coming from the geopolitical upheaval and the macroeconomic environment are likely to be mitigated by:

- a) The efficient mobilization of the already approved EU funding, mainly through Recovery and Resilience Facility (RRF),
- b) The substantial pipeline of new investments,
- c) The accumulated liquidity in the economy mainly related with the extensive state support measures of the pandemic period,
- d) The decrease of the unemployment rate in 2022 to its lowest level in the last twelve years,
- e) The positive developments in the tourism sector and the strong investment inflows,
- f) The potential upside, related with the interest rates' increase impact on the profitability of the Group. (see also further information in the section "Macroeconomic Outlook and Risks")

The Group Management and Board, mindful of the recent banking turmoil across some markets, has done a proactive internal review to re-assure itself of the continued resilience of Eurobank business model to such possible external shocks and is pleased to report that this model is well supported by sound business practices, diversified activities and prudent risk management approaches. The resulting stability of the Group's business operating model and the strength of its financial position is also further well-reflected/ supported by the following significant aspects:

- a) an increased level of high-quality liquid assets connected, inter alia, with the resilience of retail deposits and with the debt issued to wholesale markets, leading to an LCR of 173%, well above the regulatory minimum (100%),
- b) the wide and diversified deposit mix, displaying a significant deposit base from retail, which accounts for c. 70% of total deposits (Bank level),
- c) a well-managed debt securities portfolio, accounting for 16% of total assets mostly invested in EU Sovereign Bonds and on investment grade securities. This portfolio is to a great extent hedged for the interest rate risk,
- d) low interest rate risk exposure on its core banking book, since the vast majority of assets are floating rate loans, which bear immaterial interest rate risk and fixed rate loans, with their interest rate risk being hedged to a large extent,
- e) the strong capital adequacy, the earnings generation capacity and the high NPE coverage ratio,
- f) the MREL ratio, which, at the end of 2022 amounted to 23.1% and, proforma with the €500m senior issuance in January 2023, to 24.3%, exceeding the non-binding January 1st 2024 MREL target of 22.9%,
- g) a robust internal risk management and governance framework for effectively monitoring and mitigating risks as well as a high level of Board engagement for the alignment of business model with sound risk management and control functions,

h) the comprehensive regulatory and supervisory EU framework applicable even to small-sized banks,

#### Capital management

Eurobank S.A. Group, which comprises the major part of Eurobank Holdings Group, is not separately supervised for capital adequacy purposes. As at 31 December 2022, the Common Equity Tier 1 (CET1) and Total Capital Adequacy (CAD) ratios of Eurobank Holdings Group, are 16% (31 December 2021: 13.7%) and 19.2% (31 December 2021: 16.1%) of Risk Weighted Assets (RWA), respectively. At the same date, the fully loaded CET 1 ratio (based on the full implementation of the Basel III rules in 2025) would be 15.2% (Dec. 2021: 12.7%), while the pro-forma CET1 and Total CAD ratios as at 31 December 2022 with the completion of Project "Solar" (note 30) would be 16% and 19%, respectively.

As at 31 December 2022, the CET 1 and Total CAD ratios of the Bank, are 15.1% (31 December 2021: 12.4%) and 18.9% (31 December 2021: 15.3%) of RWA, respectively. At the same date, the Bank's CET 1 based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), would be 14.4% (31 December 2021: 11.7%), while the pro-forma CET1 and Total CAD ratios as at 31 December 2022 with the completion of the Project "Solar" would be 15.1% and 18.8%, respectively.

In the context of the Group's initiatives for the optimization of its regulatory capital, in December 2022 the Bank proceeded with the execution of the third synthetic risk transfer transaction (project "Wave III") in the form of a financial guarantee, providing credit protection over the mezzanine loss of a portfolio of performing shipping loans amounting to \$1.7bn (note 20 of the consolidated financial statements).

As at 31 December 2022, the Bank's MREL ratio at consolidated level stands at 23.07% of RWAs, higher than the interim binding MREL target for 2022 of 18.21% but also than the interim non-binding MREL target from 1 January 2023 of 20.48% (note 4 of the consolidated financial statements).

#### **Climate risk stress test**

The Eurobank Holdings Group participated in the ECB supervisory climate risk stress test, which was conducted in the first half of 2022. The 2022 climate risk stress test assessed how well banks are set up to deal with climate-related risks. A total of 104 significant banks participated in the test consisting of three modules, in which banks provided information on their: (i) own climate stress-testing capabilities, (ii) reliance on carbon-emitting sectors, and (iii) performance under different scenarios over several time horizons. The test, which was part of the ECB's wider climate roadmap, was not a capital adequacy exercise but rather a learning one for banks and supervisors alike, aiming at identifying vulnerabilities and best practices and providing guidance to banks for the green transition. In this context, the Eurobank Holdings has successfully completed the 2022 climate risk stress test exercise.

In July 2022, the ECB published the climate risk stress test aggregated results, showing that banks must improve their focus on climate risk. Furthermore, all participating entities, including the Eurobank Holdings, received individual feedback and are expected to take action accordingly, in line with the set of good practices for climate-related and environmental risk management that the ECB published in November 2022 along with the good practices for climate stress testing published in December 2022. The results showed that the Eurobank Holdings Group has made significant progress in incorporating a climate risk stress testing framework, with an overall performance in line with the average score of European Banks. The Eurobank Holdings continues to work in order to implement its climate risk action plan, to further integrate climate risks into its business strategy and risk management practices and to support its clients towards climate transition and sustainable business growth.

#### **2023 EU – wide stress test**

In January 2023, the European Banking Authority (EBA) launched the 2023 EU-wide stress test exercise which is designed to provide valuable input for assessing the resilience of the European banking sector in the current uncertain and changing macroeconomic environment.

This exercise is coordinated by the EBA in cooperation with the ECB and national supervisory authorities and is conducted according to the EBA's methodology. It is carried out on the basis of year-end 2022 figures and assesses the performance of EU banks under a baseline and adverse macroeconomic scenario, covering the period from 2023 to 2025. The baseline scenario for EU countries is based on the projections from the EU national central banks of December 2022. The adverse scenario, although unlikely to unfold, is used to assess the resilience of banks to a hypothetical severe scenario of a significant deterioration in the overall outlook for the economy and financial markets in the next three years. The narrative depicts an adverse scenario related to a hypothetical worsening of geopolitical developments leading to a severe decline in GDP with persistent inflation and high interest rates. In terms of GDP decline, the 2023 adverse scenario is the most severe used in the EU wide stress up to now. Eurobank Holdings Group is participating in the EBA-led stress test.

In parallel, the ECB will conduct its own stress test for a number of medium sized- banks that it supervises directly and that are not included in the EBA-led stress test sample.

The EBA expects to publish the results of the exercise at the end of July 2023. The stress test results will be used to update each bank's Pillar 2 Guidance in the context of the SREP, while qualitative findings on weaknesses in banks' stress testing practices could also affect their Pillar 2 Requirements.

**International Activities**

The Group has a significant presence in four countries apart from Greece. In Cyprus it offers Corporate Banking, Private Banking, International Business Banking, and Shipping services through a network of 8 business centres. In Luxembourg it provides Private Banking and Corporate Banking services. Additionally, the subsidiary bank in Luxembourg operates a branch in London. In Bulgaria and Serbia, it operates in Retail and Corporate Banking, Wealth Management and Investment Banking through a network of 306 branches and business centres.

In December 2021, the merger of the Bank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") with Direktna Banka a.d. Kragujevac ("Direktna") was completed, after all necessary approvals from the competent authorities were obtained and the combined Bank was renamed to Eurobank Direktna a.d. On 2 March 2023, the Bank announced that it has signed binding agreement (share purchase agreement) with AIK Banka a.d. Beograd ("AIK") for the sale of Eurobank Direktna, the Bank's subsidiary in Serbia (the "Transaction"). The Transaction values 100% of Eurobank Direktna at €280m and is consistent with Eurobank's strategy to direct capital to opportunities with more compelling RoTBV and to further enhance its presence in its core markets. The Transaction is expected to contribute ca. 50 bps to Eurobank Holdings Group's CET1 ratio (based on third quarter of 2022 ratio), reflecting the release of related RWAs. It is expected to be completed within year 2023, subject to customary regulatory and other approvals.

On 30 December 2022, the Bank announced the acquisition of a 3.2% holding in Hellenic Bank Public Company Limited ("Hellenic Bank") thus increasing its shareholding to 15.8% in Hellenic Bank. Furthermore, on 1 December 2022, the conclusion of a share purchase agreement ("SPA") with Wargaming Group Limited was announced, according to which the Bank has agreed to acquire an additional 13.41% holding in Hellenic Bank, subject to regulatory approvals. On 4 April 2023, following the receipt of the relevant regulatory approvals, the above acquisition was completed, and the Bank's total holding in Hellenic Bank reached 29.2%. Following that, the investment in Hellenic Bank will be accounted for as a Group's associate in the consolidated financial statements as of the second quarter of 2023. The said investment is aligned with the overall strategy of the Group to further strengthen its presence in its core markets in which retains a strategic interest (further information is provided in note 22 to consolidated financial statements).

Furthermore, the implementation of the new banking system in Cyprus (Temenos) is progressing according to plan. The project is key for the technological transformation of Eurobank Cyprus, which in turn aims to enhance functionality and to improve efficiency thus ensuring the best experience for the customers, in the new digital era.

On 9 December 2022, Eurobank Holdings announced that it had reached an agreement for the acquisition of BNP Paribas Personal Finance Bulgaria (the "Business") by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank"). The transaction is in line with the Group's strategy to further strengthen Postbank's position in the Bulgarian retail sector and is expected to burden the Group's regulatory capital ratios by ca. 25 bps, reflecting mainly the increase in the Group's Risk Weighted Assets. The completion of the transaction is subject to approvals by all competent regulatory authorities (further information is provided in note 23.1 to consolidated financial statements).

The positive prospects remain valid despite the war in Ukraine. Although International Operations do not have a direct exposure in these two countries, the deterioration of the key macroeconomic indicators, both at European and global level, will have an impact on the local economies. International Operations solid fundamentals though, allow for absorbing potential shocks and safeguarding their profitability while supporting the local communities.

**Risk management**

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set in a manner that enable the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal processes and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading and maintaining its policies, methods and infrastructure up to date, in order to ensure compliance with the requirements of the European Central Bank (ECB) and of the Single Resolution Board (SRB), the guidelines of the European Banking Authority (EBA) and the Basel Committee for Banking Supervision as well as the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for all material risks it is exposed to, both in Greece and in each country of its international operations. The risk management policies implemented by the Group are reviewed on a regular basis.

The Group Risk and Capital Strategy outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles,

risk governance framework, strategic objectives and key management initiatives for the improvement of the risk management framework in place.

Risk culture is a core element of the organisation. Risk management function provides the framework, procedures and guidance to enable all employees to proactively identify, manage and monitor the risks in their own areas and improve the control and co-ordination of risk taking across their business. Ongoing education, communication and awareness takes place via dedicated learning programs, monthly meetings, sharing of best practices and other initiatives. The Group has also a policy in place to address any risks associated with the introduction, significant modifications and periodic monitoring of its products and services.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity and to ensure the Group's adherence to regulatory requirements. The Risk appetite, that is clearly communicated throughout the Group determines risk culture and forms the basis on which risk policies and risk limits are established at Group and regional level. Within the context of its Risk Appetite Framework, the Bank has further enhanced the risk identification process and the risk materiality assessment methodology.

The identification and the assessment of all risks is the cornerstone for the effective Risk Management. The Group aiming to ensure a collective view on the risks linked to the execution of its strategy, acknowledges the new developments at an early stage and assesses the potential impact.

In order to strengthen further the existing Operational Risk Framework according to increased regulatory expectations as defined in the: i) EBA Guidelines on Internal Governance (2021) under Directive 2013/36/EU, (ii) BCBS Revisions to the Principles for the Sound Management of Operational Risk (2021), (iii) BCBS Principles for Operational Resilience, and (iv) EBA Guidelines on ICT and security risk management EBA/GL/2019/04, the Group had decided to move towards managing Non-Financial Risks (NFRs) holistically, whereas NFRs include all operational risks as well as specific additional risks such as strategic and reputational risk. NFR management comprises risk identification, assessment, and mitigation while employing independent oversight and an effective risk culture to ensure that business objectives are met within the NFR appetite that is reflected in the Group's Policies and Guidelines.

The Board Risk Committee (BRC) is a committee of the Board of Directors (BoD) and its task is to assist the BoD to ensure that the Group has a well-defined risk and capital strategy in line with its business plan and an adequate and robust risk appetite framework. The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Group has developed a risk management framework with appropriate methodologies, modelling tools, data sources as well as sufficient and competent staff to identify, assess, monitor and mitigate risks. Moreover, BRC is conferred with certain approval authorities. The BRC consists of five (5) non-executive directors, meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances if it is needed.

The Management Risk Committee (MRC) is a management committee established by the Chief Executive Officer (CEO) and its main responsibility is to oversee the risk management framework of the Group. As part of its responsibilities, the MRC facilitates reporting to the BRC on the range of risk-related topics under its purview. The MRC supports the Group Chief Risk Officer to identify material risks, to promptly escalate them to the BRC and to ensure that the necessary policies and procedures are in place to prudently manage risks and to comply with regulatory requirements.

In the context of the climate risk stress testing process, the MRC is responsible to review, challenge and agree on the material climate risks identified in the risk identification process as well as the transition scenarios and physical risk events developed in the scenario design process. Further to MRC's clearance, appropriate management actions are proposed to the Executive Board Committee ("ExBo") and consequently to the BRC for review, challenge and approval.

The Group's Risk Management General Division which is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for the identification, assessment, monitoring, measurement and management of the risks that the Group is exposed to. It comprises of the Group Credit General Division (GCGD), the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRCACS), the Group Market and Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector (GORS), the Group Model Validation and Governance Sector (GMVGS), the Group Risk Management Strategy Planning and Operations Division (GRMSPO), the Supervisory Relations and Resolution Planning Sector (SRRPS), the Group Climate Risk Division (GCRD) and the Risk Analytics Division (RAD).

As part of its overall system of internal controls, Eurobank Ergasias Services and Holdings S.A. has engaged in a Service Level Agreement (SLA) with Eurobank S.A. in order to receive supporting and advisory services in all areas of risk management undertaken by the Eurobank Holdings Group.

The most important types of risk that are addressed by the risk management functions of the Group are:

**Credit Risk**

Credit risk is the risk that a counterparty will be unable to fulfill its payment obligations in full when due. Credit risk is also related with country risk and settlement risk. Credit risk arises principally from the wholesale and retail lending activities of the Group, as well as from credit enhancements provided, such as financial guarantees and letters of credit. The Group is also exposed to credit risk arising from other activities such as investments in debt securities, trading, capital markets and settlement activities. Taking into account that credit risk is the primary risk the Group is exposed to, it is very closely managed and monitored by specialised risk units, reporting to the GCRO.

The credit review and approval processes are centralized both in Greece and in the International operations following the “four-eyes” principle and specific guidelines stipulated in the Credit Policy Manual and the Risk Appetite Framework. The segregation of duties ensures independence among executives responsible for the customer relationship, the approval process and the loan disbursement, as well as monitoring of the loan during its lifecycle. The credit approval process in Corporate Banking is centralized through the establishment of Credit Committees with escalating Credit Approval Levels, which assess and limit to the extent possible the corporate credit risk. Rating models are used in order to calculate the credit rating of corporate customers, reflecting the underlying credit risk. The most significant ones are the MRA (Moody’s Risk Analyst) applied for companies - mostly- with industrial and commercial activity and the slotting rating models, used for specialised lending portfolios (shipping, real estate and project finance) with ring fenced transactions. Credit risk assessment is performed by Group Credit General Division (GCGD), which assesses the credit requests submitted by the Business Units, a procedure including the evaluation of the operational and financial profile of the customer, the validation of the borrower’s rating and the identification of potential risk factors for the Bank.

The credit review and approval processes for loans to Small Businesses (turnover up to €5m) are also centralised following specific guidelines and applying the ‘four-eyes’ principle. The assessment is primarily based on the analysis of the borrower’s operational characteristics and financial position. The same applies for Individual Banking (consumer and mortgage loans), where the credit risk assessment is based on criteria related to the characteristics of the retail portfolio, such as the financial position of the borrower, the payment behaviour, the existence of real estate property and the type and quality of securities.

The ongoing monitoring of the portfolio quality and of any deviations that may arise, lead to an immediate adjustment of the credit policy and procedures, when deemed necessary. The quality of the Group’s loan portfolios (business, consumer and mortgage in Greece and abroad) is monitored and assessed by the Group Credit Control Sector (GCCS) via field, desktop and thematic reviews in order to timely identify emerging risks, vulnerabilities, compliance to credit policies and consistency in underwriting. Furthermore, the GCCS assumes oversight and supervisory responsibilities for proper operation of corporate rating and impairment models. Moreover, GCCS regularly reviews the adequacy of provisions of all loan portfolios. Finally, the sector formulates Group’s credit policies while at the same time it monitors regulatory developments proposing relevant policy updates when necessary. GCCS operates independently from all the business units of the Bank and reports directly to the GCRO.

The measurement, monitoring and periodic reporting of the Group’s exposure to counterparty risk (issuer risk and market driven counterparty risk), which is the risk of loss due to the customer’s failure to meet its contractual obligations in the context of treasury positions, such as debt securities, derivatives, repos, reverse repos, interbank placings, etc. are performed by the Group Market and Counterparty Risk Sector (GMCRS). The Group sets limits on the level of counterparty risk that are based mainly on the counterparty’s credit rating, as provided by international rating agencies, the product type and the maturity of the transaction (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, corporate securities, asset backed securities, etc.). GMCRS maintains and updates the limits’ monitoring systems and ensures the correctness and compliance of all financial institutions limits with the Bank’s policies as approved by the Group’s relevant bodies. The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group’s entity, counterparty and product type are monitored by GMCRS on a daily basis. The Group from 2021 applies the new regulatory framework for the counterparty risk from derivatives (SA-CCR).

**Market Risk**

The Group has exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities, can affect the Group’s income or the fair value of its financial instruments. The market risks, the Group is exposed to, are monitored, controlled and estimated by GMCRS. GMCRS is responsible for the measurement, monitoring, control and reporting of the exposure on market risks including the Interest Rate Risk in the Banking Book (IRRBB) of the Group. The GMCRS reports to the GCRO. The exposures and the utilisation of the limits are reported to the Board Risk Committee.

Market risk in Greece and International Subsidiaries is managed and monitored mainly using Value at Risk (VaR) methodology, Sensitivity and stress test analysis. VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed). Since VaR constitutes an integral part of the Group’s market risk control regime, VaR limits have been established for all portfolios (trading and investment) measured at fair value and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses



outside of these limits in the event of extraordinary market movements. For that reason the Group uses additional monitoring metrics such as: Stressed VaR, Expected Shortfall and Stress Tests. Finally, the Group has the required systems and procedures for the application of the new regulatory framework for market risk (FRTB) according to the regulatory plan.

#### Interest Rate Risk in the Banking Book (IRRBB)

The IRRBB is defined as the current and the prospective risk of a negative impact to the institution's economic value of equity, or to the institution's net interest income, taking market value changes into account as appropriate, which arise from adverse movements in interest rates affecting interest rate sensitive instruments, including gap risk, basis risk and option risk.

GMCRS is the unit responsible for the monitoring, control, reporting and estimation of IRRBB on a group level. Both the Economic Value of Equity (EVE) and NII sensitivity to a number of stresses on interest rates are estimated on a periodic basis and are compared with the approved by BRC limits. The Group is now using the recently established Asset and Liability Management (ALM) tool for a significant part of the analysis on a solo level. The plan is to further increase the use of the ALM tool for any analysis related to IRRBB on a group level. The policy for the management of IRRBB as approved by BRC and BoD provides a clear description of the methodologies, governance, limits that are used for the management of IRRBB.

#### Liquidity Risk

The Group is exposed on a daily basis to liquidity risk due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), collateral revaluation as a result of market movements, loan draw-downs and forfeiture of guarantees. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies. The Group monitors on a continuous basis the level of liquidity risk using regulatory and internal metrics and methodologies (LCR, NSFR, buffer analysis, cash flow analysis, short-term and medium-term stress test etc.).

BRC role is to approve all strategic liquidity risk management decisions and monitor the quantitative and qualitative aspects of liquidity risk. Group Assets and Liabilities Committee (G-ALCO) has the mandate to form and implement the liquidity policies and guidelines in conformity with Group's risk appetite, and to review at least monthly the overall liquidity position of the Group. Group Treasury is responsible for the implementation of the Group's liquidity strategy, the daily management of the Group's liquidity and for the preparation and monitoring of the Group's liquidity budget, while GMCRS is responsible for measuring, control, monitoring and reporting the liquidity of the Group.

#### Operational Risk

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes strategic and reputational risk. Operational risk is embedded in every business activity undertaken by the Group. The primary aim of operational risk management is to ensure the integrity of the Group's operations and its reputation by mitigating its impact. To manage operational risk more efficiently, the Group operates an Operational Risk Management Framework, which defines its approach to identifying, assessing, monitoring and reporting operational risks.

Governance responsibility for operational risk management stems from the Board of Directors (BoD), through the Executive Board and Senior Management, and passes down to the Heads and staff of every business unit. The BoD establishes the mechanisms used by the Group to manage operational risk, by setting the tone and expectations at top management and delegating relevant responsibility. The Board Risk Committee and the Audit Committee monitor the operational risk level and profile, including the level of operational losses, their frequency and severity.

The Heads of each Business Unit (the risk owners) are primarily responsible for the day-today management of operational risk and the adherence to relevant controls. To this end, every business unit:

- a) Identifies, evaluates and monitors its operational risks, and implements risk mitigation controls and techniques,
- b) Assesses the efficiency of control mechanisms,
- c) Reports all relevant issues,
- d) Has access and uses the methods and tools introduced by the Group Operational Risk Sector, to facilitate in identifying, evaluating and monitoring operational risks.

Each Business Unit has appointed an Operational Risk Partner (OpRisk Partner) or an Operational Risk Management Unit (ORMU) depending on the size of the business unit who is responsible for coordinating the internal operational risk management efforts of the business unit. OpRisk Partners and ORMUs form the link between Line 1 and Line 2 of the Three Lines of Defense Model for all operational risk matters. In addition, OpRisk Partners also exist at Units that are part of Line 2 and Line 3 to ensure the appropriate operational risk oversight in those functions.

Group Operational Risk Sector (GORS) has been positioned as an overlaying framework coordinator for all Non-Financial Risks (NFRs). The GORS overlaying responsibilities aim to harmonize Two Lines of Defense (2LoD) activities across the Group and to holistically ensure the effective, consistent application of the NFR Framework. 2LoD Units maintain their responsibilities for specific Risk Theme(s) owned. NFR management comprises risk identification, assessment, and mitigation while employing independent oversight and an effective risk culture

to ensure that business objectives are met within the NFR appetite that is reflected in the Group's Policies and Guidelines. The update and implementation of the NFR Management Framework is in progress.

#### Climate related risk

The Group has recognized climate change as a material risk and based on supervisory guidelines, is adapting its policies and methodologies for identifying and monitoring the relevant risks.

Specifically, climate risk is the risk deriving from potential loss or negative impact to the Group, including loss/damage to physical assets, disruption of business or system failures, from the adverse effects of climate change and natural disasters.

Climate-related and environmental risks are commonly understood to include the following risks:

- a) Physical risk, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation,
- b) Transition risk, which refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

The Group is adopting a strategic approach towards sustainability, climate change risk identification and risk management, signifying the great importance that is given in the risks and opportunities arising from the transitioning to a low-carbon and more circular economy. In this context, the Bank is in the process of finalizing its Financed Impact Strategy, which will focus on:

- a) Clients' engagement and awareness to adapt their business so as to address climate change challenges,
- b) Actions for supporting customers in their transition efforts towards a more ESG-friendly economic environment,
- c) Enablers and tools such as frameworks and products to underpin Sustainable Financing,
- d) The risk assessment of climate-related material exposures.

In line with good practices identified by the ECB, the Financed Impact Strategy of the Bank will focus on sustainable financing targets / commitments. In particular, the Bank identified total portfolio and sectoral targets with regards to financing the green transition of its clients. To facilitate the classification of sustainable/green financing opportunities in a structural manner, the Bank has developed its Sustainable Finance Framework (SFF). Through its SFF, the Bank classifies sustainable lending solutions offered to its customers, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). Similar initiatives for the establishment of SFF framework is under way in the subsidiaries.

Furthermore, the Group has updated its governance structure by introducing and defining the roles and responsibilities in relation to climate related and environmental (CR&E) risks, embedding regulatory guidelines and market practices.

The CR&E Risk Governance involves various key stakeholders (i.e. Business functions, Units, and Committees). The Group applies a model of defined roles and responsibilities regarding the management of CR&E risks across the 3 Lines of Defense.

The Group Climate Risk Division (GCRD) has the overall responsibility for overseeing, monitoring, and managing CR&E risks. Specifically, the GCRD operates as Project office responsible for the implementation of the Climate related and Environmental risks roadmap, with a coordinating and supervisory role on all related project streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations. In this context, GCRD ensures the implementation of environmental and sustainability initiatives (frameworks, policies, procedures and products) and compliance with existing and upcoming sustainability-related regulations, under an ongoing bank-wide program, in alignment with the supervisory agreed roadmap, which is accelerated where possible. Also, GCRD is responsible for the co-ordination with Business and Risk Units, the preparation and submission for approval of the Financed Impact Strategy, as well as monitors its implementation. Furthermore, the GCRD leads the 2nd Line of Defense independent sustainable lending re-assessment process. Specifically, in the context of implementing the approved Sustainable Finance Framework (SFF), the Division is responsible to assess the sustainability features of new loans and products according to the criteria set within the SFF. Further information on ESG risk is provided in the Consolidated Pillar 3 Report on the Company's website.

The Group applies the elements of the Three Lines of Defense Model for the management of all types of risk. The Three Lines of Defense Model enhances risk management and control by clarifying roles and responsibilities within the organization. Under the oversight and direction of the Management Body, the responsibilities of each of these lines of defense are:

Line 1 - Own and manage risk and controls. The front line business and operations are accountable for this responsibility as they own the rewards and are the primary risk generators,

Line 2 - Monitor risk and controls in support of Executive Management, providing oversight, challenge, advice and group-wide direction. These mainly include the Risk and Compliance Units,

Line 3 - Provide independent assurance to the Board and Executive Management concerning the effectiveness of risk and control management. This refers to Internal Audit.

Further information on the Group's financial risk management objectives and policies, including the policy for hedging each major type of transaction for which hedge accounting is used is set out in the notes 2, 5 and 19 to the consolidated financial statements for the year ended 31 December 2022.

**Non Performing Exposures (NPE) management**

The Group, following the strategic partnership with doValue S.p.A. and the transition to the new operating model for the management of NPE, realizes the NPE Strategy Plan through its implementation by doValue Greece for the assigned portfolio and the securitization transactions.

Troubled Assets Committee

The Troubled Assets Committee (TAC) is established according to the regulatory provisions and its main purpose is to act as an independent body, closely monitoring the Bank's troubled assets portfolio and the execution of its NPE Management Strategy.

Remedial and Servicing Strategy (RSS)

Remedial Servicing & Strategy Sector (RSS) has the mandate to devise the NPE reduction plan and closely monitor the overall performance of the NPE portfolio as well as the relationship of the Bank with doValue Greece. Furthermore, following Bank's commitments against the significant risk transfer (SRT) monitoring regulatory requirements pertaining to Bank's concluded transactions, RSS has a pivotal role in ensuring that relevant process is performed smoothly and in a timely manner and that any shortcomings are appropriately resolved, while providing any required clarifications or additional material required by the regulatory authorities. The Head of RSS reports to the General Manager of Group Strategy.

In this context, RSS has been assigned inter alia with the following responsibilities:

- a) Develop and actively monitor the NPE targets and reduction plan,
- b) Set the strategic principles, priorities, policy framework and KPIs under which doValue Greece is servicing the portfolio,
- c) Closely monitor the execution of the approved strategies, as well as all contractual provisions under the relevant contractual agreements for Eurobank's portfolio assigned to doValue Greece including the securitized portfolio of ERB Recovery DAC,
- d) Monitoring of the performance of the senior notes of the securitizations in collaboration with Group Risk so as to ensure compliance to significant risk transfer (SRT) and to the Hellenic Asset Protection Scheme (HAPS),
- e) Budget and monitor the Bank's expenses and revenues associated with the assigned portfolio,
- f) Cooperate closely with doValue Greece on a daily basis in achieving the Group's objectives,
- g) Maintain supervisory dialogue.

NPE Management Strategy and Operational targets

In line with the regulatory framework and Single Supervisory Mechanism's (SSM) requirements for Non-Performing Exposures' (NPE) management, in March 2023, the Group submitted its NPE Management Strategy for 2023-2025, along with the annual NPE stock targets at both Bank and Group level. The plan envisages the decrease of the Group's NPE ratio at 5.2% at the end of 2023 and at 4.5% in 2025.

In the context of its NPE management strategy, the Group has initiated, jointly with the other Greek systemic banks, an NPE securitization transaction of a wholesale portfolio consisting of common borrower exposures (project 'Solar'). The Group targets to the prudential and accounting derecognition of the underlying corporate loan portfolio from its balance sheet by achieving a Significant Risk Transfer (SRT) and including 'Solar' securitization under the Hellenic Asset Protection Scheme (HAPS), with the senior note of the securitization becoming entitled to the Greek State's guarantee. In parallel, the Management along with the other participating banks have initiated actions towards the disposal of the majority stake of the mezzanine and junior notes to be issued in the context of the above-mentioned securitization (note 20 to the consolidated financial statements).

**Macroeconomic Outlook and Risks**

2022 was marked by the war in Ukraine, which gave rise to a global –but predominantly European– energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022 driven by strong increases in household consumption, fixed investment, and exports of services, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonized Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024. Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023.

A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework

(MFF) 2021–2027, EU’s long-term budget. Greece shall receive EU funds of more than €30.5bn (€17.8bn in grants and €12.7bn in loans) up to 2026 from NGEU’s Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled “Greece 2.0”. The NRRP estimates that the aforementioned amount will be supplemented by an additional €26.5bn of private funds. A pre-financing of €4bn was disbursed in August 2021, and the first two regular payments of €3.6bn each in April 2022 and January 2023 respectively. Greece has been also allocated about €40bn through MFF 2021–2027, out of which close to €21bn will fund investments and initiatives under its new Partnership Agreement for the Development Framework (ESPA 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 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. As of 31 January 2023, ECB net purchases of GGBs under PEPP amounted to €37.8bn. Furthermore, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the “Transmission Protection Instrument” – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

On the fiscal front, the general government balance was to post a primary deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a primary surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The deviation from the primary surplus target of 3.5% of GDP in 2022 shall not be considered a violation of the country’s commitments under the Enhanced Surveillance (ES) framework, as in March 2020 the EC activated the so-called general escape clause, which allows for non-permanent deviations from the agreed fiscal paths of the member-states due to the extraordinary health and economic distress caused by the pandemic. The EC has proposed that the clause should be extended through 2023 and be deactivated in 2024. Greece exited the ES regime in August 2022, following the successful completion of the fourteenth and final quarterly review (May 2022). The total benefit between 2018 and 2023 exceeds €6.1bn (disbursements of €5.1bn and interest reductions of €1bn). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%) owing to the robust economic recovery and the effect of the sharp price level increase on nominal GDP. The above forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.

Regarding sovereign rating changes in the past 12 months, DBRS Morningstar upgraded the rating of Greece to BB (high) with stable outlook from BB with positive outlook on 18 March 2022. Similarly, Standard & Poor’s, on 22 April 2022, and Fitch Ratings, on 27 January 2023, upgraded their rating for Greece to BB+ from BB, changing their outlook to stable. Although Greece’s sovereign credit rating remains one notch below the investment grade according to three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem, the aforementioned upgrades signal that the rating agencies’ view on the sustainability of Greece’s fiscal position keeps improving despite the uncertain economic environment. In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of €8.3bn from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of €3.5bn at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of €2.5bn at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of €30bn, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four ECAIs accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).

According to Bank of Greece (BoG) data, the stock of credit to the non-financial private sector stood at €107.1bn at the end of 2022, from €102.6bn at the end of 2021, marking an annual gross increase of 4.4% in spite of a significant deleveraging of non-performing exposures through the “Hercules II” scheme. Adjusted for write-offs, reclassifications and foreign exchange fluctuations, domestic credit to the non-financial sector increased by 6.2% in 2022. On the other side of the ledger, domestic non-financial private sector deposits amounted to €185.1bn at the end of 2022 from €175.5bn at the end of 2021, increasing by 5.5%. This significant annual growth follows the sharp increase in nominal GDP and the effect of the government’s energy crisis support measures. Provisional BoG data shows that residential real estate prices increased by 10.2% in the first nine months of 2022, and commercial real estate prices increased by 2.4% in the first half of 2022 compared to their end-2021 levels.

In 2022, the geopolitical turmoil caused by the war in Ukraine has resulted in the deterioration of the macroeconomic outlook in Central, Eastern and Southeastern Europe (CESEE) countries. However, the economic downturn in CESEE region has not been that sharp as formerly anticipated, given the resilience the regional economies have demonstrated towards the war fallout. Looking ahead, the main risks continue to stem from the lingering geopolitical upheaval and the inflationary outlook. Prospects over inflation in the region for 2023 have broadly improved on the back of energy prices de-escalation. In this context, regional Central Banks have embarked since mid-2021 to tightening monetary cycles by increasing the key policy rates throughout 2022 and with some of those not having terminated yet the restrictive policy.

In tandem with the entire CESEE region, the Bulgarian economy expanded by 3.4% in 2022 (2021: 7.6%), based on data from the National Statistical Institute of Bulgaria, supported by strong growth in exports and by wage and social transfer increases that compensated for increasing consumer prices, while inflation averaged at 15.3%

in 2022 (2021: 3.3%). According to EC's winter economic forecasts (February 2023), real GDP is expected to grow by 1.4% in 2023 and 2.5% in 2024 mainly due to the implementation of the Recovery and Resilience Plan which is considered as the main factor behind the expected rebound of investment growth, while the HICP is expected at 7.8% in 2023.

In Cyprus, according to the EC's winter economic forecasts (February 2023) the real GDP growth is forecasted at 5.8% in 2022 and 1.6% in 2023 (2021: 6.6%) mainly based on stronger household consumption underpinned by government measures to compensate for high energy prices, and higher exports of services, mainly in tourism and transport, which were the main growth drivers in the previous three quarters. Despite the negative effects from the war in Ukraine, the tourism revenues expanded by 63.2% year on year during the period January–November 2022, thus the role of the tourism sector was dominant for economic growth in 2022. Respectively, the Consumer Price Index (CPI) is estimated at 8.1% in 2022 and 4% in 2023 (2021: 2.3%) mainly due to a deceleration in energy and commodity prices. Implementation of the Recovery and Resilience Plan and much stronger activity in the Tourism sector in 2022 are expected to boost investments in 2023.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russia - Ukraine war and its ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the ongoing and potential upcoming central bank interest rate hikes worldwide, and in the euro area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments, increase volatility in the financial markets and lead economies to slow down or even a temporary recession, (d) the recent banking sector turmoil to continue and expand in the euro area, affecting customers' confidence, with a potential impact on assets under management levels and on liquidity, (e) the impact of a potential curtailment or discontinuation of the government energy support measures on growth, employment and the servicing of household and corporate debt, (f) the persistently large current account deficits and the prospect of them becoming once again a structural feature of the country's growth model, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, (i) a delay in the implementation of planned reforms, projects and the budget's fiscal agenda due to the possibility of the 2023 national elections resulting in an inability or delay to form a government with solid Parliament majority, (j) the geopolitical developments in the near region, (k) the evolution of the pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balances and international trade by prolonging the disruptions in the global supply chain, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment, fiscal balance and sustainable development in the long run.

Materialization of the above risks 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. In this context, the Group holds non-significant exposure in Russian or Ukrainian assets and in the banks that have recently faced solvency or liquidity difficulties, is continuously monitoring the developments on the macroeconomic, financial and geopolitical fronts as well as the evolution of its asset quality and liquidity 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 2023–2025.

### **Share Capital**

As at 31 December 2022, the total share capital of Eurobank S.A. amounted to €3,941,071,968.10 divided into 3,683,244,830 common voting shares of nominal value of €1.07 each. (31 December 2021: €3,941,071,968.10 divided into 3,683,244,830 common voting shares of nominal value of €1.07 each). As at 31 December 2022, the total number of Eurobank S.A. shares was held by Eurobank Holdings, which is the sole shareholder of Eurobank S.A.

### **Dividends**

Pursuant to Article 149A of Law 4261/2014, by way of derogation from item c of par. 2 of article 160 and par. 2 of article 161 of Law 4548/2018, the Bank is not subject to the obligation to distribute a minimum dividend. The Bank, taking into consideration that in 2023 the Eurobank Holdings Group has announced that the amount earmarked for dividend distribution will be used in an optimal way to bid for the 1.4% HFSF stake through a share buyback scheme, has decided to propose to the Annual Shareholders' General Meeting the non-distribution of dividends to the Shareholder for the profits of 2022 and will reassess its decision based on the future developments.

### **Board of Directors**

The Board of Directors (BoD) was elected by the Annual General Meeting (AGM) of the Shareholders held on 23 July 2021 for a three years term of office that will expire on 23 July 2024, prolonged until the end of the period the AGM for the year 2024 will take place.

The BoD of Eurobank is set out in note 47 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank S.A. ([www.eurobank.gr](http://www.eurobank.gr)).

**Information required under Law 4548/2018 (article 97, par. 1 (b))**

According to article 97 par. 1 (b) of Law 4548/2018 the BoD members owe to disclose in a timely and adequate manner to the other members of the BoD their own interests, which may arise from the Bank's transactions, which fall within their duties, as well as any conflict of their interests with those of the Bank or its related companies. In such case and in line with the provisions of article 97 par 3 of the same law, the member of the BoD is not entitled to vote on issues in which there is a conflict of interest with his own company or persons with whom he is a related party. In these cases, decisions are taken by the other BoD members.

For 2022, the following issues were noted in which there was a conflict of interest with the Bank:

For the purposes of decisions related to the conclusion of a Share Purchase Agreement (SPA) as well as of an Amended and Restated Shareholders' Agreement (SHA) related to the Bank's participation in the company "Grivalia Hospitality S.A." (Grivalia Hospitality or GH) between the Bank and 1) the companies "DEBT INVESTMENT OPPORTUNITIES III DESIGNATED ACTIVITY COMPANY" (DOF III) and "DEBT INVESTMENT OPPORTUNITIES IV DESIGNATED ACTIVITY COMPANY" (DOF IV) (controlled by M&G), 2) the company under the corporate name "GRIVALIA MANAGEMENT COMPANY SOCIETE ANONYME" (GRIVALIA), which is a related party to both the Bank, within the meaning of paragraph 2 (b) of article 99 of Greek Law 4548/2018, and "Eurobank Ergasias Services and Holdings S.A." (Eurobank Holdings), within the meaning of paragraph 2 (a) of article 99 of Greek Law 4548/2018, since the Vice Chairman of the Board of Directors of the Bank and Eurobank Holdings Mr. Georgios Chryssikos holds the majority (68%) of the shares of GRIVALIA and is an executive member of the board of directors of GRIVALIA, and 3) the company under the corporate name "Eurolife FFH Life Insurance Single Member Société Anonyme" (Eurolife), which is a related party of the parent company of the Bank, Eurobank Holdings, within the meaning of paragraph 2 (a) of article 99 of Greek Law 4548/2018, as a related party of Eurobank Holdings according to IAS 24, the BoD's approval was granted based on a fairness opinion report provided by a certified auditor in accordance with article 101 of Law 4548/2018, while all the necessary disclosure procedures were adhered to as provided for in articles 100 par. 3 and 101 par. 2 and 3 of Law 4548/2018. Furthermore, for the same issue, a) the Vice Chairman of the BoD Mr. Chryssikos also Vice Chairman and Chief Executive Officer of GRIVALIA holding 68% of its share capital and b) the member of the BoD Mr. Martin also Vice Chairman of Strategic Investments at Fairfax (a company that holds the 33.47% of the shares of the parent company of the Bank, Eurobank Holdings), which controls Eurolife's parent company "Eurolife FFH Insurance Group Holdings Société Anonyme" and indirectly Eurolife itself were not entitled to vote according to the provisions of par. 3 of Art. 97 of the Company Law 4548/2018 due to conflict of interest.

For the purposes of decisions related to credit facilities to "Grivalia Hospitality S.A." (GH) and its subsidiaries "Nafsika SA" and "Grivalia Hospitality Holdings Four Ltd" (related parties), the member of the BoD Mr. Martin was not counted for in the quorum and was not entitled to vote due to conflicts of interest as per the provisions of article 97 of law 4548/2018, due to the fact that he is Vice Chairman of Strategic Investments at Fairfax (a company that holds the 42.39% of shares of GH).

For the purposes of decisions related to the conclusion of a Share Purchase Agreement (SPA), which pertains to the Bank's participation in the company "Grivalia Hospitality S.A." (Grivalia Hospitality or GH) between the Bank and "Eurolife FFH Life Insurance Single Member Société Anonyme" (Eurolife), which is a related party of the parent company of the Bank, "Eurobank Ergasias Services and Holdings S.A." (Eurobank Holdings), within the meaning of paragraph 2 (a) of article 99 of Greek Law 4548/2018, according to IAS 24, the BoD's approval was granted based on a fairness opinion report provided by a certified auditor in accordance with article 101 of Law 4548/2018, while all the necessary disclosure procedures were adhered to as provided for in articles 100 par. 3 and 101 par. 2 and 3 of Law 4548/2018. Furthermore, for the same issue, the BoD member Mr. Martin also is Vice Chairman of Strategic Investments at Fairfax, which holds 32.99% of the shares of the parent company of the Bank, Eurobank Holdings, and also controls Eurolife's parent company, "Eurolife FFH Insurance Group Holdings Société Anonyme", and indirectly Eurolife itself, was not entitled to vote according to the provisions of par. 3 of Art. 97 of the Company Law 4548/2018 due to conflict of interest.

**External Auditors**

The Bank's Shareholders Annual General Meeting held on 21 July 2022 approved the appointment of KPMG, as statutory auditor for the financial statements (separate and consolidated) for the year ending 31 December 2022.

During 2022, the Audit Committee reviewed KPMG's independence and effectiveness, along with its annual audit plan. In addition, the Audit Committee ensured on a quarterly basis that a) the non-audit services assigned to KPMG, have been reviewed and approved as required and b) there is a proper balance between the audit and non-audit fees paid to KPMG, in accordance with the relevant provisions to the Eurobank Holdings Group's Policy on External Auditors' Independence (note 46 of the consolidated financial statements).

**Non financial information**

In accordance with article 151 par. 3 and article 153 of Company Law 4548/2018, the non financial information of Eurobank S.A., is included in the Parent company's (Eurobank Holdings) Directors Report for the year ended 31 December 2022. The relevant section provides information on:

- a) Business model of the Group,
- b) Impact materiality analysis,
- c) Group's approach towards sustainable development,

## REPORT OF THE DIRECTORS

- d) Group's implementation of the EU taxonomy regulation,
- e) Protection of environment,
- f) Supply chain,
- g) Employee engagement,
- h) Corporate social responsibility,
- i) Actions against corruption and bribery incidents, and
- j) Actions against money laundering and terrorist financing.

**Related party transactions**

In January 2022, an occupational insurance fund ("Institution for occupational retirement provision-occupational insurance fund Eurobank's Group personnel" henceforth "the Fund") was established as a not-for-profit legal entity under Law 4680/2020, for the benefit of the employees of the Company, the Bank and certain other Greek entities of the Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Fund is considered to be related party to the Group.

As at 31 December 2022, the Group's outstanding balances of the transactions and the relating net income / expense for 2022 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €8.6m, receivables €5.7m, liabilities €24m, guarantees received €0.01m, net expense €17.1m, of which €1.9m expense relating with equity settled share based payments, (b) the Fairfax group (excluding Eurolife FFH Insurance Group Holdings S.A., which is also a Group's associate) are: receivables €73.5m, liabilities €116.3m, guarantees issued €2m, net income €8m, (c) the associates and joint ventures are: receivables €87.2m, liabilities €209.3m, net expense €66.9m, (d) the Fund are: liabilities €1m and (e) the Eurobank Holdings S.A.: receivables €0.7m, liabilities €1,339m, net expense €72m.

At the same date, the Bank's outstanding balances of the transactions and the relating net income / expense for 2022 with (a) the KMP and the entities controlled or jointly controlled by KMP are: compensation €7.9m, receivables €5.7m, liabilities €18.3m, guarantees received €0.01m, net expense €16.9m, of which €1.8m expense relating with equity settled share based payments, (b) the Fairfax group (excluding Eurolife FFH Insurance Group Holdings S.A., which is also a Group's associate) are: receivables €70m, liabilities €108.6m, guarantees issued €2m net income €2.9m, (c) the associates and joint ventures are: receivables €87.2m, liabilities €207.4m, net expense €42.2m (d) the Fund are: liabilities €1m, (e) the Eurobank Holdings S.A.: receivables €0.7m, liabilities €1,337m, net expense €69.5m and (f) the subsidiaries are: receivables €2,267m, liabilities €3,554m, guarantees issued €890m, net income €245m.

The major balances<sup>2</sup> of the Bank's transactions with (a) its subsidiaries and (b) its associates are presented in the below table:

€ million	Assets	Liabilities	Income	Expenses	Guarantees (Net)
<b>A. SUBSIDIARIES</b>					
Eurobank Equities Investment Firm Single Member S.A.	22	104	2	(1)	3
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A.	1	9	4	(2)	-
Eurobank Factors Single Member S.A.	665	2	11	(0)	-
Eurobank Direktna a.d.	364	147	9	(3)	11
Eurobank Bulgaria A.D.	255	773	11	(40)	-
Eurobank Fund Management Company (Luxembourg) S.A.	1	0	13	(0)	-
ERB New Europe Holding B.V.	-	494	160	(0)	-
Eurobank Cyprus Ltd	240	1,537	13	(48)	156
Eurobank Private Bank Luxembourg S.A.	375	414	9	6	719
Staynia Holdings Limited <sup>(3)</sup>	-	0	3	(0)	-
Sagiol Ltd	-	0	7	(0)	-
Macoliq Holdings Ltd	-	0	9	(0)	-
Piraeus Port Plaza 3 Single Member Development S.A. <sup>2</sup>	48	21	1	(2)	-
Senseco Trading Limited	-	0	4	(0)	-
Eurobank Leasing Single Member S.A.	206	0	4	(0)	1
<b>B. ASSOCIATES</b>					
Eurolife ERB Insurance Group Holdings S.A.	9	193	32	(28)	-
doValue Greece Loans and Credits Claim Management S.A.	78	9	8	(54)	-

<sup>(3)</sup> The company was liquidated in October 2022.

<sup>2</sup> Exceeding an amount of €100m in assets/liabilities or €1m in income/expenses for the Bank's transactions with its subsidiaries and associates.

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. Further information is provided in the note 45 to the consolidated financial statements and note 43 to the financial statements of the Bank.

**Corporate Governance Statement**

The Parent company's (Eurobank Holdings) Corporate Governance Statement for the year 2022, which outlines how the principles stipulated by the Hellenic Corporate Governance Code (Code) were applied to Eurobank Holdings during 2022, also covers Eurobank S.A. corporate governance arrangements and is available in the Annual Financial Report for the year 2022 of Eurobank Holdings as well as on the website [www.eurobankholdings.gr](http://www.eurobankholdings.gr).

It is noted that in compliance with the art. 17 of the Law 4706/2020 for the listed companies (effective from 18.7.2021 onwards) and following a relevant resolution of the Board of Directors of Eurobank Holdings on 29 September 2021, Eurobank Holdings has adopted and implements the Code which has been posted on Eurobank Holdings' website ([www.eurobankholdings.gr](http://www.eurobankholdings.gr)). The Board of Directors of Eurobank has also approved the adoption and implementation of the Code on 30 September 2021.

Georgios Zantias  
Chairman

Fokion Karavias  
Chief Executive Officer

6 April 2023



**AUDIT COMMITTEE ACTIVITY REPORT**  
**FOR THE YEAR 2022**

### **Purpose**

1. In accordance with the Law 4449/2017 as amended, the Audit Committee (AC) of Eurobank S.A. (Eurobank or Bank) should submit an annual report to the Shareholders' Annual General Meeting on the issues dealt with by the AC during the previous year, also including therein a description of the sustainability policy followed by the entity.
2. The current 2022 AC Activity Report of Eurobank which is also part of the 2022 Annual Financial Report, refers to the AC activity during 2022 and the issues addressed. In addition, it describes Eurobank's sustainability policy.
3. No deviations from the AC's Terms of Reference (ToR) have been identified.

### **AC Composition / Membership**

4. In line with the provisions of article 44 of law 4449/2017, as amended and currently in force and further to the decision of the Annual General Meeting of Shareholders as of 21.07.2022 regarding the recomposition of the AC and more specifically regarding its type, composition and term of office; and the BoD decision of 30.06.2022 and 21.07.2022 regarding the membership of the AC, following a relevant recommendation by the Nomination and Corporate Governance Committee of 28.06.2022, the AC decided on its constitution and on the appointment of its Chairman. Compared to the previous AC composition, Mr. Bradley Paul Martin and Ms. Cinzia Basile ceased to be members of the Committee.
5. Following the above amendments in the AC, the latter consisted exclusively of BoD members, four (4) in total, all of which are non-executive, of whom the three (3) are independent, including the AC Chairman among the independent members, as follows: 1. Jawaid Mirza (Chairman of the Audit Committee, independent non-executive BoD member), 2. Irene Rouvitha-Panou (Vice-Chairwoman of the Audit Committee, independent non-executive BoD member), 3. Rajeev Kakar (independent non-executive BoD member) and 4. Efthymia Deli (Representative of the Hellenic Financial Stability Fund (HFSF) - non-executive BoD member).
6. All AC members have sufficient knowledge in the field of Bank activities and the necessary skills and experience to carry out their duties and meet the requirement of established knowledge and experience in auditing and/or accounting.
7. Information regarding current AC composition and short biographical details of its members may be found at the Bank's website ([www.eurobank.gr](http://www.eurobank.gr)).

### **Meetings Held During the Period & Attendance**

8. During 2022, the Audit Committee held fourteen (14) meetings, including 1 meeting by circulation, while during 2021, the Audit Committee held twelve (12) meetings.
9. The average ratio of attendance at the meetings by the AC members stood at 100% (vs. 95% in 2021). It is noted that in 2021, for the cases of missed in person attendances, representation proxies have been provided, leading to an overall attendance of 100%.
10. Due to the covid 19 pandemic, only two (2) quarterly meetings were attended in person and the rest were held via conference calls. This practice is allowed by the AC ToR and is consistent across all Bank BoD Committees.
11. The AC members were invited in Board Risk Committee (BRC) meetings as required, where among others, issues relevant to operational risk and IT security risk (such as quarterly operational risk report, General Data Protection Regulation (GDPR) and cyber risk) were discussed.
12. The submissions for the AC meetings have become available to all BoD Members through the Diligent platform.
13. The BoD Chair has regularly attended the AC meetings. All meetings were attended by the Internal Audit, while the General Manager of Group Compliance was attending the meetings depending on the subject under discussion.

14. The External Auditor of 2022 financial statements (KPMG) has been invited and attended meetings as required.
15. The AC Chair updated the Board members, at the quarterly meetings of the Board, on the material matters covered during the AC meetings.

### **Highlights of Issues of Importance during 2022**

#### **Internal Controls System and Risk Management**

16. The AC, in accordance with its Terms of Reference, **reviews** the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations of the monitoring process.
17. Throughout 2022, the AC:
  - received recurring and non-recurring reports, covering matters of the System of Internal Controls, Risk Management and Compliance with rules and regulations.
  - acknowledged the annual Internal Audit Group (IAG) Evaluation Report of the System of Internal Controls of the Bank, a requirement of the Bank of Greece Act 2577/9.3.2006. The said report along with the AC's own assessment of the evaluation was further submitted to the BoD and subsequently to BoG in June 2022.
  - ensured that the issues regarding weaknesses in internal controls and the progress on actions taken to address them, were monitored by IAG. In addition, the AC discussed with Management several pending issues and ensured that the time plans and deadlines were followed up.
  - through its attendance in specific sections of the Board Risk Committee meetings, the AC was informed of various risk issues (including operational risk, IT security risk and climate-related and environmental risk).
  - in accordance with the provisions of Law 2533/1997, was informed of the substantial stock transactions performed by the Bank's Directors and General Managers in listed securities and notified the Board.
  - received quarterly the Customer Complaints Report prepared by the Client Relations Office.

#### **Internal Audit**

18. The Internal Audit (IA) function of Eurobank is independent (Internal Audit Group General Division has a functional reporting line to the Audit Committee and a dotted reporting line for administrative matters to the CEO), adequately organized, has unrestricted access to any pertinent information and operates efficiently and effectively in compliance with the Standards of the Institute of Internal Auditors.
19. During 2022, the AC:
  - received confirmation from the Chief Audit Executive (CAE) regarding IAG's independence for 2021.
  - approved and submitted to the BoD for info, the IAG Annual Plan for 2023 and the IAG Medium Term Plan (2023-2025).
  - monitored the progress of the IAG Audit Plan through the receipt of separate IAG reports (Monthly Annual Audit Plan Status Report, Performance Report, Revision of Plan etc.).
  - received update regarding the layout and the basic functionality of the new Risk Assessment Analysis and Visualization Tool (Tool) which is crucial for the development of IAG's Annual Plan.
  - at the Quarterly AC meetings, IAG has submitted the IAG Activity Reports and presented the key highlights. IAG submitted and presented also, on a quarterly basis to the AC, the status and follow up of IA and external auditors' findings as well as detailed information on Management Accepts Risk findings. Similarly, IAG presented special investigations and reviews in the AC meetings as required.

- regarding the Quality Assurance Issues, the AC discussed the Overview of Quality Assurance activities for 2021 and approved the Quality Assurance & Improvement Programme (QAIP) 2023 plan overview and assumptions.
- discussed / approved, as required, IAG initiatives, actions taken and performance target, derived from Supervisory Review and Evaluation Process (SREP).
- approved the 2022 target and policy for the effective management of audit findings.
- approved the IAG Training Review for 2021 and Strategy for 2022, IAG HR Recruitment & Strategy 2023 – 2025 and IAG Financial Budget for 2023.
- received also information on IAG Budget 2022 - Submitted vs Allocated, IAG Performance for 2021 and Ethics' Committees Report (incl. International Subsidiaries).
- carried out the assessment for 2021, of the Chief Audit Executive.

## **Compliance**

20. The Group Compliance of the Bank is a permanent and independent function (the Head of Group Compliance reports functionally to the Audit Committee and for administrative purposes to the CEO of the Bank) adequately organized, has unrestricted access to any pertinent information and operates efficiently and effectively.

21. During 2022, the AC:

- approved the revised Group Compliance Mandate.
- approved and further submitted to the BoD for information the Compliance Annual Plan for 2023 and the Compliance Budget for 2022. It is noted that the AC approved and further submitted to the BoD for information the Compliance Medium Term Plan (2023-2025) and approved the Compliance Budget for 2023 in February 2023.
- at the Quarterly AC meetings, discussed the key highlights of the Compliance and AML Activity Reports, submitted by Group Compliance.
- reviewed, approved and further submitted to the BoD for approval the revised Group AML/CFT and Sanctions Policy, the revised Compliance Policy and the revised Conflict of Interest Policy.
- reviewed, approved and further submitted to the BoD for information the revised Insider Dealing Guideline and the revised Market Abuse Policy.
- reviewed and approved the revised Order Execution Policy, the revised MiFID II Product Governance Policy, the revised Policy for Reporting Illegal and Unethical Conduct, the revised Safekeeping Policy, the revised MiFID II Customer Categorization Policy, the revised Appropriateness Assessment Policy and the revised Suitability Assessment Policy.
- in line with the BoG requirements, approved the Annual Group Compliance Report on AML as per BoG Decision 281/2009 and acknowledged the Annual Group Compliance Report as per BoG Act 2577/9.3.2006 (including MiFID report), submitted by Group Compliance. The said reports were further submitted to the BoD and subsequently to the BoG in March and June 2022 respectively, whereas their AC's assessment was submitted to the BoD and subsequently to the BoG in June 2022.
- discussed and submitted to the BoD for information the External Auditors' evaluation on safeguarding of client's assets per BoG Executive Act 147/2018.
- acknowledged and submitted to the BoD for information the External Auditors' evaluation of adherence to Dormant Accounts per Law 4151/2013.

- discussed the revised Compliance Risk Assessment Methodology.
- jointly with the BRC, discussed and further submitted to the BoD for information the AML and Business Risk Assessment.
- received updates on the progress status of the collection and registration into the Bank's system of Beneficial Owners and Legal Representatives data.
- jointly with the BRC members, a) received update regarding the Compliance Transformation Project and b) discussed and further submitted to the BoD for discussion the Digital Compliance Transformation Action Plan.
- carried out the assessment for 2021, of the General Manager, Group Compliance.
- on quarterly basis, the AC was updated by Group Compliance on the status of the bank-wide AML End-to-End project and the initiatives taken by the Bank in order to remediate the KYC/AML issues identified.

### **Financial reporting**

22. The AC, in accordance with its Terms of Reference, monitors the financial reporting process and submits recommendations and proposals to ensure its integrity. In addition, it supervises and assesses whether the internal controls related to financial reporting are adequate and effective and that these controls are adjusted to reflect any major changes in the risk profile of the Bank.

23. During the AC meetings in 2022:

- the AC reviewed and proposed to the BoD for approval the Annual Financial Reports for 2021 (including standalone and consolidated financial statements). In addition, the AC discussed various matters of the External Auditors and reviewed and proposed to the BoD for approval the Consolidated Pillar II report.
- and through the presentation of the financial statements by Group Finance, various issues such as accounting policies, critical accounting estimates, significant one off items impacting the Financial Statements, major variations between periods, important disclosures and significant tax issues were discussed.

### **External Auditors**

24. The AC, in accordance with its Terms of Reference, is responsible for the performance and independence of the External Auditors, KPMG. In addition, the AC reviews the scope of audit work and audit approach and assesses the process for identifying and responding to key audit and internal control risks.

25. During the AC meetings in 2022:

- KPMG presented and discussed with the AC members a summary of audit work done, major findings, including a summary of unadjusted differences, and other issues of importance.
- KPMG presented its 2022 Audit Plan to the AC. The AC has also, in line with its ToR, reviewed the Engagement letter for the 2021 Statutory Audit of the Bank.
- the AC has reviewed the 2021 KPMG Management Letter (ML) and has discussed the issues raised, with KPMG and Management.

- the AC has discussed with Management the annual assessment of the External Auditors for the 2021 audit. In addition, the AC has proposed to the BoD for approval and subsequent recommendation to the Annual General Meeting of shareholders for approval the appointment of KPMG as external auditors of the standalone and consolidated financial statements of Eurobank for the year 2022.
  - the AC approved the External Auditors' Bank Group Audit and Assurance Fees for 2022.
  - the AC has received the External Auditors' Independence Letter, while it monitored the independence of the External Auditors through the Auditors independence monitoring tool submitted quarterly by Group Finance, depicting the value of non-audit services provided as compared to the limits set by the Group External Auditor's Independence Policy.
26. The AC met with the External Auditors (with and without Management present) to discuss all of the above, in addition to any significant changes required to the External Auditors' audit plan. Also, the AC reviewed External Auditor's Report and Reprot on Key Audit Issues.

### **Oversight of Subsidiary ACs**

27. The AC has communicated effectively during the year with the Audit Committees of the International Subsidiaries and has monitored their memberships, modus operandi and activities, while the AC Chairman received the quarterly Financial Results Review of International Subsidiaries. In addition, the AC Chairpersons of Eurobank Serbia, Eurobank Bulgaria ,Eurobank Cyprus and Eurobank Luxembourg presented and discussed with the Bank AC members the respective key Audit Committee issues.

### **AC's Performance Evaluation**

28. The AC's performance is evaluated annually according to the provisions of Bank's Board and Board Committees Evaluation Policy. According to the AC's 2022 self-evaluation, the AC members are satisfied with the Committee's effectiveness and leadership. The Committee uses its time effectively and there is a good planning and scheduling of the meetings. The Chairman is well prepared for Committee's meetings and helps the Committee to effectively navigate through its agenda, encouraging critical discussion and ensuring that every Committee member can freely express her/his views

### **Other AC Matters**

29. In 2022, the AC reviewed and proposed to the BoD for approval its Terms of Reference.
30. The AC has approved and notified the Board for further submission to the Annual General Meeting, the annual Activity Report for 2021.

### **Sustainability Overview**

31. Eurobank is constantly committed to investing in sustainable development and to consistently designing its actions to improve its impact on environmental sustainability, social responsibility and corporate governance. Its strategic objective is to adapt its business and operation in a way that addresses climate change challenges, to accommodate social needs within its banking business model, and to safeguard prudent governance for itself and its counterparties, in accordance with supervisory initiatives and following international standards/ best practices.

32. Committed to actively contributing to the achievement of the United Nations Sustainable Development Goals (SDGs) and the 2030 Agenda goals, Eurobank is a signatory of the UN Global Compact since 2008. According to the commitment to the UNEP FI Principles for Responsible Banking (PRB) since 2019, in line with the SDGs and the Paris Agreement on Climate Change, Eurobank issued its 2<sup>nd</sup> Progress Report which was incorporated in the Annual Report 2021 – Business & Sustainability.
33. Eurobank has established its Sustainability Policy Framework, to outline the approach for adherence to applicable regulatory requirements and voluntary initiatives as well as adopted standards and guidelines, thus enabling a contemporary and continuously updated approach to Sustainability in line with international best practice. The Sustainability Policy Framework sets the foundation towards integration of ESG into Eurobank's business model and operations.
34. The Sustainability Policy Framework is available in the Bank's website (<https://www.eurobank.gr/-/media/eurobank/omilos/esg/esg-environment-society-governance/pdf/sustainability-policy-framework.pdf>).
35. Eurobank is finalizing its Strategy both in terms of its financing and other products, and in terms of its internal environment and how it is organised and operates. ESG Strategy integration has two distinct pillars of impact: Financed and Operational. Key drivers are the compliance with the regulatory guidelines and expectations, including the ECB's Guide on climate-related and environmental risks and the ECB's good practices for climate-related and environmental risk management.
36. In 2022, the project of designing ESG Operational Impact Strategy has been concluded. It is directed on environmental impact (operational net zero, paperless banking, circular economy), employer impact (diversity and inclusion, wellbeing, innovative environment), and social and business impact (sustainable procurement, socio-economic effect, transparency). The Operational Impact Strategy, through a set of actions with measurable targets, indicates the Bank's vision for the current and forthcoming decade in relation to environment, its social footprint, with focus on its people, and the ESG impact in the market.
37. The Financed Impact Strategy, applicable to all lending portfolios, leverages on the identified ESG and climate related opportunities and by assessing relevant risks aims to mitigate ESG & climate related risks for the Group's portfolios.
38. The Financed Impact Strategy is also directed on clients' engagement and awareness to adapt their business in a way to address climate change challenges, actions for supporting customers in their transition efforts towards a more ESG-friendly economic environment, enablers and tools such as frameworks and products to underpin Sustainable Financing, as well as on climate-related material exposures.
39. Climate Risk – Eurobank has recognized climate change as a material risk and based on its supervisory guidelines, is adapting its policies and methodologies for identifying and monitoring the relevant risks.
40. Adopting a strategic approach for the management of risks and the identification of opportunities in relation to sustainability and climate change, the Bank follows, and accelerates where possible, a detailed roadmap prioritizing actions for the effective management of climate-related & environmental (CR&E) risk in alignment with the supervisory expectations included at the ECB Guide on Climate-Related and Environmental Risks. Also, the IA is informed and follows up the Climate Risk Roadmap, which has been agreed with the supervisor. The respective developments are considered in IA risk-based audit approach. In this respect IA issued in 2022 two consulting reports in the area (Climate Risk Stress Test 2022 and a Guide on ESG Reporting), for which the AC was also informed through IA activity report.
41. Eurobank has approved a governance structure on the process for the allocation of roles and responsibilities with regards to ESG and climate risk management (both for transition risk and physical risk) within the 3 Lines of Defense. Moreover, the HoldCo/Bank BoD has assigned an executive member as the responsible BoD member for climate-related and environmental risks. The same member chairs the ESG Management Committee, established by the CEO. As part of his duties, the member responsible updates the Board Risk Committee (BRC) (in alignment with the BRC Terms of Reference) and the Board of Directors of HoldCo and Bank on climate change and environmental related risks.

42. Committed to being transparent about its ESG approach and to ensure that the decision-making is in line with environmental protection and sustainability, the Group developed and implements its Sustainable Finance Framework in accordance with international recognized industry guidelines and principles. Eurobank has also established and published its Green Bond Framework, to support issuance of Green Bonds. Furthermore, Eurobank approved its Sustainable Investment Framework, which is applicable to the Bank's banking book bond portfolio.

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Jawaid Mirza  
AC Chairman

Athens, March 2023





KPMG Certified Auditors S.A.  
3 Stratigou Tombra Street  
Aghia Paraskevi  
153 42 Athens, Greece  
Telephone +30 210 6062100  
Fax +30 210 6062111  
Email: info@kpmg.gr

## Independent Auditors' Report

To the Shareholders of  
Eurobank S.A.

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying Consolidated Financial Statements of Eurobank S.A. (the "Bank") which comprise the Consolidated Balance Sheet as at 31 December 2022, the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the consolidated financial position of Eurobank S.A. and its subsidiaries (the "Group") as at 31 December 2022 and its consolidated financial performance and its consolidated 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), as incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, as incorporated in Greek legislation, and the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the applicable legislation. 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 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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment allowance on loans and advances at amortised cost including off-balance sheet elements

See Notes 2.2.13, 3.1 and 20 and 21 to the Consolidated Financial Statements.

Total estimated credit losses as of 31 December 2022 amounted to EUR 1 626 million (2021: EUR 1 872 million).

The key audit matter	How the matter was addressed in our audit
<p>The estimation of expected credit losses (“ECL”) on loans and advances at amortised cost involves significant judgment and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group’s estimation of ECL are:</p> <ul style="list-style-type: none"> <li>• Significant Increase in Credit Risk (“SICR”) – The identification of qualitative indicators for identifying a significant increase in credit risk for staging classification is highly judgmental taking also into account the current macroeconomic and geopolitical uncertainty.</li> <li>• Model estimations – Inherently judgmental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). ECL may be inappropriate if certain</li> </ul>	<p>Our audit procedures included, among others:</p> <p>Controls testing:</p> <p>We tested relevant manual, general IT and automated controls over key systems used in the ECL process.</p> <p>Main aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the:</p> <ul style="list-style-type: none"> <li>• Completeness and accuracy of the key inputs into the IFRS 9 impairment models.</li> <li>• Application of the staging criteria.</li> <li>• Model validation.</li> <li>• Authorisation and calculation of management adjustments.</li> </ul> <p>Test of details:</p> <p>Key aspects of our testing included, among others:</p> <ul style="list-style-type: none"> <li>• We performed substantive procedures on a sample basis in order to assess the SICR assessment for corporate and retail portfolios.</li> </ul>

models or underlying assumptions do not accurately predict defaults or recoveries over time or fail to reflect the credit risk of loans and advances to customers. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and subjectivity in the Group's calculation of the ECL estimate.

- Management adjustments – Adjustments to the model-driven ECL results are raised by management to address any known limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved especially in relation to current macroeconomic and geopolitical uncertainty.
- Macroeconomic Forward Looking Information scenarios – IFRS 9 requires the Group to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used, the probability weightings associated with the scenarios and the complexity of models used to derive the probability weightings applied to them especially when considering the current uncertain economic environment.
- Individually assessed loans –The estimation of future cash flows, valuation of collateral and probability weighting of scenarios constitute assumptions with high estimation uncertainty.

Disclosures in the Consolidated Financial Statements

The disclosures regarding the Group's application of IFRS 9 are key to

- We assessed the appropriateness of management adjustments to the model driven ECL results, by considering the assumptions, reviewing calculations and data used and inspecting the governance around these adjustments.
- We assessed the reasonableness and appropriateness of the macroeconomic variables' forecasts, scenarios, weights, and models applied. Our testing included benchmarking against external sources.
- We performed substantive procedures to assess the completeness and accuracy of critical data input used in the ECL models.
- We reperformed ECL calculations for lending exposures in all stages, with the support of our financial risk specialists and on a sample basis, where appropriate.
- We performed substantive procedures to assess the reasonableness of significant assumptions used in the measurement of impairment of individually assessed credit impaired exposures, including valuation of collaterals where we have used the expertise of real estate valuation specialists as well as assumptions used for estimating future discounted cash flows.

Our financial risk specialists assisted with the:

- Assessment of the Group's impairment methodologies for compliance with IFRS 9.
- Evaluation of the risk parameter models used as well as reperforming the calculation of certain risk parameters.
- Assessment of available validation reports on risk parameters.
- Assessment of the methodological coherence and mathematical accuracy of management adjustments, where needed.

Assessing disclosures:

We evaluated the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements that address the uncertainty which exists when determining the ECL. In addition, we

<p>explaining the significant judgements and material inputs to the IFRS 9 ECL results as well as to provide transparency of the credit risk exposures of the Group.</p>	<p>assessed whether the disclosure of the key judgements and assumptions were sufficiently clear and explanatory.</p>
<p><b>Recognition of deferred tax assets</b></p>	
<p>See Note 2.2.16, 3.5 and 13 to the Consolidated Financial Statements. Total deferred tax assets as of 31 December 2022 amounted to EUR 4 161 million (2021: EUR 4 422 million).</p>	
<p><b>The key audit matter</b></p>	<p><b>How the matter was addressed in our audit</b></p>
<p>The recognition and measurement of deferred tax assets is considered a key audit matter as it depends on estimates of future profitability, which requires significant judgement and includes the risk of management bias.</p> <p>Significant judgement and especially complex assumptions and method, due to inherent uncertainties relate to the following:</p> <ul style="list-style-type: none"> <li>• The extent that there are probable future taxable profits that will allow the deferred tax asset amount to be recovered in the foreseeable future.</li> <li>• Forecast of future taxable profit, which is mainly impacted by macroeconomic forward looking information.</li> </ul> <p>Disclosures in the Consolidated Financial Statements</p> <p>The disclosures regarding the Group's application of the Standards in this area are key to explaining the key judgements surrounding the recoverability of deferred tax assets.</p>	<p>Our audit procedures, included, among others the following:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of controls relevant to the recognition and recoverability of deferred tax assets including the approval of three-year business plan and monitoring of actual results against budgeted.</li> <li>• We evaluated the appropriateness of the assumptions used by management in the approved three-year business plan by comparing the revenue and growth projections to industry trends and ensuring consistency with strategic plans. We also evaluated; the appropriateness of the assumptions used and the reasonableness of projections for the period that lies beyond the approved three-year business plan.</li> <li>• We assessed the accuracy of forecasted future taxable profits by evaluating the accuracy of management's projections of prior year by comparing them to actual results.</li> <li>• We tested the accuracy of the relevant underlying data of the estimate, including the conversion of future accounting profits to taxable profits.</li> <li>• Our tax specialists assisted to confirm the completeness and accuracy of the relevant tax adjustments that produce the taxable results.</li> </ul>



	<p>Assessing disclosures:</p> <p>We evaluated the adequacy and appropriateness of the disclosures in the Consolidated Financial Statements that address the deferred tax asset recoverability. In addition, we assessed whether the disclosures of the key judgements and assumption were sufficiently clear and explanatory.</p>
<p><b>Use of IT systems relevant to the financial information</b></p>	
<p><b>The key audit matter</b></p>	<p><b>How the matter was addressed in our audit</b></p>
<p>The Group's financial reporting processes are dependent to a large extent on information produced by the Group's Information Technology (IT) systems, and/or automated processes and controls (i.e. calculations, reconciliations) implemented in these systems.</p> <p>The above is a key audit matter as the Group's financial reporting systems rely heavily on complex information systems that process very large number of transactions. These IT systems function based on the operating effectiveness of internal controls in place to assure the completeness and accuracy as well as the security of the information of the Group that produce eventually the financial information to be included in the Consolidated Financial Statements.</p>	<p>We have evaluated in collaboration with our IT Audit specialists the general controls over the IT systems, databases and applications that support the financial reporting of the Group.</p> <p>For this purpose, we performed procedures as follows:</p> <ul style="list-style-type: none"> <li>• We evaluated the information security resilience of the Group by evaluating the design of key IT processes and controls over financial reporting.</li> <li>• We evaluated the design of the relevant preventative and detective general IT controls over administration of access to programs and data for the systems in scope of our audit and, we tested the operating effectiveness of these relevant controls.</li> <li>• We evaluated the design of the relevant general IT controls of the Group over program development, program change management and computer operations for the systems in scope of our audit and, we tested the operating effectiveness of these relevant controls.</li> </ul>



## Other Information

The Board of Directors 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 but does not include the Consolidated Financial Statements and our Auditors' Report thereon.

Our opinion on the 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 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 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 the Board of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Bank is responsible for overseeing the Group's financial reporting process.

## Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Group'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 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 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the consolidated financial statements, including the disclosures, and whether the 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 group audit. 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 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

The Board of Directors is responsible for the preparation of the Board of Directors' Report. Our opinion on the consolidated financial statements does not cover the Board of Directors' Report and we do not express an audit opinion thereon. Our responsibility is to read the Board of Directors' Report and, in doing so, consider whether, based on our consolidated financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work pursuant to the provisions of paragraph 5 of Article 2 of Law 4336/2015 (part B), we note that:

- a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Articles 150-151 and 153-154 and of paragraph 1 (cases c and d) of article 152 of L. 4548/2018 and its contents correspond with the accompanying Consolidated Financial Statements for the year ended 31 December 2022.
- b) Based on the knowledge acquired during our audit, relating to Eurobank S.A. 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 Consolidated Financial Statements is consistent with the Additional Report to the Audit Committee of the Bank dated 10 April 2023, 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 Group any prohibited non-audit services referred to in article 5 of Regulation (EU) 537/2014.

The permissible non-audit services that we have provided to the Group during the year ended 31 December 2022 are disclosed in Note 46 of the accompanying Consolidated Financial Statements.





## 4 Appointment of Auditors

We were appointed for the first time as Certified Auditors of the Bank in 2020 based on the provisions of article 20 of the Articles of Association of the Bank. From then onwards our appointment has been renewed uninterruptedly for a period of two years based on decisions of the General Shareholders' Meeting.

Athens, 10 April 2023

KPMG Certified Auditors S.A.  
AM SOEL 114

Harry Sirounis, Certified Auditor  
AM SOEL 19071

# **CONSOLIDATED FINANCIAL STATEMENTS**

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**FOR THE YEAR ENDED  
31 DECEMBER 2022**

8 Othonos Str, Athens 105 57, Greece  
eurobank.gr, Tel.: (+30) 210 333 7000  
General Commercial Registry No: 154558160000

**Consolidated Balance Sheet**


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**Consolidated Balance Sheet**


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**Consolidated Balance Sheet**

	Note	31 December	
		2022 € million	2021 € million
<b>ASSETS</b>			
Cash and balances with central banks	15	14,994	13,515
Due from credit institutions	17	1,329	2,510
Securities held for trading	18	135	120
Derivative financial instruments	19	1,185	1,949
Loans and advances to customers	20	41,677	38,967
Investment securities	22	13,261	11,316
Investments in associates and joint ventures	24	173	267
Property and equipment	26	775	815
Investment property	27	1,410	1,492
Intangible assets	28	297	269
Deferred tax assets	13	4,161	4,422
Other assets	29	1,976	2,060
Assets of disposal groups classified as held for sale	30	84	146
<b>Total assets</b>		<b>81,457</b>	<b>77,848</b>
<b>LIABILITIES</b>			
Due to central banks	31	8,774	11,663
Due to credit institutions	32	1,814	973
Derivative financial instruments	19	1,661	2,394
Due to customers	33	57,297	53,232
Debt securities in issue	34	3,554	2,554
Other liabilities	35	1,703	1,358
Liabilities of disposal groups classified as held for sale	30	1	109
<b>Total liabilities</b>		<b>74,804</b>	<b>72,283</b>
<b>EQUITY</b>			
Share capital	37	3,941	3,941
Reserves and retained earnings	38	2,618	1,528
<b>Equity attributable to shareholders of the Bank</b>		<b>6,559</b>	<b>5,469</b>
Non controlling interests	23.2	94	96
<b>Total equity</b>		<b>6,653</b>	<b>5,565</b>
<b>Total equity and liabilities</b>		<b>81,457</b>	<b>77,848</b>

Notes on pages 6 to 134 form an integral part of these consolidated financial statements.

**Consolidated Income Statement**

	Note	Year ended 31 December	
		2022 € million	2021 € million
Interest income		2,315	1,833
Interest expense		(764)	(521)
<b>Net interest income</b>	6	<b>1,551</b>	<b>1,312</b>
Banking fee and commission income		584	495
Banking fee and commission expense		(136)	(137)
<b>Net banking fee and commission income</b>	7	<b>448</b>	<b>358</b>
Income from non banking services	8	94	98
Net trading income/(loss)	9	727	(18)
Gains less losses from investment securities	9	(9)	101
Other income/(expenses)	10	324	34
<b>Operating income</b>		<b>3,135</b>	<b>1,885</b>
Operating expenses	11	(910)	(869)
<b>Profit from operations before impairments, provisions and restructuring costs</b>		<b>2,225</b>	<b>1,016</b>
Impairment losses relating to loans and advances to customers	21	(292)	(413)
Other impairment losses and provisions	12	(108)	(51)
Restructuring costs	12	(102)	(25)
Share of results of associates and joint ventures	24	18	26
<b>Profit before tax</b>		<b>1,741</b>	<b>553</b>
Income tax	13	(405)	(156)
<b>Net profit</b>		<b>1,336</b>	<b>397</b>
Net profit/(loss) attributable to non controlling interests		0	(1)
<b>Net profit attributable to shareholders</b>		<b>1,336</b>	<b>398</b>
		€	€
<b>Earnings per share</b>			
-Basic and diluted earnings per share	14	0.36	0.11

Notes on pages 6 to 134 form an integral part of these consolidated financial statements.

**Consolidated Statement of Comprehensive Income**

	Year ended 31 December			
	2022		2021	
	€ million		€ million	
<b>Net profit</b>	<b>1,336</b>		<b>397</b>	
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified subsequently to profit or loss:</b>				
<b>Cash flow hedges</b>				
- changes in fair value, net of tax	5		36	
- transfer to net profit, net of tax	<u>(5)</u>	<u>(0)</u>	<u>1</u>	37
<b>Debt securities at FVOCI</b>				
- changes in fair value, net of tax (note 22)	(547)		(97)	
- transfer to net profit, net of tax (note 22)	<u>222</u>	<u>(325)</u>	<u>6</u>	(91)
<b>Foreign currency translation</b>				
- foreign operations' translation differences	1		(0)	
- transfer to net profit on the liquidation of foreign subsidiary (note 23.1)	<u>76</u>	<u>77</u>	<u>-</u>	(0)
<b>Associates and joint ventures</b>				
- changes in the share of other comprehensive income, net of tax (note 24)	<u>(32)</u>	<u>(32)</u>	<u>(3)</u>	<u>(3)</u>
		<u>(280)</u>		<u>(57)</u>
<b>Items that will not be reclassified to profit or loss:</b>				
- Gains/(losses) from equity securities at FVOCI, net of tax		24		2
- Actuarial gains/(losses) on post employment benefit obligations, net of tax		<u>4</u>		<u>1</u>
		<u>28</u>		<u>3</u>
<b>Other comprehensive income</b>		<u>(252)</u>		<u>(54)</u>
<b>Total comprehensive income attributable to:</b>				
- Shareholders		1,085		344
- Non controlling interests		<u>(1)</u>		<u>(1)</u>
		<u>1,084</u>		<u>343</u>

Notes on pages 6 to 134 form an integral part of these consolidated financial statements.

**Consolidated Statement of Changes in Equity**

	<b>Share capital</b>	<b>Reserves and retained earnings</b>	<b>Non controlling interests</b>	<b>Total</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
Balance at 1 January 2021	4,052	1,190	0	5,242
Net profit/(loss)	-	398	(1)	397
Other comprehensive income	-	(54)	(0)	(54)
Total comprehensive income for the year ended 31 December 2021	-	344	(1)	343
Changes in participating interests in subsidiary undertakings	-	1	97	<b>98</b>
Distribution in kind through share capital decrease	(102)	(16)	-	<b>(118)</b>
Formation of a corporate law reserve	(9)	9	-	-
Share options plan	-	2	-	<b>2</b>
Other	-	(2)	-	<b>(2)</b>
	(111)	(6)	97	(20)
<b>Balance at 31 December 2021</b>	<b>3,941</b>	<b>1,528</b>	<b>96</b>	<b>5,565</b>
<b>Balance at 1 January 2022</b>	<b>3,941</b>	<b>1,528</b>	<b>96</b>	<b>5,565</b>
Net profit	-	1,336	0	<b>1,336</b>
Other comprehensive income	-	(251)	(1)	<b>(252)</b>
Total comprehensive income for the year ended 31 December 2022	-	<b>1,085</b>	<b>(1)</b>	<b>1,084</b>
Share options plan	-	4	-	<b>4</b>
Other	-	1	(1)	-
	-	<b>5</b>	<b>(1)</b>	<b>4</b>
<b>Balance at 31 December 2022</b>	<b>3,941</b>	<b>2,618</b>	<b>94</b>	<b>6,653</b>

Notes on pages 6 to 134 form an integral part of these consolidated financial statements.



## Consolidated Cash Flow Statement

	Note	Year ended 31 December	
		2022	2021
		€ million	€ million
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>		<b>1,741</b>	553
Adjustments for:			
Impairment losses relating to loans and advances to customers	21	292	413
Other impairment losses, provisions and restructuring costs	12	210	76
Depreciation and amortisation	11	124	114
Other (income)/losses on investment securities	16	(14)	(76)
Valuation of investment property	10	(34)	(30)
Other adjustments	16	(244)	(12)
		<b>2,075</b>	1,038
<b>Changes in operating assets and liabilities</b>			
Net (increase)/decrease in cash and balances with central banks		(169)	(193)
Net (increase)/decrease in securities held for trading		1	(32)
Net (increase)/decrease in due from credit institutions		1,095	635
Net (increase)/decrease in loans and advances to customers		(3,228)	(1,640)
Net (increase)/decrease in derivative financial instruments		868	36
Net (increase)/decrease in other assets		115	(65)
Net increase/(decrease) in due to central banks and credit institutions		(2,048)	3,125
Net increase/(decrease) in due to customers		4,062	5,366
Net increase/(decrease) in other liabilities		149	(23)
		<b>845</b>	7,209
Income tax paid		(45)	(33)
<b>Net cash from/(used in) operating activities</b>		<b>2,875</b>	8,214
<b>Cash flows from investing activities</b>			
Acquisition of fixed and intangible assets	26, 27, 28	(169)	(129)
Proceeds from sale of fixed and intangible assets	26, 27	121	35
(Purchases)/sales and redemptions of investment securities		(2,937)	(2,752)
Acquisition of subsidiaries, net of cash acquired		-	121
Acquisition of holdings in associates and joint ventures and participations in capital increases		-	(8)
Disposal of subsidiaries and merchant acquiring business, net of cash disposed	23, 30	281	1
Disposal of holdings in associates and joint ventures	24	26	13
Dividends from investment securities, associates and joint ventures	16, 24	21	21
<b>Net cash from/(used in) investing activities</b>		<b>(2,657)</b>	(2,698)
<b>Cash flows from financing activities</b>			
(Repayments)/proceeds from debt securities in issue	16	1,059	986
Repayment of lease liabilities	41	(39)	(34)
<b>Net cash from/(used in) financing activities</b>		<b>1,020</b>	952
Effect of exchange rate changes on cash and cash equivalents		1	0
<b>Net increase in cash and cash equivalents</b>		<b>1,239</b>	6,468
Cash and cash equivalents at beginning of year	16	13,149	6,681
<b>Cash and cash equivalents at end of year</b>	16	<b>14,388</b>	13,149

Notes on pages 6 to 134 form an integral part of these consolidated financial statements.

## Notes to the Consolidated Financial Statements

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### 1. General information

Eurobank S.A. (the Bank) is a wholly owned subsidiary of Eurobank Ergasias Services and Holdings S.A. (the “Parent Company”). The Bank along with its subsidiaries form the Eurobank S.A. Group (the Group) that is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Group operates mainly in Greece and in Central and Southeastern Europe.

These consolidated financial statements were approved by the Board of Directors on 6 April 2023. The Independent Auditor’s Report of the Financial Statements is included in the section B.I of the Annual Financial Report.

### 2. Basis of preparation and principal accounting policies

The consolidated financial statements of the Group have been prepared on a going concern basis and in accordance with the principal accounting policies set out below:

#### 2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union (EU), and in particular with those standards and interpretations, issued and effective or issued and early adopted as at the time of preparing these consolidated financial statements.

The consolidated financial statements are prepared under the historical cost basis except for the financial assets measured at fair value through other comprehensive income, financial assets and financial liabilities (including derivative instruments) measured at fair-value-through-profit-or-loss and investment property measured at fair value.

The accounting policies for the preparation of the consolidated financial statements of the Group have been consistently applied to the years 2022 and 2021, after taking into account the amendments in IFRSs as described in section 2.1.1 (a) “New and amended standards adopted by the Group as of 1 January 2022”. In addition, where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The preparation of financial statements in accordance with IFRS requires the use of estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and conditions, actual results ultimately may differ from those estimates.

The Group’s presentation currency is the Euro (€) being the functional currency of the parent company. Except as indicated, financial information presented in Euro has been rounded to the nearest million. The figures presented in the notes may not sum precisely to the totals provided due to rounding.

#### Going concern considerations

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

2022 was marked by the war in Ukraine, which gave rise to a global - but predominantly European - energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonized Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024. Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023. On the fiscal front, the general government primary balance was to post a deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%). The above

## Notes to the Consolidated Financial Statements

forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.

The Bulgarian economy expanded by 3.4% in 2022 (2021: 7.6%), based on data from the National Statistical Institute of Bulgaria, while inflation averaged at 15.3% in 2022 (2021: 3.3%). According to the EC's winter economic forecasts (February 2023), the real GDP in Bulgaria is expected to grow by 1.4% in 2023, while the HICP is expected at 7.8% in 2023. Respectively, in Cyprus the real GDP growth is forecasted at 5.8% in 2022 and 1.6% in 2023 (2021: 6.6%), while the CPI is estimated at 8.1% in 2022 and 4% in 2023 (2021: 2.3%).

A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework (MFF) 2021–2027, EU's long-term budget. 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 NGEU's 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 two regular payments of € 3.6 billion each in April 2022 and January 2023 respectively. Greece has been also allocated about € 40 billion through 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, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the "Transmission Protection Instrument" – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of € 8.3 billion from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of € 3.5 billion at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of € 2.5 billion at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of € 30 billion, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russia - Ukraine war and its ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the ongoing and potential upcoming central bank interest rate hikes worldwide, and in the euro area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments, increase volatility in the financial markets and lead economies to slow down or even a temporary recession, (d) the recent banking sector turmoil to continue and expand in the euro area, affecting customers' confidence, with a potential impact on assets under management levels and on liquidity, (e) the impact of a potential curtailment or discontinuation of the government energy support measures on growth, employment and the servicing of household and corporate debt, (f) the persistently large current account deficits and the prospect of them becoming once again a structural feature of the country's growth model, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, (i) a delay in the implementation of planned reforms, projects and the budget's fiscal agenda due to the possibility of the 2023 national elections resulting in an inability or delay to form a government with solid Parliament majority, (j) the geopolitical developments in the near region, (k) the evolution of the pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balances and international trade by prolonging the disruptions in the global supply chain, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment, fiscal balance and sustainable development in the long run.

Materialization of the above risks, 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 Group Management and Board, mindful of the recent banking turmoil across some markets, has done a proactive internal review to re-assure itself of the continued resilience of Eurobank business model to such possible external shocks and is pleased to report that this model is well supported by sound business practices, diversified activities and prudent risk management approaches. The

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resulting stability of the Group's business operating model is also further well-reflected by, among others, its financial position and performance as analysed below. In this context, the Group is continuously monitoring the developments on the macroeconomic, financial and geopolitical fronts as well as the evolution of its asset quality and liquidity 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 2023–2025.

Eurobank S.A. Group, which comprises the major part of Eurobank Holdings Group, is not separately supervised for capital adequacy purposes. As at 31 December 2022, the Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively (note 4 in the consolidated financial statements of Eurobank Holdings). At the same date, the Total CAD and CET1 ratios of the Bank amount to 18.9% (31 December 2021: 15.3%) and 15.1% (31 December 2021: 12.4%) respectively. In January 2023, the European Banking Authority (EBA) launched the 2023 EU-wide stress test exercise which is designed to provide valuable input for assessing the resilience of the European banking sector, including the 4 Greek systemic banks, in the current uncertain and changing macroeconomic environment, covering the period of 2023–2025. The EBA expects to publish the results of the exercise at the end of July 2023 (note 4 in the consolidated financial statements of Eurobank Holdings).

With regards to asset quality, as at 31 December 2022, the Group's NPE stock, following the classification of project "Solar" underlying loan portfolio as held for sale and other initiatives, amounted to € 2.3 billion (31 December 2021: € 2.8 billion), driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%). The Eurobank S.A. Group's net profit attributable to shareholders for the year ended 31 December 2022 amounted to € 1,336 million (2021: € 398 million). The debt securities portfolio, which is to a large extent hedged for the interest rate risk, accounts for 16% of total assets mostly invested in EU Sovereign Bonds and on investment grade securities. The Group holds non-significant exposure in Russian or Ukrainian assets and in the banks affected by the recent banking turmoil.

In terms of liquidity, as at 31 December 2022, the Group's deposits increased to € 57.3 billion (31 December 2021: € 53.2 billion), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme decreased by € 2.9 billion amounting to € 8.8 billion (31 December 2021: € 11.7 billion) (note 31). During the year, the Bank proceeded with the issuance of a preferred senior note of € 500 million and the Parent Company completed the issuance of a Tier 2 instrument of € 300 million. More recently, in January 2023, the Bank successfully completed the issue of a € 500 million senior preferred note (note 34). The rise in high quality liquid assets of the Eurobank Holding Group led the respective Liquidity Coverage ratio (LCR) to 173% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicated 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). Information on the interest rate and liquidity risk exposures of the Group is included in notes 5.2.2 and 5.2.3.

### Going concern assessment

The Board of Directors, acknowledging the geopolitical, macroeconomic and financial risks to the economy and the banking system and taking into account the above factors relating to (a) the idiosyncratic growth opportunities in Greece and the region for this and the next years, also underpinned by the mobilisation of the already approved EU funding mainly through the RRF, and (b) the Group's pre-provision income generating capacity, asset quality, capital adequacy and liquidity position, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

### **2.1.1 New and amended standards and interpretations**

#### **(a) New and amended standards adopted by the Group as of 1 January 2022**

The following amendments to standards as issued by the IASB and endorsed by the EU, apply as of 1 January 2022:

#### **IFRS 3, Amendments, Reference to the Conceptual Framework**

The amendments to IFRS 3 "Business Combinations" updated a reference to the current version of Conceptual Framework while added a requirement that, for obligations within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. In addition, for a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy exists at the acquisition date.

Moreover, the issued amendments added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition in a business combination at the acquisition date.

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The adoption of the amendments had no impact on the consolidated financial statements.

### Annual improvement to IFRSs 2018-2020 cycle: IFRS1, IFRS9 and IFRS 16

The improvements introduce changes to several standards. The amendments that are relevant to the Group's activities are set out below:

The amendment to IFRS 1 "First-time Adoption of International Financial Reporting Standards" provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result, the amendment allows entities that have elected to measure their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported in the parent's consolidated financial statements. This amendment also applies to associates and joint ventures that have taken the same IFRS 1 exemption.

The amendment to IFRS 9 "Financial Instruments" clarifies which fees should be included in the 10% test for derecognition of financial liabilities. The fees to be included in the assessment are only those paid or received between the borrower (entity) and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment to IFRS 16 "Leases" removes the illustration of the reimbursement of leasehold improvements, in order to avoid any potential confusion about the treatment of lease incentives.

The adoption of the amendments had no impact on the consolidated financial statements.

### IAS 37, Amendments, Onerous Contracts – Costs of Fulfilling a Contract

The amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' clarify which costs to include in determining the cost of fulfilling a contract when assessing whether a contract is onerous. In particular, the direct costs of fulfilling a contract include both the incremental costs and an allocation of other costs directly related to fulfilling contracts' activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The adoption of the amendments had no impact on the consolidated financial statements.

### (b) New and amended standards not yet adopted by the Group

A number of new standards and amendments to existing standards are effective after 2022, as they have not yet been endorsed by the EU or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

#### IFRS 17, Insurance Contracts (effective 1 January 2023)

IFRS 17, which supersedes IFRS 4 "Insurance Contracts" provides a comprehensive and consistent accounting model for insurance contracts. It applies to all types of insurance contracts as well as certain guarantees and financial insurance with discretionary participating features. Financial guarantee contracts are allowed to be within the scope of IFRS 17, if the entity has previously asserted that it regarded them as insurance contracts.

According to IFRS 17 core general model, groups of insurance contracts which are managed together and are subject to similar risks, are measured based on building blocks of discounted, probability-weighted estimates of future cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contracts. Under the model, estimates are remeasured at each reporting period. A simplified measurement approach may be used if it is expected that doing so a reasonable approximation of the general model is produced, or if the contracts are of short duration.

Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides during the period, claims are presented when incurred and any investment components i.e. amounts repaid to policyholders even if the insured event does not occur, are not included in revenue and claims. Insurance services results are presented separately from the insurance finance income or expense.

In June 2020, the IASB issued Amendments to IFRS 17 to assist entities in its implementation. The amendments aim to assist entities to transition in order to implement the standard more easily, while they deferred the effective date, so that entities would be required to apply IFRS 17 for annual periods beginning on or after 1 January 2023.

In December 2021, the IASB issued a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

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The Group has not issued contracts within the scope of IFRS 17; therefore, the standard is not expected to impact the consolidated financial statements, other than through the Group's share of the results of its associate "Eurolife FFH Insurance Group Holdings S.A." ("Eurolife").

In particular, as at 31 December 2022, the Group's share of the expected impact from Eurolife's transition to IFRS 17 is estimated to an increase in equity of ca. € 15 million, net of tax.

### **IAS 8, Amendments, Definition of Accounting Estimates (effective 1 January 2023)**

The amendments in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" introduced the definition of accounting estimates and include other amendments to IAS 8 which are intended to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments clarify (a) how accounting policies and accounting estimates relate to each other by (i) explaining that accounting estimates are used in applying accounting policies and (ii) making the definition of accounting policies clearer and concise and, (b) that selecting an estimation or valuation technique and choosing the inputs to be used constitutes making an accounting estimate.

The adoption of the amendments is not expected to impact the consolidated financial statements.

### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)**

IASB issued amendments to IAS 1 "Presentation of Financial Statements" that require entities to disclose their material accounting policies rather than their significant accounting policies.

According to IASB, accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Furthermore, the amendments clarify how an entity can identify material accounting policy information, while provide examples of when accounting policy information is likely to be material. The amendments to IAS 1 also clarify that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support these amendments the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2 Making Materiality Judgements to accounting policy disclosures, in order to support the amendments to IAS 1.

The adoption of the amendments is not expected to impact the consolidated financial statements.

### **IAS 1, Amendments, Classification of Liabilities as Current or Non-Current (effective 1 January 2024, not yet endorsed by EU)**

The amendments, published in January 2020, affect only the presentation of liabilities in the balance sheet and provide clarifications over the definition of the right to defer the settlement of a liability, while they make clear that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. In addition, it is clarified that the assessment for liabilities classification made at the end of the reporting period is not affected by the expectations about whether an entity will exercise its right to defer settlement of a liability. The Board also clarified that when classifying liabilities as current or non-current, an entity can ignore only those conversion options that are recognised as equity.

In October 2022, the IASB issued *Non-current Liabilities with Covenants (Amendments to IAS 1)* with respect to the classification (as current or non-current), presentation and disclosures of liabilities for which an entity's right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

The adoption of the amendments is not expected to impact the consolidated financial statements.

### **IAS 12, Amendments, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)**

The amendments clarify that the exemption on initial recognition set out in IAS 12 'Income Taxes' does not apply for transactions such as leases and decommissioning obligations that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Accordingly, for such transactions an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.



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The adoption of the amendments is not expected to impact the consolidated financial statements.

### **IFRS 16, Amendment, Lease Liability in a Sale and Leaseback (effective 1 January 2024, not yet endorsed by EU)**

The amendment requires a seller-lessee to subsequently measure lease liabilities arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.

The adoption of the amendment is not expected to impact the consolidated financial statements.

## **2.2 Principal accounting policies**

### **2.2.1 Consolidation**

#### ***(i) Subsidiaries***

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The Group consolidates an entity only when all the above three elements of control are present. Power is considered to exist when the Group's existing rights give it the current ability to direct the relevant activities of the entity, i.e. the activities that significantly affect the entity's returns, and the Group has the practical ability to exercise those rights. Power over the entity may arise from voting rights granted by equity instruments such as shares or, in other cases, may result from contractual arrangements.

Where voting rights are relevant, the Group is deemed to have control where it holds, directly or indirectly, more than half of the voting rights over an entity, unless there is evidence that another investor has the practical ability to unilaterally direct the relevant activities.

The Group may have power, even when it holds less than a majority of the voting rights of the entity, through a contractual arrangement with other vote holders, rights arising from other contractual arrangements, substantive potential voting rights, ownership of the largest block of voting rights in a situation where the remaining rights are widely dispersed ('de facto power'), or a combination of the above. In assessing whether the Group has de facto power, it considers all relevant facts and circumstances including the relative size of the Group's holding of voting rights and dispersions of holdings of other vote holders to determine whether the Group has the practical ability to direct the relevant activities.

The Group is exposed or has rights to variable returns from its involvement with an entity when these returns have the potential to vary as a result of the entity's performance.

In assessing whether the Group has the ability to use its power to affect the amount of returns from its involvement with an entity, the Group determines whether in exercising its decision-making rights, it is acting as an agent or as a principal. The Group acts as an agent when it is engaged to act on behalf and for the benefit of another party, and as a result does not control an entity. Therefore, in such cases, the Group does not consolidate the entity. In making the above assessment, the Group considers the scope of its decision-making authority over the entity, the rights held by other parties, the remuneration to which the Group is entitled from its involvement, and its exposure to variability of returns from other interests in that entity.

The Group has interests in certain entities which are structured so that voting rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual rights. In determining whether the Group has control over such structured entities, it considers the following factors:

- The purpose and design of the entity;
- Whether the Group has certain rights that give it the ability to direct the relevant activities of the entity unilaterally, as a result of existing contractual arrangements that give it the power to govern the entity and direct its activities;
- In case another entity is granted decision making rights, the Group assesses whether this entity acts as an agent of the Group or another investor;
- The existence of any special relationships with the entity; and
- The extent of the Group's exposure to variability of returns from its involvement with the entity, including its exposure in the most subordinated securitized notes issued by the entity as well as subordinated loans or other credit enhancements that may be granted to the entity, and if the Group has the power to affect such variability.

Information about the Group's structured entities is set out in note 25.

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The Group reassesses whether it controls an entity if facts and circumstances indicate that there are changes to one or more elements of control. This includes circumstances in which the rights held by the Group and intended to be protective in nature become substantive upon a breach of a covenant or default on payments in a borrowing arrangement, and lead to the Group having power over the investee.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

In determining the proportion of profit or loss and changes in equity allocated to the Group and non-controlling interests, the Group takes into account current ownership interests, also including in-substance current ownership interests, after considering the eventual exercise of any potential voting rights and other derivatives that currently give the Group access to the returns associated with an ownership interest.

Changes in the Group's ownership interest in subsidiaries that do not result in a loss of control are recorded as equity transactions. Any difference between the consideration and the share of the new net assets acquired is recorded directly in equity. Gains or losses arising from disposals of ownership interests that do not result in a loss of control by the Group are also recorded directly in equity. For disposals of ownership interests that result in a loss of control, the Group derecognizes the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity and recognizes gains and losses in the income statement. When the Group ceases to have control, any retained interest in the former subsidiary is re-measured to its fair value, with any changes in the carrying amount recognized in the income statement. The Group considers the eventual exercise of any potential voting rights and other derivatives and whether they currently give the Group access to the returns associated with a retained ownership interest, in determining whether that ownership interest should be derecognised or not.

Intercompany transactions, balances and intragroup gains on transactions between Group entities are eliminated; intragroup losses are also eliminated unless the transaction provides evidence of impairment of the asset transferred.

### ***(ii) Business combinations***

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred for an acquisition is measured at the fair value of the assets given, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition, including the fair value of assets or liabilities resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date irrespective of the extent of any non-controlling interest. Any previously held interest in the acquiree is remeasured to fair value at the acquisition date with any gain or loss recognized in the income statement. The Group recognizes on an acquisition-by-acquisition basis any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the subsidiary acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the acquiree, the difference is recognized directly in the income statement.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which it occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period to reflect the new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. The measurement period adjustments, as mentioned above, affect accordingly the amount of goodwill that was initially recognized, while the measurement period cannot exceed one year from the acquisition date.

Commitments to purchase non-controlling interests through derivative financial instruments with the non-controlling interests, as part of a business combination are accounted for as a financial liability, with no non-controlling interest recognized for reporting purposes. The financial liability is measured at fair value, using valuation techniques based on best estimates available to management. Any difference between the fair value of the financial liability upon initial recognition and the nominal non-controlling interest's share of net assets is recognized as part of goodwill. Subsequent revisions to the valuation of the derivatives are recognized in the income statement.



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For acquisitions of subsidiaries not meeting the definition of a business, the Group allocates the consideration to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies of the Group.

A listing of the Bank's subsidiaries is set out in note 23.

### ***(iii) Business combinations involving entities under common control***

Pursuant to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', since business combinations between entities under common control are excluded from the scope of IFRS 3 'Business Combinations', such transactions are accounted for in the Group's financial statements by using the pooling of interests method (also known as merger accounting), with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices.

Under the pooling of interests method, the Group incorporates the assets and liabilities of the acquiree at their pre-combination carrying amounts from the highest level of common control, without any fair value adjustments. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recorded in Group's equity.

The Group accounts for the cost of such business combinations at the fair value of the consideration given, being the amount of cash or shares issued or if that cannot be reliably measured, the consideration received.

#### *Formation of a new Group entity to effect a business combination*

Common control transactions that involve the formation of a new Group entity to effect a business combination by bringing together two or more previously uncombined businesses under the new Group entity are also accounted for by using the pooling of interests method.

Other common control transactions that involve the acquisition of a single existing Group entity or a single group of businesses by a new entity formed for this purpose are accounted for as capital reorganizations, on the basis that there is no business combination and no substantive economic change in the Group. Under a capital reorganization, the acquiring entity incorporates the assets and liabilities of the acquired entity at their carrying amounts, as presented in the books of that acquired entity, rather than those from the highest level of common control. Any difference between the cost of the transaction and the carrying amount of the net assets acquired is recognized in the equity of the new entity. Capital reorganization transactions do not have any impact on the Group's consolidated financial statements.

### ***(iv) Associates***

Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements. These are undertakings over which the Group exercises significant influence but which are not controlled.

Equity accounting involves recognizing in the income statement the Group's share of the associate's profit or loss for the year. The Group's interest in the associate is carried on the balance sheet at an amount that reflects its share of the net assets of the associate and any goodwill identified on acquisition net of any accumulated impairment losses. If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group discontinues recognizing its share of further losses, unless it has incurred obligations or made payments on behalf of the associate. Where necessary the accounting policies used by the associates have been changed to ensure consistency with the policies of the Group.

When the Group obtains or ceases to have significant influence, any previously held or retained interest in the entity is remeasured to its fair value, with any change in the carrying amount recognized in the income statement, except in cases where an investment in associate becomes an investment in a joint venture where no remeasurement of the interest retained is performed and use of the equity method continues to apply.

### ***(v) Joint arrangements***

A joint arrangement is an arrangement under which the Group has joint control with one or more parties. Joint control is the contractually agreed sharing of control and exists only when decisions about relevant activities require the unanimous consent of the parties sharing control. Investments in joint arrangements are classified as either joint ventures whereby the parties who share control have rights to the net assets of the arrangement or joint operations where two or more parties have rights to the assets and obligations for the liabilities of the arrangement.

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The Group evaluates the contractual terms of joint arrangements to determine whether a joint arrangement is a joint operation or a joint venture. All joint arrangements in which the Group has an interest are joint ventures.

As investments in associates, the Group's interest in joint ventures is accounted for by using the equity method of accounting. Therefore, the accounting policy described in note 2.2.1 (iv) applies also for joint ventures. Where necessary the accounting policies used by the joint ventures have been changed to ensure consistency with the policies of the Group.

When the Group ceases to have joint control over an entity, it discontinues the use of the equity method. Any retained interest in the entity is remeasured to its fair value, with any change in the carrying amount recognized in the income statement, except in cases where an investment in a joint venture becomes an investment in an associate, where no remeasurement of the interest retained is performed and use of the equity method continues to apply.

A listing of the Group's associates and joint ventures is set out in note 24.

### 2.2.2 Foreign currencies

#### *(i) Translation of foreign subsidiaries*

Assets and liabilities of foreign subsidiaries are translated into the Group's presentation currency at the exchange rates prevailing at each reporting date whereas income and expenses are translated at the average exchange rates for the period reported. Exchange differences arising from the translation of the net investment in a foreign subsidiary, including exchange differences of monetary items receivable or payable to the foreign subsidiary for which settlement is neither planned nor likely to occur that form part of the net investment in the foreign subsidiaries, are recognized in other comprehensive income.

Exchange differences from the Group's foreign subsidiaries are released to the income statement on the disposal of the foreign subsidiary while for monetary items that form part of the net investment in the foreign subsidiary, on repayment or when settlement is expected to occur.

#### *(ii) Transactions in foreign currency*

Foreign currency transactions 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 are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the income statement, except when deferred in equity as qualifying cash flow or net investment hedges.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at initial recognition, except for non-monetary items denominated in foreign currencies that are measured at fair value which are translated at the rate of exchange at the date the fair value is determined. The exchange differences relating to these items are treated as part of the change in fair value and are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

### 2.2.3 Derivative financial instruments and hedging

Derivative financial instruments that mainly include foreign exchange contracts, forward currency agreements, currency and interest rate options (both written and purchased), as well as currency and interest rate swaps are initially recognized in the balance sheet at fair value, on the date on which the derivative contracts are entered into, and subsequently are re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Fair values of derivatives are determined based on quoted market prices, including recent market transactions, or by using other valuation techniques, as appropriate. The principles for the fair value measurement of financial instruments, including derivative financial instruments, are described in notes 3.2 and 5.3.

#### *Embedded derivatives*

Embedded derivatives are components of hybrid contracts that also include non-derivative hosts with the effect that some of the cash flows of the combined instruments vary in a way similar to stand-alone derivatives.

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Financial assets that contain embedded derivatives are recognised in the balance sheet in their entirety in the appropriate classification category, following the instruments' assessment of their contractual cash flows and their business model as described in note 2.2.9.

On the other hand, derivatives embedded in financial liabilities, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The use of derivative financial instruments is inherent in the Group's activities and aims principally at managing risks effectively.

Accordingly, the Group, as part of its risk management strategy, may enter into transactions with external counterparties to hedge partially or fully interest rate, foreign currency, equity and other exposures that are generated from its activities.

The objectives of hedging with derivative financial instruments include:

- Reduce interest rate exposure that is in excess of the Group's interest rate limits;
- Manage efficiently interest rate risk by hedging the changes to movements of the benchmark interest rates represented by the prevailing reference rates;
- Reduce variability arising from the fair value changes of derivatives embedded in financial assets;
- Manage future variable cash flows;
- Reduce foreign currency risk or inflation risk;
- Reduce variability in the Group's equity arising from translating a foreign net investment at different exchange rates.

### Hedge accounting

The Group has elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39, until the project of accounting of macro hedging activities is completed by the IASB.

For hedge accounting purposes, the Group forms a hedging relationship between a hedging instrument or group of hedging instruments and a related item or group of items to be hedged. A hedging instrument is a designated derivative or group of derivatives, or a designated non-derivative financial asset or financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item or group of items. Specifically, the Group designates certain derivatives as: (a) hedges of the exposure to changes in fair value of recognized assets or liabilities on a single or portfolio basis or unrecognized firm commitments (fair value hedging), (b) hedges of the exposure to variability in cash flows of recognized assets or liabilities or highly probable forecasted transactions (cash flow hedging) or, (c) hedges of the exposure to variability in the value of a net investment in a foreign operation which is associated with the translation of the investment's net assets in the Group's functional currency (net investment hedging).

In order to apply hedge accounting, specified criteria should be met. Accordingly, at the inception of the hedge accounting relationship, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group also documents its assessment, both at inception of the hedge and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and whether the actual results of each hedge are within a range of 80-125%. If a relationship does not meet the abovementioned hedge effectiveness criteria, the Group discontinues hedge accounting prospectively. Similarly, if the hedging derivative expires or is sold, terminated or exercised, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In addition, the Group uses other derivatives, not designated in qualifying hedge relationships, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting is not applied. The said derivative instruments are classified along with those held for trading purposes.

The method of recognizing the resulting fair value gain or loss depends on whether the derivatives are designated and qualify as hedging instruments, and if so, the nature of the item being hedged.

Furthermore, the Group may designate groups of items as hedged items by aggregating recognized assets or liabilities or unrecognized but highly probable transactions of similar risk characteristics that share the exposure for which they are hedged. Although the overall risk exposures may be different for the individual items in the group, the specific risk being hedged is inherent in each of the items in the group.

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The Group has applied the Phase 1 and Phase 2 IBOR reform amendments to IFRS 9, IAS 39 and IFRS 7, that provide temporary reliefs on hedging relationships during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (RFR). Based on the above reliefs, for the purpose of determining whether a forecast transaction is highly probable, or a hedging relationship is expected to be highly effective, the Group assumes that the benchmark interest rate does not change as a result of the IBOR reform. In addition, the Group, is not required to discontinue hedge accounting if the hedge falls outside the 80–125% range during the period of uncertainty arising from the reform. Furthermore, in case of hedges where the hedged item or hedged risk is a non-contractually specified benchmark portion of interest rate risk, following the IBOR reform reliefs, it is assumed that the designated risk portion only needs to be separately identifiable at the inception of the hedging relationship and not on a going basis. The reliefs cease to apply once certain conditions are met i.e. at the earlier of (a) when the uncertainties arising from the IBOR reform are no longer present with respect to the timing and the amount of the benchmark rate-based cash flows of the hedged items or hedging instruments and (b) when the hedging relationships to which the reliefs apply are discontinued.

Finally, the amendments introduce an exception to the existing requirements so that changes in the formal designation and documentation of a hedge accounting relationship or to the method for assessing hedge effectiveness due to modifications required by IBOR reform will not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

### **(i) Fair value hedging**

The Group applies fair value hedging to hedge exposures primarily to changes in the fair value attributable to interest rate risk with respect to the applicable benchmark rate and currency risk.

#### *Hedged items*

The items that qualify for fair value hedge accounting include financial assets and liabilities measured at amortized cost such as:

- fixed rate investment securities, term deposits, and debt securities in issue;
- portfolios of floating-rate loans and investment securities with embedded interest rate options (such as purchased interest rate floors);
- portfolios of fixed rate amortizing loans (macro hedging) including securitized notes issued and held by the Group,

as well as fixed rate investment securities classified as FVOCI.

#### *Hedge effectiveness assessment*

The Group uses the dollar-offset method at inception (prospective measurement) and on an ongoing basis (retrospective measurement), in order to assess the effectiveness of fair value hedges on a single or portfolio basis. This is a quantitative method that involves the comparison of the change in the fair value of the hedging instrument with the change in the fair value of the hedged item attributable to the hedged risk. The above comparison constitutes the dollar-offset ratio and should be within the range of 80% -125% for the hedge to be highly effective. Even if a hedge is not expected to be highly effective in a particular period, hedge accounting is not precluded if effectiveness is expected to remain sufficiently high over the life of the hedge.

The Group may also use the hypothetical derivative method, an approach to the dollar offset method, mainly applied in portfolio hedges that carry embedded derivatives, where the hedged risk is modelled through hypothetical derivatives, which replicate the embedded derivative. The fair value of the hypothetical derivative is used as a proxy for the net present value of the hedged future cash flows against which changes in value of the actual hedging instrument are compared to assess effectiveness and measure ineffectiveness. Hedge ineffectiveness may arise in case of potential differences in the critical terms between the hedged item and the hedging instrument such as maturity, interest rate reset frequency and discount curves as well as differences between expected and actual cash flows.

In addition, for hedging relationships where the critical terms of the hedged item match the ones of the hedging instrument such as coupon, maturity, and payment frequency, it is presumed that by construction, effectiveness is expected to be within the range of 80% to 125%.

#### *Fair value hedging adjustments and discontinuation of hedge accounting*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, under net trading income together with the changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk (fair value hedging adjustments). Fair value hedging adjustments to the hedged items measured at amortised cost are recorded as part of their carrying value in the balance sheet, with the exception of hedging adjustments for portfolios of fixed rate assets in the context of macro-hedging (see below).

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The Group discontinues hedge accounting prospectively in case the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the qualifying criteria for hedge accounting, or designation is revoked. In such cases, any adjustment to the carrying amount of the hedged item, for which the effective interest method is applied, is amortized to profit or loss over the remaining period to maturity with amortization commencing no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

### *Portfolio hedging of interest rate risk (macro-hedging)*

With reference to portfolio hedging of interest rate risk, a dynamic hedging strategy is applied according to which the Group voluntarily designates and de-designates the hedge relationship on a monthly basis. The Group determines the designated hedged amount by identifying portfolios of homogenous fixed rate assets based on their contractual interest rates, maturity and other risk characteristics. Assets within the identified portfolios are allocated into repricing time periods based on their repricing/maturity dates or interest payment dates with assumptions made for expected prepayments and capital repayments. The hedging instruments are groups of interest rate swaps replicating in aggregate the amortization profile of the assets and designated appropriately to their repricing time periods. Following the above allocation into time buckets, the designated hedged principal and the resulting percentage of the asset portfolio hedged (hedge ratio) for each time bucket are determined.

The dollar-offset method also applies to portfolio hedging of interest rate risk and hedge effectiveness is measured on a monthly basis. For prospective effectiveness measurement, the dollar-offset method involves a comparison of the sensitivity of fair value to a change of 1 basis point in interest rates (Point Value - PV01) between the hedging instruments and the hedged assets. A PV01 offset within the threshold of 80% to 125% demonstrates that the hedge is expected to be highly effective. Retrospective effectiveness is measured by comparing fair value changes of the designated portion of the portfolio of fixed-rate assets attributable to the hedged risk, against the fair value changes of the derivatives, to ensure that they are within an 80% to 125% range.

Fair Value hedging adjustments do not affect the carrying amount of the hedged assets pool, but instead they form part of loans and advances to customers balance sheet line. Considering the designation and de-designation process for a portfolio hedging of interest rate risk is performed on a monthly basis, the hedging adjustments begin amortization on the month they occur over the expiration of the designated time periods on a straight line basis.

Furthermore, the pool of hedging instruments is managed dynamically and therefore when new derivatives are added in the pool of hedging instruments, they are included in the next period's hedge assessment and consequently the change in fair value in the month of their inception affects the P&L. Similarly, when existing swaps are de-designated, either to improve expected hedge effectiveness or to be liquidated, the respective change in fair value from de-designation up to the next designation or liquidation date, affects the P&L.

### ***(ii) Cash flow hedging***

The Group applies cash flow hedging to hedge exposures to variability in cash flows primarily attributable to the interest rate risk and currency risk associated with a recognized asset or liability or a highly probable forecast transaction.

The items that qualify for cash flow hedging include recognized assets and liabilities such as variable rate deposits or loans measured at amortized cost, variable rate debt securities in issue and foreign currency variable rate loans. The interest rate risk with respect to the applicable benchmark rate may be hedged using interest rate swaps and cross currency swaps. The foreign currency risk may be hedged using currency forwards and currency swaps.

Furthermore, cash flow hedging is used for hedging highly probable forecast transactions such as the anticipated future rollover of short-term deposits or repos measured at amortized cost. Specifically, the forecast variable interest payments of a series of anticipated rollovers of these financial liabilities are aggregated and hedged as a group with respect to changes in the benchmark interest rates, eliminating cash flow variability. In addition, cash flow hedging applies to hedges of currency risk arising from probable forecasted sales of financial assets or settlement of financial liabilities in foreign currency.

If the hedged item is documented as a forecast transaction, the Group assesses and verifies that there is a high probability of the transaction occurring.

In order to assess the effectiveness of cash flow hedges of interest rate risk, the Group uses regression analysis which demonstrates that there is high historical and expected future correlation between the interest rate risk designated as being hedged and the interest rate risk of the hedging instrument. For assessing the effectiveness of cash flow hedges of currency risk, the Group uses the dollar-offset method as it is described in section (i) above.

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The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income whereas the ineffective portion is recognized in the income statement under net trading income.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction affects the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### ***(iii) Net investment hedging***

The Group applies net investment hedging to hedge exposures to variability in the value of a net investment in foreign operation associated with the translation of the investment's carrying amount into the Group's presentation currency.

The Group invests in foreign subsidiaries, associates or other foreign operations with functional currencies different from the Group's presentation and functional currency which upon consolidation, their carrying amount is translated from the functional currency to the Group's presentation currency and any exchange differences are deferred in OCI until the net investment is disposed of or liquidated, at which time they are recognized in the profit or loss.

The item that qualifies for net investment hedge accounting is the carrying amount of the net investment in a foreign operation, including monetary items that form part of the net investment.

The foreign currency exposure that arises from the fluctuation in spot exchange rates between the net investment's functional currency and the Group's presentation currency may be hedged using currency swaps, currency forward contracts and their economic equivalents, as well as cash instruments.

The effectiveness of net investment hedges is assessed with the Dollar-Offset Method as described above for fair value hedge.

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in equity; the gain or loss relating to the ineffective portion is recognized in the income statement. Gains and losses accumulated in equity are included in the income statement when the foreign operation is disposed of as part of the gain or loss on the disposal.

### ***(iv) Derivatives not designated as hedging instruments for hedge accounting purposes***

Changes in the fair value of derivative financial instruments that are entered into for trading purposes or as economic hedges of assets, liabilities or net positions in accordance with the Group's hedging objectives that may not qualify for hedge accounting are recognized in the income statement.

The fair values of derivative instruments held for trading, including those entered into as economic hedges, and hedge accounting purposes are disclosed in note 19.

## **2.2.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and intends either to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

## **2.2.5 Income statement**

### ***(i) Interest income and expense***

Interest income and expense are recognized in the income statement for all interest bearing financial instruments on an accrual basis, using the effective interest rate (EIR) method. 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR for financial instruments other than purchased or originated credit-impaired, the Group estimates future cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. For purchased or originated credit impaired (POCI) financial assets, the Group calculates the credit-adjusted EIR, which is the interest rate that upon the original recognition of the POCI financial asset discounts the estimated future cash flows (including expected credit losses) to the fair value of the POCI asset.



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The amortized cost of a financial asset or liability is the amount at which it is measured upon initial recognition minus principal repayments, plus or minus cumulative amortization using the EIR (as described above) and for financial assets it is adjusted for the expected credit loss allowance. The gross carrying amount of a financial asset is its amortized cost before adjusting for ECL allowance.

The EIR calculation includes fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

The Group calculates interest income and expense by applying the EIR to the gross carrying amount of non-impaired financial assets (exposures in Stage 1 and 2) and to the amortized cost of financial liabilities respectively.

For financial assets that have become credit-impaired subsequent to initial recognition (exposures in Stage 3), the Group calculates interest income by applying the effective interest rate to the amortized cost of the financial asset (i.e. gross carrying amount adjusted for the expected credit loss allowance). If the asset is no longer credit-impaired, then the EIR is applied again to the gross carrying amount with the exception of POCI assets for which interest income does not revert to gross basis calculation.

For inflation-linked instruments the Group recognizes interest income and expense by adjusting the effective interest rate on each reporting period due to changes in expected future cash flows, incorporating changes in inflation expectations over the term of the instruments. The adjusted effective interest rate is applied in order to calculate the new gross carrying amount on each reporting period.

The changes to the basis for determining the financial instruments' contractual cash flows, required in the context of IBOR reform, are accounted for as an update to the instruments' EIR.

Interest income and expense are presented separately in the income statement for all interest bearing financial instruments within net interest income.

### ***(ii) Fees and commissions***

Fee and commission received or paid that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income such as account servicing and asset management fees (including performance based fees) is recognised over time as the related services are being provided to the customer, to the extent that it is highly probable that a significant reversal of the revenue amount recognized will not occur. Transaction-based fees such as foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognised at the point in time when the transaction takes place. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

In the case of a contract with a customer that results in the recognition of a financial instrument in the Group's financial statements which may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15, the Group first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and subsequently applies IFRS 15 to the residual part.

## **2.2.6 Property, equipment and Investment property**

### ***(i) Property and equipment***

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is recognized in the asset's carrying amount only when it is probable that future economic benefits will flow to the Group and the cost of the asset can be measured reliably. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment, to their residual values over their estimated useful life as follows:

- Land: no depreciation;
- Freehold buildings: 40-50 years and up to 70 years (for specific strategic properties constructed or heavily renovated according to the best practices and guidelines of sustainable construction and renovation, using resilient materials and designs);
- Leasehold improvements: over the lease term or the useful life of the asset if shorter;
- Computer hardware and related integral software: 4-10 years;
- Other furniture and equipment: 4-20 years; and
- Motor vehicles: 5-7 years.

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### *(ii) Investment property*

Property held for rental yields and/or capital appreciation that is not occupied by the Group's entities is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. Under fair value model of IAS 40 "Investment property" after initial recognition, investment property is carried at fair value as determined by independent certified valuers, with any change therein recognized in income statement. Investment property under construction is measured at fair value only if it can be measured reliably.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized to the income statement during the financial period in which they are incurred.

Investment property is derecognised when disposed or when it is permanently withdrawn from use and there is no future economic benefit expected from its disposal. Any arising gain or loss (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized in income statement.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its deemed cost. If an item of property and equipment becomes an investment property because its use has changed, any resulting decrease between the carrying amount and the fair value of this item at the date of transfer is recognized in income statement while any resulting increase, to the extent that the increase reverses previous impairment loss for that property, is recognized in income statement while any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity.

If a repossessed asset becomes investment property, any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in income statement.

Reclassifications among own used, repossessed assets and investment properties may occur when there is a change in the use of such properties. Additionally, an investment property may be reclassified to 'non-current assets held for sale' category to the extent that the criteria described in note 2.2.25 are met.

### **2.2.7 Intangible assets**

#### *(i) Goodwill*

Goodwill represents the excess of the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the Group's share of net identifiable assets and contingent liabilities acquired. Goodwill arising on business combinations is included in 'intangible assets' and is measured at cost less accumulated impairment losses.

Goodwill arising on acquisitions of associates and jointly controlled entities is neither disclosed nor tested separately for impairment, but instead is included in 'investments in associates' and 'investments in jointly controlled entities'.

#### *(ii) Computer software*

Costs associated with the maintenance of existing computer software programs are expensed as incurred. Development costs associated with the production of identifiable assets controlled by the Group are recognized as intangible assets when they are expected to generate economic benefits and can be measured reliably. Internally generated computer software assets are amortized using the straight-line method over 4 years, except for core systems whose useful life may extend up to 20 years.

#### *(iii) Other intangible assets*

Other intangible assets are assets that are separable or arise from contractual or other legal rights and are amortized over their estimated useful lives. These include intangible assets acquired in business combinations.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

### **2.2.8 Impairment of non-financial assets**

#### *(i) Goodwill*

Goodwill arising on business combinations is not amortized but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Group's impairment test is performed each year end. The Group considers



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external information such as prevailing economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalization being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each Cash Generating Unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Group at which goodwill is monitored for internal management purposes. The Group monitors goodwill either at the separate legal entity level or group of legal entities consistent with the internal monitoring of operating segments.

The Group impairment model compares the carrying value of a CGU or group of CGUs with its recoverable amount. The carrying value of a CGU is based on the assets and liabilities of each CGU. The recoverable amount is determined on the basis of the value-in-use which is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU and the countries where the CGUs operate.

An impairment loss arises if the carrying amount of an asset or CGU exceeds its recoverable amount, and is recognized in the income statement. Impairment losses are not subsequently reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

### ***(ii) Other non-financial assets***

Other non-financial assets, including property and equipment and other intangible assets, are assessed for indications of impairment at each reporting date by considering both external and internal sources of information such as a significant reduction in the asset's value and evidence that the economic performance of the asset is or will be worse than expected. When events or changes in circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, where applicable. Non-financial assets, other than goodwill, for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

Impairment losses arising from the Group's associates and joint ventures are determined in accordance with this accounting policy.

## **2.2.9 Financial assets**

### ***Financial assets - Classification and measurement***

The Group classifies financial assets based on the business model for managing those assets and their contractual cash flow characteristics. Accordingly, financial assets are classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Purchases and sales of financial assets are recognized on trade date, which is the date the Group commits to purchase or sell the assets. Loans originated by the Group are recognized when cash is advanced to the borrowers.

### ***Financial Assets measured at Amortized Cost ('AC')***

The Group classifies and measures a financial asset at AC only if both of the following conditions are met and is not designated as at FVTPL:

- (a) The financial asset is held within a business model whose objective is to collect contractual cash flows (hold-to-collect business model) and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognized initially at fair value plus or minus direct and incremental transaction costs and fees received that are attributable to the acquisition of these assets, and are subsequently measured at amortized cost, using the effective interest rate (EIR) method (as described in note 2.2.5 above).

Interest income, realized gains and losses on derecognition, and changes in expected credit losses from assets classified at AC, are included in the income statement.

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### *Financial Assets measured at Fair Value through Other Comprehensive Income ('FVOCI')*

The Group classifies and measures a financial asset at FVOCI only if both of the following conditions are met and is not designated as at FVTPL:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold-to-collect-and-sell business model) and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Financial assets that meet these criteria are debt instruments and are measured initially at fair value, plus or minus direct and incremental transaction costs that are attributable to the acquisition of these assets.

Subsequent to initial recognition, FVOCI debt instruments are re-measured at fair value through OCI, except for interest income, related foreign exchange gains or losses and expected credit losses, which are recognized in the income statement. Cumulative gains and losses previously recognized in OCI are transferred from OCI to the income statement when the debt instrument is derecognised.

### *Equity Instruments designated at FVOCI*

The Group may make an irrevocable election to designate an equity instrument at FVOCI. This designation, if elected, is made at initial recognition and on an instrument by instrument basis. Gains and losses on these instruments, including when derecognised, are recorded in OCI and are not subsequently reclassified to the income statement. Dividends received are recorded in the income statement.

### *Financial Assets measured at Fair Value through Profit and Loss ("FVTPL")*

The Group classifies and measures all other financial assets that are not classified at AC or FVOCI, at FVTPL. Accordingly, this measurement category includes debt instruments such as loans and debt securities that are held within the hold-to-collect (HTC) or hold-to-collect-and-sell models (HTCS), but fail the SPPI assessment, equities that are not designated at FVOCI and financial assets held for trading. Derivative financial instruments are measured at FVTPL with changes in fair value recognized in the income statement, unless they are designated as effective hedging instruments, where hedge accounting requirements under IAS 39 apply.

Furthermore, a financial asset that meets the above conditions to be classified at AC or FVOCI, may be irrevocably designated by the Group at FVTPL at initial recognition, if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in the income statement.

### *Business model and contractual characteristics assessment*

The business model assessment determines how the Group manages a group of assets to generate cash flows. That is, whether the Group's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. In addition, the business model is determined after aggregating the financial assets into groups (business lines) which are managed similarly rather than at an individual instrument's level.

The business model is determined by the Group's key management personnel consistently with the operating model, considering how financial assets are managed in order to generate cash flows, the objectives and how performance of each portfolio is monitored and reported and any available information on past sales and on future sales' strategy, where applicable.

Accordingly, in making the above assessment, the Group will consider a number of factors including the risks associated with the performance of the business model and how those risks are evaluated and managed, the related personnel compensation, and the frequency, volume and reasons of past sales, as well as expectations about future sales activity.

### *Types of business models*

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns.

The hold-to-collect (HTC) business model has the objective to hold the financial assets in order to collect contractual cash flows. Sales within this model are monitored and may be performed for reasons which are not inconsistent with this business model. More specifically, sales of financial assets due to credit deterioration, as well as sales close to the maturity are considered consistent with the objective of hold-to-collect contractual cash flows regardless of value and frequency. Sales for other reasons may be consistent with the HTC model such as liquidity needs in any stress case scenario or sales made to manage high concentration level of credit risk.

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Such sales are monitored and assessed depending on frequency and value to conclude whether they are consistent with the HTC model. Debt instruments classified within this business model include bonds, due from banks and loans and advances to customers including securitized notes issued by special purpose entities established by the Group and recognized in its balance sheet, which are measured at amortized cost, subject to meeting the SPPI assessment criteria.

The hold-to-collect-and-sell business model (HTC&S) has the objective both to collect contractual cash flows and sell the assets. Activities such as liquidity management, interest yield and duration are consistent with this business model, while sales of assets are integral to achieving the objectives of this business model. Debt instruments classified within this business model include investment securities which are measured at FVOCI, subject to meeting the SPPI assessment criteria.

Other business models include financial assets which are managed and evaluated on a fair value basis as well as portfolios that are held for trading. This is a residual category for financial assets not meeting the criteria of the business models of HTC or HTC&S, while the collection of contractual cash flows may be incidental to achieving the business models' objective.

The Group's business models are reassessed at least annually or earlier, if there is a sales' assessment trigger or if there are any changes in the Bank's strategy and main activities, as evidenced by the Bank's business plan, budget and NPE strategy.

### *Cash flow characteristics assessment*

For a financial instrument to be measured at AC or FVOCI, its contractual terms must give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

For the purpose of the SPPI assessment, the Group considers the existence of various features, including among others, contractually linked terms, prepayment terms, deferred interest-free payments, extension and equity conversion options and terms that introduce leverage including index linked payments, features that change contractual cash flows based on the borrower meeting certain contractually specified environmental, social and governance (ESG) targets. Moreover, for the securitized notes issued by special purpose entities and held by the Group, the cash flow characteristics of the notes and the underlying pool of financial assets as well as the credit risk inherent in each securitization's tranche compared to the credit risk of all of the underlying pool of financial assets, are considered.

In case of special lending arrangements such as non-recourse loans, in its assessment of the SPPI criterion, the Group considers various factors such as the nature of the borrower and its business, the pricing of the loans, whether it participates in the economic performance of the underlying asset and the extent to which the collateral represents all or a substantial portion of the borrower's assets. Moreover, for non-recourse loans, the Group takes into consideration the borrower's adequacy of loss absorbing capital by assessing jointly the criteria of equity sufficiency, Loan to Value ratio (LTV), the Average Debt Service Coverage ratio (ADSCR) as well as the existence of corporate and personal guarantees.

In certain cases when the time value of money element is modified in that the financial asset's interest rate is periodically reset but the reset frequency does not match the tenor of the interest rate or when a financial asset's interest rate is periodically reset to an average of particular short-term and long-term interest rates, a quantitative assessment is performed (the "Benchmark Test") in order to determine whether the contractual cash flows are SPPI.

In particular, the Group assesses the contractual cash flows of the "real instrument", whose interest rate is reset with a frequency that does not match the tenor of the interest rate, and those of the "benchmark instrument", which are identical in all respects except that the tenor of the interest rate matches exactly the interest period. If the undiscounted cash flows of the former are significantly different from the benchmark cash flows due to the modified time value of money element, the financial asset does not meet the SPPI criterion. In its assessment, the Group considers both the effect of the modified time value of money element in each reporting period and cumulatively over the life of the instrument. This is done, as far as the lifetime of the instrument is concerned, by comparing the cumulative projected undiscounted cash flows of the real and the benchmark instrument, and for each quarterly reporting period, by comparing the projected undiscounted cash flows of the two instruments for that quarterly reporting period, based on predefined thresholds.

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In addition, for the purposes of the SPPI assessment, if a contractual feature could have an effect that is de-minimis on the contractual cash flows of the financial asset, it does not affect its classification. Moreover, a contractual feature is considered as not genuine by the Group, if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur. In such a case, it does not affect the instrument's classification.

The Group performs the SPPI assessment for its lending exposures on a product basis for the retail and part of the wholesale portfolio where contracts are of standardized form, whereas for the remaining wholesale portfolio, securitized notes issued by special purpose entities, either established by the Group or third parties, and held by the Group, and debt securities the assessment is performed on an individual basis.

### ***Derecognition of financial assets***

The Group derecognizes a financial asset when its contractual cash flows expire, or the rights to receive those cash flows are transferred in an outright sale in which substantially all risks and rewards of ownership have been transferred. In addition, a financial asset is derecognized even if rights to receive cash flows are retained but at the same time the Group assumes an obligation to pay the received cash flows without a material delay (pass through agreement) or when substantially all the risks and rewards are neither transferred nor retained but the Group has transferred control of the asset. Control is transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The main transactions that are subject to the above de-recognition rules are securitization transactions, repurchase agreements and stock lending transactions. In the case of securitization transactions, in order to assess the application of the above mentioned de-recognition principles, the Group considers the structure of each securitization transaction including its exposure to the more subordinated tranches of the notes issued and/or credit enhancements provided to the special purpose entities, as well as the securitization's contractual terms that may indicate that the Group retains control of the underlying assets. In the case of repurchase transactions and stock lending, the assets transferred are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI for financial assets at FVOCI, is recognized in income statement, except for cumulative gains or losses of FVOCI equity instruments which are not reclassified from OCI to income statement at the date of derecognition.

### ***Modification of financial assets that may result in derecognition***

In addition, derecognition of financial asset arises when its contractual cash flows are modified and the modification is considered substantial enough so that the original asset is derecognized and a new one is recognised. The Group records the modified asset as a 'new' financial asset at fair value plus any eligible transaction costs and the difference with the carrying amount of the existing one is recorded in the income statement as derecognition gain or loss.

The Group may modify the contractual terms of a lending exposure either as a concession granted to a client facing or that is about to face financial difficulties or due to other commercial reasons such as changes in market conditions, competition or customer retention.

Modifications that may result in derecognition include:

- change in borrower,
- change in the currency that the lending exposure is denominated,
- debt consolidation features where two or more consumer unsecured lending contracts are consolidated into a single new secured lending agreement,
- the removal or addition of conversion features and/or profit sharing mechanisms and similar terms which are relevant to the SPPI assessment;

In addition, the Group may occasionally enter, in the context of loans' modifications, into debt-for-equity transactions. These are transactions where the terms of a lending exposure are renegotiated and as a result, the borrower issues equity instruments (voting or no voting) in order to extinguish part or all of its financial liability to the Group. Such transactions may include also exercise of conversion rights embedded into convertible or exchangeable bonds and enforcement of shares held as collateral.

In debt-for-equity transactions, the modified loan is derecognized while the equity instruments received in exchange are recognized at their fair value, with any resulting gain or loss recognized in the Group's income statement.

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### 2.2.10 Reclassifications of financial assets

The Group reclassifies a financial asset only when it changes its business model for managing financial assets. Generally, a change in the business model is expected to be rare and occurs when the Group either begins or ceases to perform an activity that is significant to its operations; for example, when a business line is acquired, disposed of or terminated. In the rare event when there is a change to the existing business models, the updated assessment is approved by the Group's competent Committees and the amendment is reflected appropriately in the Group's budget and business plan.

Changes in intention related to particular financial assets (even in circumstances of significant changes in market conditions), the temporary disappearance of a particular market for financial assets or a transfer of financial assets between parts of the Group with different business models, are not considered by the Group changes in business model.

The reclassification is applied prospectively from the reclassification date, therefore previously recognized gains, losses (including impairment losses) or interest are not restated.

### 2.2.11 Financial liabilities

#### *Financial liabilities - Classification and measurement*

The Group classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities measured at fair-value-through-profit-or-loss (FVTPL).

Financial liabilities at fair-value-through-profit-or-loss comprise two sub categories: financial liabilities held for trading and financial liabilities designated at fair-value-through-profit-or-loss upon initial recognition.

Financial liabilities held for trading, which include short positions of debt securities (sold but not yet purchased), are liabilities that the Group incurs principally for the purpose of repurchasing in the near term for short term profit or in the context of economic hedging strategies of groups of assets and/or liabilities or net positions for which hedge accounting is not applied

The Group may, at initial recognition, irrevocably designate financial liabilities at fair-value-through-profit-or-loss when one of the following criteria is met:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial liability contains one or more embedded derivatives as components of a hybrid contract which significantly modify the cash flows that otherwise would be required by the contract.

Financial liabilities held for trading or designated at FVTPL are initially recognized at fair value. Changes in fair value are recognized in the income statement, except for changes in fair value attributable to changes in the Group's own credit risk, which are recognised in OCI and are not subsequently reclassified to the income statement upon derecognition of the liabilities. However, if such treatment creates or enlarges an accounting mismatch in the income statement, all gains or losses of this financial liability, including the effects of changes in the credit risk, are recognized in the income statement.

#### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Group is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability and any difference arising is recognized in the income statement.

The Group considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

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Similarly, when the Group repurchases any debt instruments issued by the Group, it accounts for such transactions as an extinguishment of debt.

### 2.2.12 Fair value measurement of financial instruments

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

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses other valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Group has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received unless the Group determines that the fair value at initial recognition differs from the transaction price. In this case, if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, a day one gain or loss is recognized in the income statement. On the other hand, if the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price (day one gain or loss). Subsequently the deferred gain or loss is amortized on an appropriate basis over the life of the instrument or released earlier if a quoted price in an active market or observable market data become available or the financial instrument is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are measured at fair value on a recurring basis, the Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

### 2.2.13 Impairment of financial assets

The Group recognizes allowance for expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC and FVOCI, including loans, securitized notes issued by special purpose entities established by the Group, lease receivables, debt securities, financial guarantee contracts, and loan commitments. No ECL are recognized on equity investments. ECL are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Group records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument. If upon initial recognition, the financial asset meets the definition of purchased or originated credit impaired (POCI), the loss allowance is based on the change in the ECL over the life of the asset.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For all other financial assets subject to impairment, the general three-stage approach applies.

Accordingly, ECL are recognized using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – When there is no significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12-month ECL is recorded. The 12 – month ECL represent a portion of lifetime losses, that result from default events that are possible within the next 12 months after the reporting date and is equal to the expected cash shortfalls over the life of the instrument or group of instruments, due to loss events probable within the next 12 months. Not credit-impaired financial assets that are either newly originated or purchased, as well as assets recognized following a substantial modification accounted for as a derecognition, are classified initially in Stage 1.



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- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. Lifetime ECL represent the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.
- POCI - Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. They are not subject to stage allocation and are always measured on the basis of lifetime expected credit losses. Accordingly, ECL are only recognized to the extent that there is a subsequent change in the assets' lifetime expected credit losses. Any subsequent favorable change to their expected cash flows is recognized as impairment gain in the income statement even if the resulting expected cash flows exceed the estimated cash flows at initial recognition. Apart from purchased assets, POCI assets may also include financial instruments that are considered new assets, following a substantial modification accounted for as a derecognition (see section 2.2.9).

### *Definition of default*

To determine the risk of default, the Group applies a default definition for accounting purposes, which is consistent with the European Banking Authority (EBA) definition for non-performing exposure and regulatory definition of default as applied by the Group on 1 January 2021 (refer to note 5.2.1.2 (a)). The accounting definition of default is also consistent with the one used for internal credit risk management purposes.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or unpaid amounts, above specified materiality thresholds, for more than 90 consecutive days.
- The Group, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Group would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organization.
- For POCI financial assets, a purchase or origination at a deep discount that reflects incurred credit losses is considered a detrimental event. The Group assesses the deep discount criterion following a principle -based approach with the aim to incorporate all reasonable and supportable information which reflects market conditions that exist at the time of the assessment.

For debt securities, the Group determines the risk of default using an internal credit rating scale. The Group considers debt securities as credit impaired if the internal rating of the issuer/counterparty corresponds to a rating equivalent to "C" (Moody's rating scale) or the external rating of the issuer/counterparty at the reporting date is equivalent to "C" (Moody's rating scale) and the internal rating is not available.

### *Significant increase in credit risk (SICR) and staging allocation*

Determining whether a loss allowance should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk (SICR) of the financial assets, issued loan commitments and financial guarantee contracts, since initial recognition.

At each reporting date, the Group performs an assessment as to whether the risk of a default occurring over the remaining expected lifetime of the exposure has increased significantly from the expected risk of a default estimated at origination for that point in time.

The assessment for SICR is performed using both qualitative and quantitative criteria based on reasonable and supportable information that is available without undue cost or effort including forward looking information and macroeconomic scenarios as well as historical experience. Furthermore, regardless of the outcome of the SICR assessment based on the above indicators, the credit risk of a financial asset is deemed to have increased significantly when contractual payments are more than 30 days past due.

As a primary criterion for SICR assessment, the Group compares the residual lifetime probability of default (PD) at each reporting date to the residual lifetime PD for the same point in time which was expected at the origination.

The Group may also consider as a SICR indicator when the residual lifetime PD at each reporting date exceeds certain predetermined values. The criterion may be applied in order to capture cases where the relative PD comparison does not result to the identification of SICR although the absolute value of PD is at levels which are considered high based on the Group's risk appetite framework.

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For a financial asset's risk, a threshold may be applied, normally reflected through the asset's forecasted PD, below which it is considered that no significant increase in credit risk compared to the asset's expected PD at origination date has taken place. In such a case the asset is classified at Stage 1 irrespectively of whether other criteria would trigger its classification at Stage 2. This criterion primarily applies to debt securities.

Internal credit risk rating (on a borrower basis) is also used as a basis for the identification of SICR with regards to lending exposures of the Wholesale portfolio. Specifically, the Group takes into consideration the changes of internal ratings by a certain number of notches. In addition, a watchlist status is also considered by the Group as a trigger for SICR identification. Internal credit risk rating models include borrower specific information as well as, forward-looking information regarding the prospects of the industry in which it operates.

For securitized notes issued by special purpose entities established by the Group, the SICR assessment is performed by considering the performance of the underlying assets, where the level of their expected cash flows is compared to the carrying amount of the securitized notes. In addition, the assessment of SICR for debt securities is performed on an individual basis based on the number of notches downgrade in the internal credit rating scale since the origination date.

Forbearance measures as monitored by the Group are considered as a SICR indicator and thus the exposures are allocated into Stage 2 upon forbearance, unless they are considered credit-impaired or the net present value of their cash flows before and after the restructuring exceed the threshold of 1%, in which cases they are classified as stage 3. Furthermore, regardless of the outcome of the SICR assessment based on the above indicators, the credit risk of a financial asset is deemed to have increased significantly when contractual payments are more than 30 days past due.

Furthermore, Management may apply temporary collective adjustments when determining whether credit risk has increased significantly since initial recognition on exposures that share the same credit risk characteristics to reflect macro-economic or other factors which are not adequately addressed by the current credit risk models. These factors may depend on information such as the type of the exposure, counterparty's specific information and the characteristics of the financial instrument, while their application requires the application of significant judgment.

### *Transfers from Stage 2 to Stage 1*

A financial asset, which is classified to Stage 2 due to Significant Increase in Credit Risk (SICR), is reclassified to Stage 1, as long as it does not meet anymore any of the Stage 2 Criteria.

Where forbearance measures have been applied, the Group uses a probation period of two years, in order to fulfill the requirements for a transfer back to Stage 1. If at the end of that period the borrowers have made regular payments of a significant aggregate amount, there are no past due amounts over 30 days and the loans are neither credit impaired, nor any other SICR criteria are met, they exit forborne status and are classified as stage 1.

### *Transfers from Stage 3 to Stage 2*

A financial asset is transferred from Stage 3 to Stage 2, when the criteria based on which the financial asset was characterized as credit impaired are no longer valid and the applicable probation period for the assets' return in non impaired status, ranging from three to twelve months, has passed.

### *Criteria for grouping of exposures based on shared credit risk characteristics*

The assessment of loss allowance is performed either on an individual basis or on a collective basis for groups of similar items with homogeneous credit risk characteristics. The Group applies the same principles for assessing SICR since initial recognition when estimating ECL on a collective or on an individual basis.

The Group segments its lending exposures on the basis of shared credit risk characteristics for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default.

The shared credit risk characteristics used for the segmentation of exposures include several elements such as: instrument type, portfolio type, asset class, product type, industry, originating entity, credit risk rating, remaining term to maturity, geographical location of the borrower, value of collateral to the financial asset, forbearance status and days in arrears.

The Group identifies individually significant exposures and performs the ECL measurement based on borrower specific information for both retail and wholesale portfolios. This measurement is performed at a borrower level, hence the criteria are defined at this level, while both qualitative and quantitative factors are taken into consideration including forward looking information.



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For the remaining retail and wholesale exposures, ECL are measured on a collective basis. This incorporates borrower specific information, collective historical experience of losses and forward-looking information. For debt securities and securitized notes issued by special purpose entities established by the Group, the measurement of impairment losses is performed on an individual basis.

### *Measurement of Expected Credit Losses*

The measurement of ECL is an unbiased probability-weighted average estimate of credit losses that reflects the time value of money, determined by evaluating a range of possible outcomes. A credit loss is the difference between the cash flows that are due to the Group in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions are considered. For undrawn commitments, ECL are calculated as the present value of the difference between the contractual cash flows due if the commitment was drawn and the cash flows expected to be received, while for financial guarantees ECL are measured as the expected payments to reimburse the holder less any amounts that the Group expects to receive.

The Group estimates expected cash shortfalls, which reflect the cash flows expected from all possible sources, including collateral, guarantees and other credit enhancements that are part of the contractual terms and are not recognized separately. In case of a collateralized financial instrument, the estimated expected cash flows related to the collateral reflect the amount and timing of cash flows that are expected from liquidation less the discounted costs of obtaining and selling the collateral, irrespective of whether liquidation is probable.

ECL are calculated over the maximum contractual period over which the Group is exposed to credit risk, which is determined based on the substantive terms of the instrument, or in case of revolving credit facilities, by taking into consideration factors such as the Group's expected credit risk management actions to mitigate credit risk and past practice.

Receivables from customers arising from the Group's activities other than lending, are presented under Other Assets and are typically short term. Therefore, considering that usually there is no significant financing component, the loss allowance for such financial assets is measured at an amount equal to the lifetime expected credit losses under the simplified approach.

### *ECL Key Inputs*

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

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

The PD represents the likelihood of default assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default, over a given time horizon.

The Group uses Point in Time (PiT) PDs in order to remove any bias towards historical data thus aiming to reflect management's view of the future as at the reporting date, incorporating relevant forward looking information including macroeconomic scenarios.

Two types of PD are used for calculating ECL:

- 12-month PD, which is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial asset if this is less than 12 months). It is used to calculate 12-month ECL for Stage 1 exposures.
- Lifetime PD, which is the estimated probability of a default occurring over the remaining life of the financial asset. It is used to calculate lifetime ECL for Stage 2, Stage 3 and POCI exposures.

For debt securities, PDs are obtained by an international rating agency using risk methodologies that maximize the use of objective non-judgmental variables and market data. The Group assigns internal credit ratings to each issuer/counterparty based on these PDs. In case of counterparties for which no information is available, the Group assigns PDs which are derived from internal models.

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The Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The EAD includes both on and off balance sheet exposures. The on balance sheet exposure corresponds to the total amount that has been withdrawn and is due to be paid, which includes the outstanding principal, accrued interest and any past due amounts. The off balance sheet exposure represents the credit that is available to be withdrawn, in excess of the on balance sheet exposure.

Furthermore, the CCF factor is used to convert the amount of a credit facility and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring.

In addition, the prepayment rate is an estimate of early prepayments on loan exposure in excess of the contractual repayment according to the repayment schedule and is expressed as a percentage applied to the EAD at each period, reducing the latter amount accordingly.

LGD represents the Group's expectation of the extent of loss on a defaulted exposure and it is the difference between the contractual cash flows due and those that the Group expects to receive including any amounts from collateral liquidation. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD. The Group distinguishes its loan portfolios into two broad categories i.e. secured and unsecured. The Group estimates the LGD component using cure rates that reflect cash recoveries, estimated proceeds from collateral liquidation, estimates for timing realization, realization costs, etc. Where the LGD's component values are dependent on macro – economic data, such types of dependencies are reflected by incorporating forward looking information, such as forecasted price indices into the respective models. The estimation of the aforementioned component values within LGD reflects available historical data which cover a reasonable period, i.e. a full economic cycle.

For debt securities, the LGD is typically based on historical data derived mainly from rating agencies' studies but may also be determined considering the existing and expected liabilities structure of the obligor and macroeconomic environment.

Furthermore, the seniority of the debt security, any potential collaterals by the obligor or any other type of coverage is taken into account for the calculation.

### *Forward-looking information*

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about reasonable and supportable forecasts of future events and macroeconomic conditions. The estimation and application of forward-looking information requires significant judgment.

The Group uses, at a minimum, three macroeconomic scenarios (i.e. base, adverse and optimistic) to achieve the objective of measuring ECL in a way that reflects an unbiased and probability weighted outcome. The baseline scenario represents the most likely scenario and is aligned with the information used by the Group for strategic planning and budgeting purposes.

The scenarios are reflected in the risk parameters, and, namely 12-month PD, Lifetime PD and LGD, hence 3 sets of each of these parameters are used, in line with the scenarios developed.

The Group then proceeds to the calculation of weights for each scenario, which represent the probability of occurrence for each of these scenarios. These weights are applied on the 3 sets of calculations of the parameters in order to produce a single scenario weighted risk parameter value which is subsequently used in both SICR assessment and ECL measurement. ECL calculation incorporates forward-looking macroeconomic variables, including GDP growth rates, house price indices, unemployment rates, interest rates, inflation, etc. In order to capture material non – linearities in the ECL model, in the case of individually significant exposures, the Group considers the relevance of forward looking information to each specific group of borrowers primarily on the basis of the business sector they belong and other drivers of credit risk (if any). As such, different scenario weights are determined per groups of borrowers with the objective of achieving an unbiased ECL amount which incorporates all relevant and supportable information.

### *Modified Financial Assets*

In cases where the contractual cash flows of a financial asset have been modified and the modification is considered substantial enough (for the triggers of derecognition, refer to Derecognition of Financial assets in section 2.2.9 above), the modification date is considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. Such a modified asset is typically classified as Stage 1 for ECL measurement purposes. However, in some circumstances following a modification that results in derecognition of the original financial asset, there

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may be evidence that the new financial asset is credit-impaired at initial recognition, and thus, the financial asset is recognized as an originated credit-impaired financial asset (POCI).

In cases where the contractual cash flows of a financial asset have been modified and the modification is not considered substantial enough, the Group recalculates the gross carrying amount of the financial asset and recognizes the difference as a modification gain or loss in the income statement and determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the risk of a default occurring at initial recognition based on the original unmodified contractual terms and the risk of a default occurring at the reporting date, based on the modified contractual terms.

### *Presentation of impairment allowance*

For financial assets measured at amortized cost, impairment allowance is recognized as a loss allowance reducing the gross carrying amount of the financial assets in the balance sheet. For debt instruments measured at FVOCI, impairment allowance is recognized in other comprehensive income and does not reduce the carrying amount of the debt instruments in the balance sheet. For off-balance sheet financial items arising from lending activities, impairment allowance is presented in Other Liabilities. The respective ECL for the above financial items is recognised within impairment losses.

### *Write-off of financial assets*

Where the Group has no reasonable expectations of recovering a financial asset either in its entirety or a portion of it, the gross carrying amount of that instrument is reduced directly, partially or in full, against the impairment allowance. The amount written-off is considered as derecognized. Subsequent recoveries of amounts previously written off decrease the amount of the impairment losses in the income statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

## **2.2.14 Sale and repurchase agreements, securities lending and borrowing**

### ***(i) Sale and repurchase agreements***

Securities sold subject to repurchase agreements (repos) continue to be recorded in the Group's Balance Sheet as the Group retains substantially all risks and rewards of ownership, while the counterparty liability is included in amounts due to other banks or due to customers, as appropriate, and measured at amortized cost. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate, and measured at amortized cost. The difference between the sale and repurchase price in case of repos and the purchase and resale price in case of reverse repos is recognized as interest and accrued over the period of the repo or reverse repo agreements using the effective interest method.

### ***(ii) Securities lending and borrowing***

Securities lent to counterparties against the receipt of a fee continue to be recognized in the financial statements. Securities borrowed are recognized as trading liabilities when sold to third parties and measured at fair value with any gains or losses included in the income statement.

## **2.2.15 Leases**

The Group enters into leases either as a lessee or as a lessor. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### ***(i) Accounting for leases as lessee***

When the Group becomes the lessee in a lease arrangement, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement of the lease term when the Group acquires control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property and equipment and investment property. Lease liabilities are measured based on the present value of the future lease payments over the lease term, discounted using an incremental borrowing rate. The interest expense on lease liabilities is presented within net interest income.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a

## Notes to the Consolidated Financial Statements

corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The RoU asset is initially recorded at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within operating expenses.

When a lease contains extension or termination options that the Group considers reasonably certain to be exercised, the expected future lease payments or costs of early termination are included within the lease payments used to calculate the lease liability.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

With respect to the rent concessions that were a direct consequence of the COVID-19 pandemic, the Group has applied COVID-19-Related Rent Concessions - Amendment to IFRS 16, which provided a practical expedient allowing the Group not to assess whether eligible rent concessions were lease modifications.

### ***(ii) Accounting for leases as lessor***

At inception date of the lease, the Group, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

#### *Finance leases*

At commencement date, the Group derecognizes the carrying amount of the underlying assets held under finance lease, recognizes a receivable at an amount equal to the net investment in the lease and recognizes, in income statement, any profit or loss from the derecognition of the asset and the recognition of the net investment. The net investment in the lease is calculated as the present value of the future lease payments in the same way as for the lessee.

After commencement date, the Group recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Group also recognizes income from variable payments that are not included in the net investment in the lease. After lease commencement, the net investment in a lease is not remeasured unless the lease is modified or the lease term is revised.

#### *Operating leases*

The Group continues to recognize the underlying asset and does not recognize a net investment in the lease on the balance sheet or initial profit (if any) on the income statement.

The Group recognizes lease payments from the lessees as income on a straight-line basis or another systematic basis considered as appropriate. Also it recognizes costs, including depreciation, incurred in earning the lease income as an expense. The Group adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

#### ***Subleases***

The Group, acting as a lessee, may enter into arrangements to sublease a leased asset to a third party while the original lease contract is in effect. The Group acts as both the lessee and lessor of the same underlying asset. The sublease is a separate lease agreement, in which the intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease, the sublease is classified as an operating lease; or
- otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

### **2.2.16 Income tax**

Income tax consists of current and deferred tax.

#### ***(i) Current income tax***

Income tax payable on profits, based on the applicable tax law in each jurisdiction and the tax rate enacted at the reporting date, is recognized as an expense in the period in which profits arise.

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### *(ii) Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from impairment/valuation and accounting write-offs relating to loans, Private Sector Initiative (PSI+) tax related losses, losses from disposals and crystallized write-offs of loans, depreciation of property and equipment, fair value adjustment of investment property, pension and other retirement benefit obligations, and revaluation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available. The Group recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax related to debt securities at FVOCI and cash flow hedges is recognized to other comprehensive income, and is subsequently recognized in the income statement together with the deferred gain or loss.

The deferred tax asset on income tax losses carried forward is recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

### *(iii) Uncertain tax positions*

The Group determines and assesses all material tax positions taken, including all, if any, significant uncertain positions, in all tax years that are still subject to assessment (or when the litigation is in progress) by relevant tax authorities. In evaluating tax positions in various states, local, and foreign jurisdictions, the Group examines all supporting evidence (Ministry of Finance circulars, individual rulings, case law, past administrative practices, ad hoc tax/legal opinions etc.) to the extent they are applicable to the facts and circumstances of the particular Group's case/ transaction.

In addition, judgments concerning the recognition of a provision against the possibility of losing some of the tax positions are highly dependent on advice received from internal/ external legal counselors. For uncertain tax positions with a high level of uncertainty, the Group recognizes, on a transaction by transaction basis, or together as a group, depending on which approach better predicts the resolution of the uncertainty using an expected value (probability-weighted average) approach: (a) a provision against tax receivable which has been booked for the amount of income tax already paid but further pursued in courts or (b) a liability for the amount which is expected to be paid to the tax authorities. The Group presents in its balance sheet all uncertain tax balances as current or deferred tax assets or liabilities.

The Group as a general rule has opted to obtain for the Group's Greek companies an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. Further information in respect of the Annual Tax Certificate and the related tax legislation, as well as the unaudited tax years for the Group's companies is provided in note 13.

## **2.2.17 Employee benefits**

### *(i) Short term benefits*

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and are expensed as these services are provided.

### *(ii) Pension obligations*

The Group provides a number of defined contribution pension plans where annual contributions are invested and allocated to specific asset categories. Eligible employees are entitled to the overall performance of the investment. The Group's contributions are recognized as employee benefit expense in the year in which they are paid.

### *(iii) Standard legal staff retirement indemnity obligations (SLSRI) and termination benefits*

The Group operates unfunded defined benefit plans in Greece, Bulgaria and Serbia, under broadly similar regulatory frameworks. In accordance with the local labor legislation, the Group provides for staff retirement indemnity obligation for employees which are

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entitled to a lump sum payment based on the number of years of service, as of the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits, and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds. In countries where there is no deep market in such bonds, the yields on government bonds are used. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Group's SLSRI obligations are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

Interest on the staff retirement indemnity obligations and service cost, consisting of current service cost, past service cost and gains or losses on settlement are recognized in the income statement. In calculating the SLSRI obligation, the Group also considers potential separations before normal retirement based on the terms of previous voluntary exit schemes.

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits (including those in the context of the Voluntary Exit Schemes implemented by the Group). The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the Group recognizes costs for a restructuring that involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### ***(iv) Performance-based cash payments***

The Group's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognized as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognized as employee benefit expense in the accounting period that they are approved by the Group's shareholders.

### ***(v) Share-based payments***

The Management of the ultimate parent company of the Group (Eurobank Ergasias Services and Holdings S.A.) awards employees of the Group with bonuses in the form of shares and share options on a discretionary basis and after taking into account the current legal framework. Such awards are treated as equity-settled, share-based payment transactions by the Group. Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

The fair value of the share options granted is recognized as an employee benefit expense over the vesting period with an equal credit in equity, i.e. no impact on the Group's equity. The amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the share options at grant date is determined by using an adjusted option pricing model which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options. The expected volatility is measured at the grant date of the options and is based on the historical volatility of the share price.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at grant date also reflects such conditions and there is no true-up for differences between expected and actual outcomes.

When the options are exercised and new shares are issued, the proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium of the ultimate parent company of the Group.

### **2.2.18 Repossessed properties**

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in 'Other Assets'. Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realizable value, which is the estimated selling price, in the ordinary course of business, less costs necessary to make the sale.



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In cases where the Group makes use of repossessed properties as part of its operations, they may be reclassified to own occupied or investment properties, as appropriate.

Any gains or losses on liquidation are included in the income statement.

### 2.2.19 Related party transactions

Related parties of the Group include:

- (a) an entity that has control over the Group and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
- (b) an entity that has significant influence over the Group and entities controlled by this entity,
- (c) members of key management personnel of the Group, their close family members and entities controlled or jointly controlled by the abovementioned persons;
- (d) associates and joint ventures of the Group;
- (e) fellow subsidiaries;
- (f) post-employment benefit plans established for the benefit of the Group's employees.

Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

### 2.2.20 Provisions

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### 2.2.21 Operating segment

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses within a particular economic environment. Operating segments are identified on the basis of internal reports, regarding operating results, of components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The chief operating decision maker has been identified as the Strategic Planning Committee that is responsible for strategic decision making. Segment revenue, segment expenses and segment performance include transfers between business segments. Such transfers are accounted for at competitive prices in line with charges to unaffiliated customers for similar services.

### 2.2.22 Share capital

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

Dividend distribution on shares is recognized as a deduction in the Group's equity when approved by the General Meeting of shareholders and the required regulatory approvals, if any, are obtained. Interim dividends are recognized as a deduction in the Group's equity when approved by the Board of Directors.

Intercompany non-cash distributions that constitute transactions between entities under common control are recorded in the Group's equity by reference to the book value of the assets distributed.

Where any Group entity purchases the Company's equity share capital (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 2.2.23 Preferred securities

Preferred securities issued by the Group are classified as equity when there is no contractual obligation to deliver to the holder cash or another financial asset.

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Incremental costs directly attributable to the issue of new preferred securities are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on preferred securities is recognized as a deduction in the Group's equity on the date it is due.

Where preferred securities, issued by the Group, are repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such securities are subsequently called or sold, any consideration received is included in shareholders' equity.

### 2.2.24 Financial guarantees and commitments to extend credit

#### *Financial guarantees*

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantees granted by the Group to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities, are initially recognized at fair value, being the premium received. Subsequent to initial recognition, such guarantees are measured at the higher of the amount of the ECL allowance, and the amount initially recognised less any cumulative amortization of the fee earned, where appropriate.

Financial guarantees purchased by the Group that are considered as integral to the contractual terms of the guaranteed instrument are not accounted for separately and the cash flows from the guarantee are taken into account in the measurement of the guaranteed instrument's expected credit losses, whereas any fees paid or transaction costs incurred for the acquisition of the financial guarantee are considered as part of the guaranteed asset's effective interest rate.

On the other hand, financial guarantees purchased that are not considered as integral to the contractual terms of the guaranteed instruments are accounted for separately where a reimbursement asset is recognized and included in Other Assets once it is virtually certain that, under the terms and conditions of the guarantee, the Group will be reimbursed for the credit loss incurred. The changes in the carrying amount of the above reimbursement asset arising from financial guarantees, entered into to mitigate the credit risk of lending exposures measured at amortized cost, are recognized under 'Impairment losses' in the Group's income statement.

#### *Commitments to extend credit*

Commitments represent off-balance sheet items where the Group commits, over the duration of the agreement, to provide a loan with pre-specified terms to the customer. Such contractual commitments represent commitments to extend credit and standby letters and they are part of the normal lending activities of the Group, for which an ECL allowance is recognised under IFRS 9.

ECL allowance for off-balance sheet exposures (financial guarantees granted and commitments) is included within Other Liabilities.

### 2.2.25 Non-current assets classified as held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For a non-current asset to be classified as held for sale, it is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets, and the sale is considered to be highly probable. In such cases, management is committed to the sale and actively markets the property for sale at a price that is reasonable in relation to the current fair value. The sale is also expected to qualify for recognition as a completed sale within one year from the date of classification. Before their classification as held for sale, assets are remeasured in accordance with the respective accounting standard.

Assets held for sale are subsequently remeasured at the lower of their carrying amount and fair value less cost to sell. Any loss arising from the above measurement is recorded in profit or loss and can be reversed in the future. When the loss relates to a disposal group, it is allocated to the assets within that disposal group.

The Group presents discontinued operations in a separate line in the consolidated income statement if a Group entity or a component of a Group entity has been disposed of or is classified as held for sale and:

- (a) Represents a separate major line of business or geographical area of operations;
- (b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Intercompany



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transactions between continuing and discontinued operations are presented on a gross basis in the income statement. Upon classification of a Group entity as a discontinued operation, the Group restates prior periods in the consolidated income statement.

### 2.2.26 Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions that are all carried at amortised cost and other short-term highly liquid investments with original maturities of three months or less that are held for trading.

### 2.2.27 Government grants

Government grants are transfers of resources to the Group by a government entity such as government, government agencies and similar bodies whether local, national or international, in return for compliance with certain past or future conditions related to the Group's operating activities.

Government grants are recognized when there is reasonable assurance that the grant will be received and the Group will comply with the conditions attached to it. The grants are recognized in the income statement on a systematic basis to match the way that the Group recognizes the expenses for which the grants are intended to compensate. In case of subsequent changes in the Group's expectations of meeting the conditions attached to the government grants, the effect of such changes is recognised in income statement.

### 2.2.28 Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties that result in the holding or investing of assets on behalf of its clients. This involves the Group making allocation, purchase and sale decisions in relation to a wide range of financial instruments. The Group receives fee income for providing these services. Those assets that are held in a fiduciary capacity are not assets of the Group and are not recognized in the financial statements. In addition, the Group does not guarantee these investments and as a result it is not exposed to any credit risk in relation to them.

## 3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Group's accounting policies, Management makes various judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities, revenues and expenses recognized in the financial statements within the next financial year and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on current conditions, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively. The most significant areas in which the Group makes judgments, estimates and assumptions in applying its accounting policies are set out below:

### 3.1 Impairment losses on loans and advances to customers

In 2022, the geopolitical and economic upheaval caused by the Russian invasion in Ukraine, along with the persistent - albeit decelerating - inflationary pressures, high energy prices and rising borrowing costs affected negatively the global economic environment, worsened the macroeconomic outlook of the European economies, which are now confronted with a slowdown in growth and, accordingly, exacerbated economic uncertainty in the regions that the Group operates. In this volatile environment, the Greek economy has exhibited notable resilience, mainly driven by the increase in consumption, export of services, strong performance in tourism and further acceleration of new investments supported by the RRF funds, which is expected to continue, at a slower pace though (note 2).

On the back of the overall economic uncertainty mentioned above, the Group continued its robust performance, as evidenced by the level of its credit quality indicators at year end 2022 that outperformed the expected levels in terms of NPE ratio and NPE coverage, while it remains cautious towards the risks that may eventually affect vulnerable corporate borrowers (like those that operate in the food industry, the energy sector, the supply of raw materials for the construction sector etc.) and erode the disposable income and the repayment capacity of retail customers. In this context, in the fourth quarter of 2022, the Group revised the key macroeconomic variables incorporated in the IFRS 9 expected credit losses' models, in order to reflect, to the extent possible, the uncertainties surrounding the economic environment. Furthermore, the Group enhanced the use of industry specific variables for corporate portfolio as well as the monitoring framework of vulnerable corporate borrowers and incorporated inflation and interest rates movements in the retail borrowers' debt capacity assessment, so as to better capture the impact of the macro indicators on the performance of its loan portfolios.

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### Expected Credit Loss (ECL) measurement

The ECL measurement requires Management to apply judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in significant changes to the timing and amount of allowance for credit loss to be recognized.

The Group's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. In addition, temporary adjustments may be required to capture new developments and information available, which are not reflected yet in the ECL calculation through the risk models.

The elements of the ECL models that are considered significant accounting judgments and estimates include:

#### *Determination of a significant increase of credit risk*

IFRS 9 does not include a definition of what constitutes a significant increase in credit risk (SICR). An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the financial instrument. The Group assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment (note 2.2.13). More stringent criteria could significantly increase the number of instruments migrating to stage 2.

#### Retail lending

For retail lending exposures the primary criterion is the change in the residual cumulative lifetime Probability of Default (PD) above specified thresholds. These thresholds are set and vary per portfolio, modification status (modified/non-modified), product type as well as per origination PD level. In general, thresholds for lower origination PDs are higher than those assessed for higher origination PDs.

As at 31 December 2022 and 2021, the range of lifetime PD thresholds based on the above segmentation, that triggers the allocation to stage 2 for Greece's retail exposures are set out below:

Retail exposures	Range of SICR thresholds
Mortgage	30%-50%
Home Equity	10%-80%
SBB	10%-65%
Consumer	60%-100%

#### Wholesale lending

For wholesale lending exposures, the origination PD curves and the residual lifetime PD curves at each reporting date are mapped to credit rating bands. Accordingly, SICR thresholds are based on the comparison of the origination and reporting date credit ratings, whereby rating downgrades represent changes in residual lifetime PD. Similar to retail exposures, the Group segments the wholesale lending exposures based on asset class, loan type and credit rating at origination. In addition, for securitized notes issued by special purpose entities established by the Group, the SICR assessment is performed by considering the performance of the underlying assets.

As at 31 December 2022 and 2021, the credit rating deterioration thresholds per rating bands for Greece's wholesale lending exposures that trigger allocation to stage 2 are set out below. In particular, as per the Group's SICR policy, any downgrade to rating band 6 or high-risk rating bands (7,8 or 9) is considered as SICR event to all corporate lending portfolios:

Wholesale internal rating bands	Minimum SICR threshold range
1	Five notches
2	Four notches
3	Three notches
4	Two notches
5-8	One notch

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### *Determination of scenarios, scenario weights and macroeconomic factors*

To achieve the objective of measuring ECL, the Group evaluates a range of possible outcomes in line with the requirements of IFRS 9 through the application of a minimum three macroeconomic scenarios, i.e. baseline, adverse and optimistic, in a way that reflects an unbiased and probability weighted outcome. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors. As at 31 December 2022 and 2021, the probability weights for the above mentioned scenarios applied by the Group in the ECL measurement calculations are 50% for the baseline scenario and 25% for the adverse and optimistic scenarios.

The key assumptions underlying in each macroeconomic scenario are provided below:

#### *Baseline scenario*

Baseline scenario assumes no escalation of the war in Ukraine, no change in EU sanctions against Russia and monetary policy trajectory as well as stability related to the political cycle. Core inflation for Greece is assumed to gradually de-escalate, increase in post-Covid 19 employment is assumed to contribute to lower unemployment path, real estate prices continue their upward trend, while short-term prospects are supported by the: (a) strong tourist season expected, (b) Recovery and Resilience Facility, Multiannual Financial Framework and European Investment Bank funds, (c) ample liquidity (deposits and state cash buffer) and (d) fiscal measures adopted to cushion energy. In the Eurozone front, the ECB is expected to pause its monetary policy tightening in the first quarter of 2023.

#### *Optimistic scenario*

The optimistic scenario assumes quicker recovery in 2022 and 2023, compared to the baseline scenario, as a result of: (a) higher than expected tourism revenues, (b) no negative developments with respect to the energy crisis (energy prices remain unchanged compared to the baseline scenario), and (c) no escalation of the war in Ukraine. In addition, it assumes quick resolution of political uncertainty, formation of a stable government with no need for a third round of elections and no negative surprises from the flow of EU funds.

#### *Adverse scenario*

The adverse scenario assumes a prolongation and escalation of the war and economic sanctions, which leads to a larger supply shock, manifested in higher oil prices, and increase in domestic uncertainty as a result of the political cycle / elections. Therefore, higher and more persistent inflation (and subsequent erosion of incomes), more protracted postponement of investment, lower external demand but also more fiscal support measures, capped by the fiscal space of the country are expected. Also, negative developments are assumed on the RRF and structural reforms fronts, while uncertainty around the Eurozone growth outlook intensifies.

#### *Forward-looking information*

The Group ensures that impairment estimates and macroeconomic forecasts, as provided by Economic Analysis & Financial Markets Research Division, applicable for business and regulatory purposes are fully consistent. Accordingly, the IFRS 9 baseline scenario applied in the ECL calculation coincides with the one used for ICAAP and business planning purposes. In addition, relevant experience gained from the stress tests imposed by the regulator, has been taken into account in the process of developing the macroeconomic scenarios, as well as impairments for stress testing purposes have been forecasted in line with IFRS 9 ECL methodology.

In terms of macroeconomic assumptions, the Group assesses a number of indicators in projecting the risk parameters, namely Residential and Commercial Property Price Indices, unemployment, Gross Domestic Product (GDP), Greek Government Bond (GGB) spread over Euribor and inflation as well as interest and FX rates.

The arithmetic averages of the scenarios' probability-weighted annual forecasts for the next four year period following the reporting date, used in the ECL measurement of Greek lending portfolios for the year ended 31 December 2022 and 2021, are set in the following table:

Key macroeconomic indicator	31 December 2022	31 December 2021
	Average (2023-2026) annual forecast	Average (2022-2025) annual forecast
Gross Domestic Product growth	2.10%	3.27%
Unemployment rate	10.76%	12.60%
Residential property prices' index	3.71%	5.55%
Commercial property prices' index	3.46%	5.75%
Inflation rate	3.10%	1.57%

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Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables for the forecast horizon would have a significant effect on the ECL amount. The Group independently validates all models and underlying methodologies used in the ECL measurement through competent resources, who are independent of the model development process.

### *Development of ECL models, including the various formulas, choice of inputs and interdependencies*

For the purposes of ECL measurement the Group performs the necessary model parameterization based on observed point-in-time data on a granularity of monthly intervals. The ECL calculations are based on input parameters, i.e. exposure at default (EAD), PDs, loss given default (LGD), credit conversion factors (CCFs) etc. incorporating Management's view of the future. The Group also determines the links between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

Furthermore, the PDs are unbiased rather than conservative and incorporate relevant forward looking information including macroeconomic scenarios. The forecasting risk parameters models incorporate a number of macroeconomic variables, such as GDP, unemployment etc. and portfolio specific variables such as seasonal flag etc., which are used as independent variables for optimum predictive capability. In 2022, the Group proceeded with the recalibration of its PD models, by introducing industry specific macro variables in corporate borrowers and applying interest rate and inflation scalars in the estimation of retail customers' debt to income ratio. More specifically, in the latter case, the borrowers' instalments were estimated with the use of the projected interest rates, while the income model, also took into account the projected inflation on top of the projected GDP and unemployment ratio.

The ECL models are based on logistic regressions and run under the different macroeconomic scenarios and relevant changes and shocks in the macro environment reflected accordingly in a non-linear manner.

### *Segmentation of financial assets when their ECL is assessed on a collective basis*

The Group segments its exposures on the basis of shared credit risk characteristics upon initial recognition for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default. On subsequent periods, the Group re-evaluates the grouping of its exposures at least on an annual basis, in order to ensure that the groups remain homogeneous in terms of their response to the identified shared credit risk characteristics. Re-segmentation reflects management's perception in respect to the change of credit risk associated with the particular exposures compared to initial recognition.

### *Modeling and Management overlays / adjustments*

A number of sophisticated models have been developed or modified to calculate ECL, while temporary management adjustments may be required to capture new developments and information available, which are not yet reflected in the ECL calculation through the risk models. Accordingly, considering the macroeconomic conditions and geopolitical backdrop linked to the war in Ukraine, Management incorporates in ECL calculations an estimation of potentially non modeled risks arising from its corporate lending portfolios, representing 4% of ECL stock. Management adjustments reflect in 2022 the sensitivity of the macroeconomic variability in the risk profile of debtors. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. The models are governed by the Group's validation framework, which aim to ensure independent verification, and are approved by the Board Risk Committee (BRC).

### *Sensitivity analysis on lending portfolios*

The sensitivity analysis when performed on certain key parameters can provide meaningful information only for portfolios where the risk parameters have a significant impact on the overall credit risk of a lending portfolio, particularly where such sensitivities are also used for internal credit risk management purposes. Otherwise, a sensitivity analysis on certain combinations of some risk parameters may not produce meaningful results, as in reality there are interdependencies between the various economic inputs, rendering any changes in the parameters, changes correlated in other factors.

The sensitivity analysis presented in the tables below assumes a favorable and an adverse shift in the scenario weighting, compared to the one applied in the ECL measurement. As at 31 December 2022, considering that the prevailing macroeconomic conditions, as reflected in the three scenarios incorporated in the IFRS9 weighted probability scenario, have resulted in the widening of the differences of the macro variables' levels among the scenarios, the Group rebalanced the scenario weighting used in the ECL sensitivity analysis in order to reflect a reasonable potential change of key macroeconomic indicators. Accordingly, the favorable shift assumes an increase in the weighting of the optimistic scenario at 50% and a stable weighting of the baseline scenario at 50%, while the adverse shift assumes an increase in the weighting of the adverse scenario at 50% and a stable weighting of the baseline scenario

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at 50%. Correspondingly, at year-end 2021, the favorable swift assumed an increase in the weighting of the optimistic scenario at 75% and a decrease in the weighting of the baseline scenario at 25%, while the adverse swift assumed an increase in the weighting of the adverse scenario at 75% and a decrease in the weighting of the baseline scenario at 25% compared to the scenario weighting applied by the Group in ECL measurement.

The tables below present the estimated effect in the Group’s ECL measurement (including off-balance sheet items) per stage, upon potential reasonable combined changes of forecasts in key macroeconomic indicators over the next 5 years (2023-2027 and 2022-2026, respectively):

As at 31 December 2022				As at 31 December 2021			
Sensitivity scenario				Sensitivity scenario			
Key macroeconomic indicators	Combined change %			Key macroeconomic indicators	Combined change %		
	Positive change	Adverse change			Positive change	Adverse change	
GDP growth	41%	-41%	change of annual forecasts	GDP growth	20%	-20%	change of annual forecasts
Unemployment Rate	-11%	11%	change of annual forecasts	Unemployment Rate	-11%	11%	change of annual forecasts
Inflation rate	-2%	2%	change of annual forecasts	Inflation rate	1%	-1%	change of annual forecasts
Property indices (RRE/CRE)	4%	-4%	change of index adjusted real estate collateral market values	Property indices (RRE/CRE)	3%	-3%	change of index adjusted real estate collateral market values

Estimated effect per stage as at 31 December 2022								
	Positive change				Adverse change			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2022	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2022
Impact in € million	(12)	(36)	(34)	(82)	10	43	35	88
Impact in % allowance	-7.08	-9.96	-2.93	-4.86	5.73	11.99	3.03	5.24

Estimated effect per stage as at 31 December 2021								
	Positive change				Adverse change			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2021	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2021
Impact in € million	(9)	(24)	(28)	(61)	6	30	34	70
Impact in % allowance	-5.06	-7.57	-1.98	-3.20	3.47	9.39	2.37	3.64

The Group updates and reviews the reasonability and performs back-testing of the main assumptions used in its methodology assessment for SICR and ECL measurement, at least on an annual basis or earlier, based on facts and circumstances. In this context, experienced and dedicated staff within the Group’s Risk Management function monitor the risk parameters applied for the estimation of ECL. Furthermore, as part of the well-defined governance framework, any revisions to the methodology used are approved by the Group competent committees and ultimately the Board Risk Committee (BRC).

**3.2 Fair value of financial instruments**

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments that are not quoted in an active market are determined by using other valuation techniques that include the use of valuation models. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using other valuation techniques.

The valuation models used include present value methods and other models based mainly on observable inputs and to a lesser extent to non-observable inputs, in order to maintain the reliability of the fair value measurement.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and are calibrated to ensure that outputs reflect actual data and comparative market prices. The main assumptions and estimates, considered by management when applying a valuation model include:

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- the likelihood and expected timing of future cash flows;
- the selection of the appropriate discount rate, which is based on an assessment of what a market participant would regard as an appropriate spread of the rate over the risk-free rate; and
- judgment to determine what model to use in order to calculate fair value.

To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require the Management to make estimates to reflect uncertainties in fair values resulting from the lack of market data inputs. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available. However, in most cases there will be some historical data on which to base a fair value measurement and consequently even when unobservable inputs are used, fair values will use some market observable inputs.

Information in respect of the fair valuation of the Group's financial assets and liabilities is provided in note 5.3.

### 3.3 Classification of financial instruments

The Group applies significant judgment in assessing the classification of its financial instruments and especially, in the below areas:

#### *Business model assessment*

Judgment is exercised in order to determine the appropriate level at which to assess the business model. In assessing the business model of financial instruments, these are aggregated into groups (business lines) based on their characteristics, and the way they are managed in order to achieve the Group's business objectives. In general, the assessment is performed at the business unit level for lending exposures including securitized notes issued by special purpose entities established by the Group and based on the measurement category for debt securities. However, further disaggregation may be performed by business strategy/ region, etc.

In assessing the business model for financial instruments, the Group performs a past sales evaluation of the financial instruments and assesses their expected evolution in the future. Judgment is exercised in determining the effect of sales to a "hold to collect" business model depending on their objective and their acceptable level and frequency.

#### *Contractual cash flow characteristics test (SPPI test)*

The Group performs the SPPI assessment of lending exposures and debt securities by considering all the features which might potentially lead to SPPI failure. Judgment is applied by the responsible business units when considering whether certain contractual features significantly affect future cash flows. Accordingly, for non-recourse financial assets, the Group assesses jointly criteria such as the adequacy of equity, LTV (Loan-to-Value) and DSCR (Debt-Service-Coverage-Ratio) ratios as well as the existence of corporate and personal guarantees. For the securitized notes issued by special purpose entities, either established by the Group or third parties, and held by the Group, the cash flow characteristics of the notes and the underlying pool of financial assets as well as the credit risk inherent in each securitization's tranche compared to the credit risk of all of the underlying pool of financial assets, are assessed. Furthermore, in order to assess whether any variability in the cash flows is introduced by the modified time value of money element, the Group performs a quantitative assessment (as described in note 2.2.9). Moreover, the Group evaluates certain cases on whether the existence of performance-related terms exposes the Group to asset risk rather to the borrower's credit risk.

The Group has established a robust framework to perform the necessary assessments in accordance with Group's policies in order to ensure appropriate classification of financial instruments, including reviews by experienced staff for lending exposures and debt securities.

### 3.4 Assess control over investees

Management exercises judgment in order to assess if the Group has control over another entity based on the control elements set out in note 2.2.1 (i).

In particular, as part of its funding activity and non-performing loans' management strategy, the Group sponsors certain securitization vehicles, the relevant activities of which have been predetermined as part of their initial design by the Group. The Group is exposed to variability of returns from these vehicles through the holding of debt securities issued by them or by providing credit enhancements in accordance with the respective contractual terms. In assessing whether it has control, the Group considers whether it manages the substantive decisions that could affect these vehicles' returns. Accordingly, the Group assesses on a case-by-case basis the structure of securitization transaction, including the respective contractual arrangements, in order to conclude if it controls these vehicles.

In addition, the Group is involved in the initial design of various mutual funds in order to provide customers with investment opportunities. The Group primarily acts as an agent in exercising its decision making authority as it is predefined by the applicable regulated framework. As a result, the Group has concluded that it does not control these funds.



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Further information in respect of the structured entities the Group is involved, either consolidated or not, is provided in note 25.

### 3.5 Income tax

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the liability for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. 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 in the period in which such determination is made. Further information in relation to the above is provided in note 13.

In addition, the Group recognizes deferred tax assets to the extent that it is probable that sufficient taxable profit will be available against which unused tax losses and deductible temporary differences can be utilized. Recognition therefore involves judgment regarding the future financial performance of the particular Group legal entity in which the deferred tax asset has been recognized. Particularly, in order to determine the amount of deferred tax assets that can be recognized, significant management judgments are required regarding the likely timing and level of future taxable profits. In making this evaluation, the Group has considered all available evidence, including management's projections of future taxable income and the tax legislation in each jurisdiction.

The most significant judgment exercised by Management relates to the recognition of deferred tax assets in respect of losses realized in Greece. In the event that, the Group assesses that it would not be able to recover any portion of the recognized deferred tax assets in the future, the unrecoverable portion would impact the deferred tax balances in the period in which such judgment is made.

Further information in respect of the deferred tax assets recognized by the Group and the assessment for their recoverability is provided in note 13.

### 3.6 Retirement benefit obligations

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as the discount rate and future salary increases. Any change in these assumptions impacts the carrying amount of the pension obligations.

The Group determines the appropriate discount rate used to calculate the present value of the estimated retirement obligations, at the end of each year based on interest rates of high quality corporate bonds. In countries where there is no deep market in such bonds, the yields on government bonds are used. The currency and term to maturity of the bonds used are consistent with the currency and estimated average term to maturity of the retirement benefit obligations. The salary rate increase assumption is based on future inflation estimates reflecting also the Group's reward structure and expected market conditions.

Other assumptions for pension obligations, such as future inflation estimates, are based in part on current and expected market conditions.

For information in respect of the sensitivity analysis of the Group's retirement benefit obligations to reasonably possible, at the time of preparation of these financial statements, changes in the abovementioned key actuarial assumptions, refer to note 36.

### 3.7 Investment properties

Investment property is carried at fair value, as determined by external, independent and certified valuers on an annual basis, or more frequently if deemed appropriate upon assessment of any relevant circumstances.

The main factors underlying the determination of fair value are related with rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, including CPI indexation, future vacancy rates and periods, discount rates or rates of return, terminal values as well as the level of future maintenance and other operating costs.

Additionally, where the fair value is determined based on market prices of comparable transactions those prices are subject to appropriate adjustments, in order to reflect current economic conditions and Management's best estimate regarding the future trend of properties market based on advice received from its independent external valuers.

Further information in respect of the fair valuation of the Group's investment properties is provided in note 27.

### 3.8 Provisions and contingent liabilities

The Group recognizes provisions when it has a present legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of its amount.

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A provision is not recognized and a contingent liability is disclosed when it is not probable that an outflow of resources will be required to settle the obligation, when the amount of the obligation cannot be measured reliably or in case that the obligation is considered possible and is subject to the occurrence or non-occurrence of one or more uncertain future events.

Considering the subjectivity and uncertainty inherent in the determination of the probability and amount of the abovementioned outflows, the Group takes into account a number of factors such as legal advice, the stage of the matter and historical evidence from similar cases. In the case of an offer made within the context of the Group's voluntary exit scheme, the number of employees expected to accept the abovementioned offer along with their age cluster is a significant factor affecting the measurement of the outflow for the termination benefits.

Further information in relation to the Group's provisions and contingent liabilities is provided in notes 35 and 42.

### 3.9 Share-based payments

The parent company of the Group (Eurobank Ergasias Services and Holdings S.A.) grants shares and share options to the employees of the Group as a common feature of employee remuneration. IFRS 2 requires the recognition of an expense for those shares and share options at their fair value on the grant date (equity-settled plans). For shares granted to employees, the fair value is measured directly at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. For share options granted to employees, in many cases market prices are not available because the options granted are subject to terms and conditions that do not apply to traded options. If this is the case, the fair value of the equity instruments granted is estimated using a valuation technique, which is consistent with generally accepted valuation methodologies.

The valuation method and the inputs used to measure the share options granted to employees of the Group are presented in note 39.

### 3.10 Leases

The Group, as a lessee, determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group applies judgement in evaluating whether it is reasonably certain or not to exercise an option to renew or terminate the lease, by considering all relevant factors and economic aspects that create an economic incentive. The Group reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate, such as significant leasehold improvements or significant customization of the leased asset.

In measuring lease liabilities, the Group uses the lessees' incremental borrowing rate ('IBR') when it cannot readily determine the interest rate implicit in the lease. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Therefore, estimation is required when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as government bond yields) as a starting point when available, and performs certain additional entity-specific adjustments, such as credit spread adjustments or adjustments to reflect the lease terms and conditions. For the Bank and Greek subsidiaries, the IBR is derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields, while for international subsidiaries the IBR is determined on a country basis, taking into consideration specific local conditions.

### 3.11 Other accounting estimates and judgments

Information in respect of other estimates and judgments that are made by the Group is provided in notes 20 and 30.

## 4. Capital Management

The Bank has sought to maintain an actively managed capital base to cover risks inherent in the business. The capital adequacy of the Bank at standalone level and that of its parent company Eurobank Holdings at consolidated level are monitored for regulatory purposes using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) which have been incorporated in the European Union (EU) legislation through the Directive 2013/36/EU (known as CRD IV), along with the Regulation No 575/2013/EU (known as CRR) as they are in force. The above Directive has been transposed into



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Greek legislation by Law 4261/2014 as in force. In addition, the Bank is required to meet on a consolidated basis certain targets in relation to minimum requirements for eligible own funds and eligible liabilities (MREL - see below).

As at 31 December 2022, the Common Equity Tier 1 (CET1) and Total Capital Adequacy (CAD) ratios of Eurobank Holdings Group, are 16% (31 December 2021: 13.7%) and 19.2% (31 December 2021: 16.1%), respectively. Eurobank Holdings Group has elected to apply the phase-in approach for mitigating the impact of IFRS 9 transition on the regulatory capital, according to the Regulation (EU) 2017/2395 (providing a 5-year transition period to recognize the impact of IFRS 9 adoption) and the Regulation 2020/873 (CRR quick fix).

Eurobank Holdings Group's CET1 as at 31 December 2022, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the IFRS 9 aforementioned transitional arrangements, would be 15.2% (2021: 12.7%), while the pro-forma CET1 and Total CAD ratios as at 31 December 2022 with the completion of Project "Solar" (note 20) would be 16% and 19%, respectively.

As at 31 December 2022, the CET 1 and Total CAD ratios of the Bank, are 15.1% (31 December 2021: 12.4%) and 18.9% (31 December 2021: 15.3%), respectively. At the same date, the Bank's CET 1 based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), would be 14.4% (31 December 2021: 11.7%), while the pro-forma CET1 and Total CAD ratios as at 31 December 2022 with the completion of the Project "Solar" (note 20) would be 15.1% and 18.8%, respectively.

### Minimum Requirements for Eligible Own Funds and Eligible Liabilities (MREL)

Under the Directive 2014/59 (Bank Recovery and Resolution Directive) as in force, which was transposed into the Greek legislation pursuant to Law 4335/2015 as in force, European banks are required to meet the minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board (SRB) has determined Eurobank S.A. as the Group's resolution entity and a Single Point of Entry (SPE) strategy for resolution purposes. Based on the latest SRB's decision, the fully calibrated MREL (final target) to be met by Eurobank S.A. on a consolidated basis until the end of 2025 is set at 27.46% of its total risk weighted assets (RWAs), including a fully-loaded combined buffer requirement (CBR) of 3.86%. The final MREL target is updated by the SRB on an annual basis. The interim binding MREL target, which is applicable from 1 January 2022, stands at 18.21% of RWAs, including a CBR of 3.70%, while an interim non-binding MREL target of 20.48%, including a CBR of 3.70%, applies from January 2023.

In the year ended 31 December 2022, in the context of the implementation of its medium-term strategy to meet its MREL requirements, the Bank proceeded with the issuance of an MREL-eligible senior preferred bond with a nominal value of € 500 million and a Tier 2 instrument of € 300 million (note 34). As at 31 December 2022, the Bank's MREL ratio at consolidated level stands at 23.07% of RWAs including profit for the year ended 31 December 2022 (31 December 2021: 18.47%), which is significantly above the aforementioned interim MREL target of 20.48%.

### Post balance sheet event

In January 2023, the Bank successfully completed the issue of € 500 million senior preferred notes. The proceeds from the issue will support Eurobank Group's strategy to ensure ongoing compliance with its MREL requirement and will be used for Eurobank's general funding purposes (note 34).

### 2023 EU – wide stress test

In January 2023, the European Banking Authority (EBA) launched the 2023 EU-wide stress test exercise which is designed to provide valuable input for assessing the resilience of the European banking sector in the current uncertain and changing macroeconomic environment. This exercise is coordinated by the EBA in cooperation with the ECB and national supervisory authorities and is conducted according to the EBA's methodology. Eurobank Holdings Group is participating in the EBA-led stress test.

Further information about the 2023 EU-wide stress test is included in the consolidated financial statements of Eurobank Holdings for the year ended 31 December 2022.

## 5. Financial risk management and fair value

### 5.1 Use of financial instruments

By their nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest

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margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Group also trades in financial instruments where it takes positions in traded and over the counter financial instruments, including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates.

### **5.2 Financial risk factors**

Due to its activities, the Group is exposed to several financial risks, such as credit risk, market risk (including currency, interest rate, spread, equity and volatility risk), liquidity and operational risks. The Group's overall risk management strategy seeks to minimize any potential adverse effects on its financial performance, financial position and cash flows.

#### **Risk Management objectives and policies**

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set in a manner that enable the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal processes and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements of the European Central Bank (ECB) and of the Single Resolution Board (SRB), the guidelines of the European Banking Authority (EBA) and the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for all material risks it is exposed to, both in Greece and in each country of its international operations. The risk management policies implemented by the Group are reviewed mainly annually.

The Group Risk and Capital Strategy, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk governance framework, strategic objectives and key management initiatives for the improvement of the risk management framework in place.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity and to ensure the Group's adherence to regulatory requirements.

The risk appetite that is clearly communicated throughout the Group, determines risk culture and forms the basis on which risk policies and risk limits are established at Group and regional level. Within the context of its Risk Appetite Framework, the Bank has further enhanced the risk identification process and the risk materiality assessment methodology.

The identification and the assessment of all risks is the cornerstone for the effective Risk Management. The Group aiming to ensure a collective view on the risks linked to the execution of its strategy, acknowledges the new developments at an early stage and assesses the potential impact. In this context, the Bank has recognized climate change risk as a material risk and based on its supervisory guidelines, is in the process of continuing adapting its policies and methodologies for identifying and monitoring the relevant risks (note 5.2.5).

#### ***Board Risk Committee (BRC)***

The Board Risk Committee (BRC) is a committee of the BoD and its task is to assist the BoD to ensure that the Group has a well-defined risk and capital strategy in line with its business plan and in line with regulatory requirements and an adequate and robust risk appetite framework.

The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Group has developed a risk management framework with appropriate methodologies, modelling tools, and data sources, as

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well as sufficient and competent staff to identify, assess, monitor and mitigate risks. Moreover, BRC is conferred with certain approval authorities.

The BRC consists of five (5) non-executive directors, meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances if it is needed.

### **Management Risk Committee**

The Management Risk Committee (MRC) is a management committee established by the CEO and its main responsibility of the MRC is to oversee the risk management framework of the Group. As part of its responsibilities, the MRC facilitates reporting to the BRC on the range of risk-related topics under its purview. The MRC supports the Group Chief Risk Officer to identify material risks, to promptly escalate them to the BRC and to ensure that the necessary policies and procedures are in place to prudently manage risks and to comply with regulatory requirements.

### **Group Risk Management General Division**

The Group's Risk Management General Division which is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for the identification, assessment, monitoring, measurement and management of the risks that the Group is exposed to. It comprises of the Group Credit General Division (GCGD), the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRCACS), the Group Market and Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector (GORS), the Group Model Validation and Governance Sector (GMVGS), the Group Risk Management Strategy Planning and Operations Division (GRMSPO), the Supervisory Relations and Resolution Planning Sector (SRRPS), the Group Climate Risk Division (GCRD) and the Risk Analytics Division (RAD).

### **Non-Performing Exposures (NPE) management**

The Group, following the strategic partnership with doValue S.p.A. and the successful transition to the new operating model for the management of NPE, realizes the NPE Strategy Plan through its implementation by doValue Greece for the assigned portfolio and the successful securitization transactions.

### **Troubled Assets Committee**

The Troubled Assets Committee (TAC) is established according to the regulatory provisions and its main purpose is to act as an independent body, closely monitoring the Bank's troubled assets portfolio and the execution of its NPE Management Strategy.

### **Remedial and Servicing Strategy (RSS)**

Eurobank established Remedial Servicing & Strategy Sector (RSS) with the mandate to devise the NPE reduction plan, to closely monitor the overall performance of the NPE portfolio as well as the relationship of the Bank with doValue Greece. Furthermore following Eurobank's commitments against the significant risk transfer (SRT) monitoring regulatory requirements pertaining to Bank's concluded transactions, RSS has a pivotal role in ensuring that relevant process is performed smoothly and in a timely manner and that any shortcomings are appropriately resolved, while providing any required clarifications or additional material required by the regulatory authorities.

The Head of RSS reports to the General Manager of Group Strategy. In this context, RSS has been assigned inter alia with the following responsibilities:

- Develop and actively monitor the NPE targets and reduction plan
- Set the strategic principles, priorities, policy framework and KPIs under which doValue Greece is servicing the portfolio
- Closely monitor the execution of the approved strategies, as well as all contractual provisions under the relevant contractual agreements for Eurobank's portfolio assigned to doValue Greece including the securitized portfolio of ERB Recovery DAC
- Monitoring of the performance of the senior notes of the securitizations in collaboration with Group Risk so as to ensure compliance to significant risk transfer (SRT) and to the Hellenic Asset Protection Scheme (HAPS)
- Budget and monitor the Bank's expenses and revenues associated with the assigned portfolio
- Cooperate closely with doValue Greece on a daily basis in achieving the Group's objectives
- Maintain supervisory dialogue

### **NPE Operational targets**

In line with the regulatory framework and Single Supervisory Mechanism's (SSM) requirements for Non-Performing Exposures' (NPE) management, in March 2023, the Group submitted its NPE Management Strategy for 2023-2025, along with the annual NPE stock

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targets at both Bank and Group level. The plan envisages the decrease of the Group's NPE ratio at 5.2% at the end of 2023 and at 4.5% in 2025.

### 5.2.1 Credit Risk

Credit risk is the risk that a counterparty will be unable to fulfill its payment obligations in full when due. Credit risk is also related with country risk and settlement risk, specified below:

- a) Country risk is the risk of losses arising from cross-border lending and investment activities and refers to the uncertainty associated with exposure in a particular country. This uncertainty may relate to a number of factors including the risk of losses following nationalization, expropriation, debt restructuring and foreign exchange rates' movement.
- b) Settlement risk is the risk arising when payments are settled, for example for trades in financial instruments, including derivatives and currency transactions. The risk arises when the Group remits payments before it can ascertain that the counterparties' payments have been received.

Credit risk arises principally from the wholesale and retail lending activities of the Group, as well as from credit enhancements provided, such as financial guarantees and letters of credit. The Group is also exposed to credit risk arising from other activities such as investments in debt securities, trading, capital markets and settlement activities. Taking into account that credit risk is the primary risk the Group is exposed to, it is very closely managed and monitored by specialised risk units, reporting to the GCRO.

#### (a) Credit approval process

The credit approval and credit review processes are centralized both in Greece and in the International operations. The segregation of duties ensures independence among executives responsible for the customer relationship, the approval process and the loan disbursement, as well as monitoring of the loan during its lifecycle.

#### Credit Committees

The credit approval process in Corporate Banking is centralized through establishment of Credit Committees with escalating Credit Approval Levels. Main Committees of the Bank are considered to be the following:

- Credit Committees (Central and Local) authorized to approve new financing, renewals or amendments for domestic groups in the existing credit limits, in accordance with their credit approval authority, depending on total limit amount and customer risk category (i.e. high, medium or low), as well as the value and type of security;
- Special Handling Credit Committees authorized to approve credit requests and take actions for distressed clients;
- International Credit Committees (Regional and Country) established for the wholesale borrowers of the Group's international bank subsidiaries, authorized to approve new limits, renewals or amendments to existing limits, in accordance with their credit approval authority, depending on total customer exposure and risk category (i.e. high, medium or low), as well as the value and type of security; and
- International Special Handling Committees established for handling distressed wholesale borrowers of the Group's international bank subsidiaries.

The Credit Committees meet on a weekly basis or more frequently, if needed.

#### Group Credit General Division (GCGD)

Within an environment of increased risk requirements, Group Credit General Division's (GCGD) mission is to safeguard the Banks' asset side, by evaluating credit risk and making recommendations, so that borrower's credit exposure is acceptable and within the approved Risk Appetite Framework. GCGD is headed by the Group Chief Credit Officer (GCCO) with direct reporting to the Group Chief Risk Officer (GCRO).

GCGD operations are comprised of two functions, i.e. the Corporate Credit Risk, including both the domestic and the foreign underwriting activities (the latter only for Global Clients and material exposures of International Subsidiaries), and Retail Credit Risk respectively, covering the underwriting needs of the SBB portfolio and the Household Lending (mortgage, consumer loans, auto-moto loans and credit cards).

#### 1. Corporate Credit Risk

- (a) Domestic and Greek related portfolio: the underwriting function includes the review of credit requests originating from Corporate Units handling large and medium scale corporate entities of every risk category and specialised lending units such as Shipping and Structured Finance (Commercial Real Estate, Hotels & Leisure, Project Finance, M&A Financing) and Private Banking. Major tasks of the respective workstream and involved credit units pertain to the following:

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- Evaluation of credit applications and issuance of an independent Risk Opinion, which includes:
  - i. assessment of the customer credit profile based on the qualitative and quantitative risk factors identified (market, operational, structural and financial)
  - ii. recommendations for the formulation of bankable, well-secured and well-controlled transactions (credit facility), as well as
  - iii. review and confirmation of the ratings of each separate borrower to reflect the risks acknowledged.
- Participation with voting right in all credit committees as per the Credit Approval procedures.
- Active participation in the regulatory audits and major internal projects of the Bank, providing at the same time credit related knowledge, expertise and support to other divisions.
- Preparation of specialised reports to Management on a regular basis, with regards to the Top 25 largest, in terms of total exposure, borrower Groups, statistics on the new approved financings and leveraged transactions.

(b) International Subsidiaries' portfolio: The GCGD through its specialised International Credit Sector (ICS) is responsible to actively participate in the design, implementation and review of the credit underwriting function for the wholesale portfolio of the International Subsidiaries covering Bulgaria, Cyprus, Serbia, the ex-Romania portfolio (Perimeter B) and portion of the loan portfolio of Luxemburg (and London). Moreover, the respective unit's tasks and responsibilities are highlighted below:

- Participation with voting right in all International Committees (Regional and Special Handling) and Country Risk Committees (CRCs);
- Participation in the sessions of Special Handling Monitoring Committees for Bulgaria and Serbia which monitor and decide on the strategy of problematic corporate relationships with loan outstanding exceeding a certain threshold, that is jointly set by ICS and Country TAG;
- Advice on best practices to the Credit Risk Units of International Subsidiaries

GCGD is also responsible for the preparation of all credit committees' agendas, distribution of the respective material and maintenance of the respective Credit Committees' minutes.

### 2. Retail Credit Risk

The scope of the Retail Banking Credit Risk & Underwriting Sector is the assessment of credit applications submitted by Retail Business Units, in relation to Borrowers of the retail credit portfolio (SBB loans and Household loans) based on thresholds, for which an assessment by GCGD is required as per the provisions of the relevant Credit Approval Procedures.

The main tasks of Retail Credit Risk function are outlined below:

- Assess credit requests in alignment with the credit risk assessment criteria and methodology provided in the appropriate Credit Policy Manual.
- Analyze and evaluate risk factors depending on the type of credit request.
- Prepare an independent Credit Opinion presenting the official GCGD opinion on the credit application and confirm, where required, the Borrower Rating for each Borrower in its portfolio ensuring that the risks identified are fully reflected in the Rating.
- Participate with voting rights in the credit committees as per the credit approval process, according to the Approval Levels defined in the CPM.
- Transfer of credit knowledge and expertise, as well as support to Network officers regarding credit matters.

#### (a) **Credit risk monitoring**

##### ***Group Credit Control Sector***

The Group Credit Control Sector (GCCS) monitors and assesses the quality of all of the Group's loan portfolios and operates independently from the business units of the Bank. The GCCS reports directly to the GCRO.

The main responsibilities of the GCCS are to:

- supervise, support and maintain the credit rating and impairment systems used to assess the wholesale lending customers;
- monitor and review the performance of all of the Group's loan portfolios;
- supervise and control the foreign subsidiaries' credit risk management units;
- monitor on a regular basis and report on a quarterly basis to the Board of Directors and the BRC of risk exposures, along with accompanying analyses;
- monitor and evaluate the efficiency of adopted strategies and proposed solutions in terms of dealing with Non Performing Exposures (NPE) and the achievement of targets for NPE reduction, as communicated and agreed with the Supervisory Authorities;

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- conduct field reviews and prepare written reports to the Management on the quality of all of the Group's loan portfolios and adherence with EBA prevailing regulations;
- monitor the proper EBA classifications in accordance with the relevant provisions and guidelines;
- participate in the approval of new credit policies and new loan products;
- participate in the Troubled Asset Committee;
- attend meetings of Credit Committees and Special Handling Committees, without voting right;
- formulate the Group's credit impairment policy and measure the provisions of the Greek loan portfolios along with the relevant reporting to Management;
- regularly review the adequacy of provisions of all of the Group's loan portfolios;
- formulate, in collaboration with the responsible lending Units the credit policy manuals for performing borrowers;
- provide guidance and monitor the process of designing and reviewing credit policies before approved by Management.
- monitor the proper application of Real Estate collaterals' valuation, as per the Banks' Collateral Valuation policy and procedures;
- monitor the supervisory, regulatory developments, emerging trends and best practices within its purview in order to keep Management abreast and propose required actions.

### **Group Credit Risk Capital Adequacy Control Sector**

The Group Credit Risk Capital Adequacy Control Sector develops and maintains the credit risk assessment models for the loans portfolio of the Group, performs capital adequacy calculations and assessment for the loan portfolios of the group, conducts internal & external stress test exercises as well as forecasting of risk parameters. The Sector reports directly to the GCRO.

Specifically, the main responsibilities of the Group Credit Risk Capital Adequacy Control Sector are to:

- control, measure and monitor the capital requirements arising from the Bank's loan portfolio along with the relevant reporting to Management and regulators (ECB/SSM);
- manage the models development, implementation, monitoring of the internal risk based models and IFRS9 models of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for evaluating credit risk;
- measure and monitor the risk parameters (PD, LGD, EAD) for the purposes of internal capital adequacy assessment, as well as, the estimation of risk related parameters (such as forecast 12-m PD, forecast lifetime PD) for impairment calculation purposes;
- review the grouping of lending exposures and ensuring their homogeneity in accordance with the Group's IFRS accounting policies
- re-assess and re-develop if required, the significant increase in credit risk (SICR) thresholds under IFRS9 standard;
- prepare monthly capital adequacy calculations (Pillar 1) and relevant management, as well as, regulatory reports (COREPs, SREP) on a quarterly basis;
- participate in the preparation of the business plan, the NPE targets plan and the recovery plan of the Group in relation to asset quality and capital requirements for the loan book (projected impairments and RWAs), as well as participate in the relevant committees;
- perform stress tests, both internal and external (EBA/SSM), and maintain the credit risk stress testing infrastructure;
- coordinate the stress testing exercises for the loan portfolios at Group Level;
- prepare the credit risk analyses for Internal Capital Adequacy Assessment (ICAAP)/ Pillar 2 purposes;
- prepare the Basel Pillar 3 disclosures for credit risk;
- regularly report to the GCRO, to the Management Risk Committee and to the Board Risk Committee on: risk models performance, risk parameters (PD, LGD, EAD), forbearance reporting, vintage analysis and default / redefault statistics;
- guide, monitor and supervise the Credit Risk divisions of the subsidiaries on modelling, credit stress testing and other credit risk related regulatory issues.
- monitor and guide Group's international subsidiaries on credit risk related ICAAP, stress testing and other regulatory credit risk related issues, based on Group standards. Review of local credit risk stress test exercises;
- support the business units in the use of credit risk models in business decisions, for funding purposes, in the capital impact assessment of strategic initiatives and the development and usage of risk related metrics such as risk adjusted pricing, Risk Adjusted Return on Capital (RAROC) etc.; and
- assist Remedial Servicing Strategy Sector in the risk assessment and risk impact of various programs and products.

### **Group Model Validation and Governance Sector**

The Group Model Validation and Governance Sector was established in September 2018, with key mandates:

- the establishment of a comprehensive model governance and validation framework, and



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- the independent validation of the technical and operational completeness of all models used by the Group and their parameters, as well as their compliance with the provisions of the regulatory framework.

In more detail, the tasks of the Sector are outlined as follows:

- Prepare and update the Group's Models Framework (to include model definition, roles involved per model, model classification principles and methodology, model validation principles, materiality classifications and thresholds, models' registry governance, etc.);
- Establish and update the Group's Models Registry;
- Review models' classification, in accordance with the methodology provided in the Group Models Framework;
- Prepare and update the Group Models Validation Framework, while providing support to Group's subsidiaries in its implementation;
- Monitor changes in ECB guidelines on models' validation;
- Propose and escalate for approval the quantitative thresholds, in order to assess the results of the validation tests;
- Conduct model validation tests in alignment with the Group Model Validation Framework and regulatory requirements;
- Prepare detailed reports of the model valuation results according to the specific requirements of the model validated, if any, which are communicated to BRC on an annual basis along with any related proposed remediation plan;
- Disseminate models' validation test results within the Group's BRC or MRC following reporting to Group CRO, as appropriate;
- Prepare action plan for remediation actions, if any, as a result of the model validation tests implemented, and escalate the plan for its approval by the appropriate Management Authority;
- Participate in the approval process of new models for assessing ratings' system accuracy and suitability; and
- Monitor industry practices on the development and use of models as well as related ECB guidelines and restrictions.

### **Group Market and Counterparty Risk Sector**

Group Market and Counterparty Risk Sector (GMCRS) is responsible for the measurement, monitoring and periodic reporting of the Group's exposure to counterparty risk (issuer risk and market driven counterparty risk), which is the risk of loss due to the customer's failure to meet its contractual obligations in the context of treasury positions, such as debt securities, derivatives, repos, reverse repos, interbank placings, etc.

In addition, GMCRS monitors, controls and regularly reports country limits, exposures and escalates breaches to the Management and to Committees. GMCRS uses a comprehensive methodology approved by the BRC, for determining the acceptable country risk level, including the countries in which the Group has a strategic presence.

The Group sets limits on the level of counterparty risk that are based mainly on the counterparty's credit rating, as provided by international rating agencies, the product type and the maturity of the transaction (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, corporate securities, asset backed securities etc.).

GMCRS maintains and updates the limits' monitoring systems and ensures the correctness and compliance of all financial institutions limits with the Bank's policies as approved by the Group's relevant bodies.

The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group's entity, counterparty and product type are monitored by GMCRS on a daily basis. Risk mitigation contracts are taken into account for the calculation of the final exposure.

Also, GMCRS ensures that the exposure arising from counterparties complies with the approved country limits framework. The GMCRS's exposure measurement and reporting tool is also available to the Group's subsidiaries treasury divisions, thus enabling them to monitor each counterparty's exposure and the limit availability.

Additionally, for the banks' corporate bond portfolio, GMCRS measures and monitors daily the total notional limits, the sectoral concentration and the maximum size per issuer. It uses a measurement tool for monitoring any downgrades and any idiosyncratic spread widening from purchase and any breach is communicated to the Management and to the relevant Committees.

GMCRS implements the market's best practices and safeguards the compliance of all involved parties to limits' policies and procedures. To this direction, for various units and International subsidiaries, GMCRS provides support and guidance for implementation of the limits' guidelines and policies.

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Furthermore, GMCRS prepares specialized reports for the Management/Committees along with regular reporting that includes the exposure to the Hellenic Republic and a report that is based on the calculation of the Lifetime Expected Losses for the exposure towards the Hellenic Republic (HR).

### (c) Credit related commitments

The primary purpose of credit related commitments is to ensure that funds are available to a customer as agreed. Financial guarantee contracts carry the same credit risk as loans since they represent irrevocable assurances that the Group will make payments in the event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Group on behalf of a customer authorizing a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to provide credit under pre-specified terms and conditions (note 42) in the form of loans, guarantees or letters of credit for which the Group usually receives a commitment fee. Such commitments are irrevocable over the life of the facility or revocable only in response to a material adverse effect.

### (d) Concentration risk

The Group structures the levels of credit risk it undertakes by placing exposure limits by borrower, or groups of borrowers, and by industry segments. The exposure to each borrower is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Risk concentrations are monitored regularly and reported to the BRC. Such reports include the 25 largest exposures, major watch list and problematic customers, industry analysis, analysis by rating/risk class, by delinquency bucket, and loan portfolios by country.

### (e) Rating systems

#### Rating of wholesale lending exposures

The Group has decided upon the differentiation of rating models for wholesale lending activities, in order to reflect appropriately the risks arising from customers with different characteristics. Accordingly, the Group employs the following rating models for the wholesale portfolio:

- Moody's Risk Analyst model ("MRA" or "Fundamental Analysis"- "FA") is used to assess the risk of borrowers for Corporate Lending.
- Internal Credit Rating model ("ICR") is used for those customers that cannot be rated by MRA.
- Transactional Rating model ("TR") has been developed in order to assess the risk of transactions taking into consideration their collaterals/guarantees.
- Slotting rating models are employed in view of assessing the risk of specialized exposures, which are part of the Specialised Lending corporate portfolio.
- Finally, an assessment of the borrowers' viability and the identification of impairment triggers is performed using the "Unlikely to Pay" ("UTP") / impairment test.

MRA, ICR, Slotting and "UTP" functions are supported by the CreditLens ("CL") computing platform provided by an external provider (Moody's Analytics), while the TR is internally developed and is being supported by the core applications of the Bank.

MRA follows the Moody's fundamental analysis (FA) approach. The FA models belong to a family of models defined as Knowledge Based Systems and rely on a probabilistic reasoning approach. They use quantitative and qualitative information of individual obligors in order to assess their creditworthiness and determine their credit rating. In particular, MRA takes into account the company's balance sheets, profit & loss accounts and cash flow statements to calculate key ratios. Its ratio analysis includes assessments of each ratio's trend across multiple periods, both in terms of the slope and volatility of the trend. It also compares the value of the ratio for the most recent period with the quartile values for a comparable peer group. Moreover, MRA is supplied with a commonly used set of qualitative factors relating to the quality of the company's management, the standing of the company, including the company's transaction behavior towards the Bank, and the perceived riskiness of the industry. MRA is used for the assessment of all legal entities with full accountancy tax books irrespective of their legal form, and is calibrated on the Greek corporate environment.

The MRA is not employed for certain types of entities that use different accounting methods to prepare their financial statements, such as Insurance companies and brokerage firms. Moreover, entities such as start-ups that have not produced financial information for at least two annual accounting periods are not rated with MRA. In such cases, the Internal Credit Rating ("ICR") is utilized, which is a scorecard consisting of a set of factors grouped into 3 main sections corresponding to particular areas of analysis: Financial



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Information, Qualitative Criteria, and Behavior Analysis. In addition, the Group performs an overall assessment of wholesale customers, based both on their rating (MRA or ICR) and the collaterals and guarantees regularly at every credit assessment. In 2021, in combination with the application of the new Definition of Default, the Bank calibrated its MRA and ICR models, which were approved by the regulatory authorities.

With reference to Specialised Lending portfolio (for which the Bank is using Slotting rating models) and in line with European Banking Authority (EBA) definitions, it comprises types of exposures towards entities specifically created to finance or operate physical assets, where the primary source of income and repayment of the obligation lies directly with the assets being financed. Accordingly, three of its product lines that are included in the Specialised Lending exposure class: Project Finance (assessed with the Project Finance Scorecard), Commercial Real Estate (assessed with the CRE investor & CRE Developer Scorecards) and Object Finance (assessed with the Object Finance Scorecard tailored for the Shipping portfolio).

In addition, the Group has developed an Unlikely to Pay/Impairment test. Unlikeliness to pay refers to circumstances when a Borrower is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or of the days past due (i.e. to exposures less than 90 dpd). The impairment test, which is performed to all borrowers during every credit assessment is implemented in the CL platform and includes clearly defined indicators of unlikeliness to pay (UTP). These indicators are separated in “Hard” and “Soft” UTP triggers.

- Hard UTP indicators lead directly to a recognition of non-performing (automatic NPE classification), as in most cases these events, by their very nature, directly fulfil the definition of UTP and there is little room for interpretation.
- Soft UTP triggers when applied, do not automatically mean that an exposure is non-performing, but that a thorough assessment should be performed (assessment prior to NPE classification).

The Bank has further enhanced its wholesale credit risk assessment models linking risk parameters estimation with macro-economic factors allowing the forecasting of rating transitions under different macroeconomic scenarios (base, adverse and optimistic).

The rating systems described above are an integral part of the wholesale banking decision-making and risk management processes:

- the credit approval or rejection, both at the origination and review process;
- the allocation of competence levels for credit approval;
- risk-adjusted pricing;
- the calculation of Economic Value Added (EVA) and internal capital allocation; and
- the impairment calculation (staging criteria and subsequent ECL estimation of forecasted risk parameters).

### Rating of retail lending exposures

The Group assigns credit scores to its retail customers using a number of statistically-based models both at the origination and on ongoing basis through behavioral scorecards. These models have been developed to predict, on the basis of available information, the probability of default, the loss given default and the exposure at default. They cover the entire spectrum of retail products (credit cards, consumer lending, unsecured revolving credits, car loans, personal loans, mortgages and small business loans).

The Bank’s models were developed based on historical data and credit bureau data. Behavioral scorecards are calculated automatically on a monthly basis, thus ensuring that the credit risk assessment is up to date.

The models are applied in the credit approval process, the credit limits management, as well as the collection process for the prioritization of the accounts in terms of handling. Furthermore, the models are often used for the risk segmentation of the customers and the risk based pricing of particular segments or new products introduced as well as in the calculation of the Economic Value Added (EVA) and Risk Adjusted Return on Capital (RaRoC) measures.

The rating systems employed by the Bank meets the requirements of the Basel III-Internal Ratings Based (IRB) approach. The Bank is IRB certified since 2008 for the Greek portfolios, both wholesale and retail (as detailed in Basel III, Pillar 3 disclosures available at the Bank’s website).

In the context of IFRS9 implementation, the Bank has further enhanced its retail credit risk assessment models linking risk parameters estimation with macro-economic factors allowing their forecasting over one year and lifetime horizon under different macroeconomic scenarios (base, adverse and optimistic) and supporting the staging analysis and allocation to risk classes under homogeneous pools.

The Group Credit Risk Capital Adequacy Control Sector monitors the capacity of rating models and scoring systems to classify customers according to risk, as well as to predict the probability of default and loss given default and exposure at default on an ongoing basis. The Group Models Validation and Governance Sector implements the Bank's validation policy which complies with

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international best practices and regulatory requirements. The Bank verifies the validity of the rating models and scoring systems on an annual basis and the validation includes both quantitative and qualitative aspects. The validation procedures are documented, and regularly reviewed and reported to the BRC.

The Group's Internal Audit Division also independently reviews the validation process in wholesale and retail rating systems annually.

### (f) Credit risk mitigation

A key component of the Group's business strategy is to reduce risk by utilizing various risk mitigating techniques. The most important risk mitigating means are collaterals' pledges, guarantees and master netting arrangements.

#### Types of collateral commonly accepted by the Group

The Group has internal policies in place which set out the following types of collateral that are usually accepted in a credit relationship:

- residential real estate, commercial real estate (offices, shopping malls, etc.), industrial buildings and land;
- receivables (trade debtors) and post dated cheques;
- securities, including listed shares and bonds;
- deposits;
- guarantees and letters of support;
- insurance policies; and
- equipment, mainly, vehicles and vessels.

A specific coverage ratio is pre-requisite, upon the credit relationship's approval and on ongoing basis, for each collateral type, as specified in the Group's credit policy.

For exposures, other than loans to customers (i.e. reverse repos, derivatives), the Group accepts as collateral only cash or liquid bonds.

#### Valuation principles of collaterals

In defining the maximum collateral ratio for loans, the Group considers all relevant information available, including the collaterals' specific characteristics, if market participants would take those into account when pricing the relevant assets. The valuation and hence eligibility is based on the following factors:

- the collateral's fair value, i.e. the exit price that would be received to sell the asset in an orderly transaction under current market conditions;
- the fair value reflects market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it;
- a reduction in the collateral's value is considered if the type, location or condition (such as deterioration and obsolescence) of the asset indicate so; and
- no collateral value is assigned if a pledge is not legally enforceable.

The Group performs collaterals' valuation in accordance with its processes and policies. With the exception of special cases (e.g. syndicated loans), the real estate collaterals of all units are valued by Cerved Property Services S.A. ("CPS") who is the successor of the Bank's former subsidiary, Eurobank Property Services S.A. CPS is regulated by the Royal Institute of Chartered Surveyors and employs internal or external qualified appraisers based on predefined criteria (qualifications and expertise). All appraisals take into account factors such as the region, age and marketability of the property, and are further reviewed and countersigned by experienced staff. The valuation methodology employed is based on International Valuation Standards (IVS), while quality controls are in place, such as reviewing mechanisms, independent sample reviews by independent well established valuation companies.

In order to monitor the valuation of residential property held as collateral, the Bank uses the Residential Property Index of the Bank of Greece. The index has been created by the Real Estate Market Analysis Section of BoG using detailed information collected from all Credit Institutions and Real Estate Investment Companies (REIC) operating in Greece. The Residential Property Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

For commercial real estates, the Bank uses the Commercial Real Estate Index developed by CPS. This index is derived through a combination of CPS & BoG CRE indices and it is based on internationally accepted methodology. It constitutes a tool for the statistical monitoring of possible changes of the values of the commercial properties as well as for the trends in the particular market. It is

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updated on an annual basis. The Commercial Real Estate Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

To ensure the quality of the post-dated cheques accepted as collateral, the Bank has developed a pre-screening system, which takes into account a number of criteria and risk parameters, so as to evaluate their eligibility. Furthermore, the post-dated cheques' valuation is monitored through the use of advanced statistical reports and through the review of detailed information regarding the recoverability of cheques, referrals and bounced cheques, per issuer broken down.

### Collateral policy and documentation

Regarding collaterals, Group's policy emphasizes the need that collaterals and relevant processes are timely and prudently executed, in order to ensure that collaterals and relevant documentation are legally enforceable at any time. The Group holds the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

### Guarantees

The guarantees used as credit risk mitigation by the Group are largely issued by central and regional governments in the countries in which it operates. The Hellenic Development Bank (HDB) and similar funds, banks and insurance companies are also significant guarantors of credit risk.

### Management of repossessed properties

The objective of the repossessed assets' management is to minimize the time cycle of the asset's disposal and to maximize the recovery of the capital engaged.

To this end, the management of repossessed assets aims at improving rental and other income from the exploitation of such assets, and at the same time reducing the respective holding and maintenance costs. Additionally, the Group is actively engaged in identifying suitable potential buyers for its portfolio of repossessed assets (including specialised funds involved in acquiring specific portfolios of properties repossessed), both in Greece and abroad, in order to reduce its stock of properties with a time horizon of 3-5 years.

Repossessed assets are closely monitored based on technical and legal due diligence reports, so that their market value is accurately reported and updated in accordance with market trends.

### Counterparty risk

The Group mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

In the case of derivatives, the Group makes use of International Swaps and Derivatives Association (ISDA) contracts, which limit the exposure via the application of netting, and Credit Support Annex (CSAs), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements (GMRAs) are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimizing the exposure.

Following the European Market Infrastructure Regulation (EMIR), the Bank performs centrally cleared transactions for eligible derivative contracts through an EU authorized European central counterparty (CCP), recorded in trade repositories. The use of CCP increases market transparency and reduces counterparty credit and operational risks inherent in derivatives markets.

The Bank uses a comprehensive collateral management system for the monitoring of ISDA, CSAs and GMRAs, i.e. the daily valuation of the derivatives and the market value of the securities are used for the calculation of each counterparty's exposure. The collateral which should be posted or requested by the relevant counterparty is calculated daily.

With this system, the Bank monitors and controls the collateral flow in case of derivatives and repos, independently of the counterparty. The effect of any market movement that increases the Bank's exposure is reported and the Bank proceeds to collateral call accordingly.

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### 5.2.1.1 Maximum exposure to credit risk before collateral held

	2022		2021	
	€ million		€ million	
<b>Credit risk exposures relating to on-balance sheet assets are as follows:</b>				
Due from credit institutions	1,330		2,511	
Less: Impairment allowance	(1)	1,329	(1)	2,510
Debt securities held for trading		87		69
Derivative financial instruments		1,185		1,949
Loans and advances to customers at amortised cost:				
- Wholesale lending <sup>(1)</sup>	26,054		23,716	
- Mortgage lending	10,201		10,105	
- Consumer lending	3,353		3,242	
- Small business lending	3,842		3,753	
Less: Impairment allowance	(1,626)	41,824	(1,872)	38,943
Fair value changes of loans in portfolio hedging of interest rate risk		(163)		-
Loans and advances to customers measured at FVTPL		16		23
Investment securities:				
- Debt securities measured at amortised cost	9,214		4,672	
Less: Impairment allowance	(22)	9,192	(6)	4,666
Debt securities measured at FVOCI		3,828		6,509
Investment securities at FVTPL		241		141
Other financial assets <sup>(2)</sup>	202		190	
Less: Impairment allowance	(23)	179	(28)	162
<b>Credit risk exposures relating to off-balance sheet items (note 42):</b>				
- Loan commitments		7,611		5,139
- Financial guarantee contracts and other commitments		2,860		1,702
<b>Total</b>		<b>68,189</b>		<b>61,814</b>

<sup>(1)</sup> Includes loans to public sector.

<sup>(2)</sup> Refers to financial assets subject to IFRS 9 impairment requirements, which are recognised within other assets.

The above table represents the Group's maximum credit risk exposure as at 31 December 2022 and 31 December 2021 respectively, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the Group's financial statements.

For on-balance sheet assets, the exposures set out above are based on the carrying amounts as reported in the balance sheet. For off-balance sheet items, the maximum exposure is the nominal amount that the Group may be required to pay if the financial guarantee contracts and other commitments are called upon and the loan commitments are drawn down. Off-balance sheet loan commitments presented above, include revocable commitments to extend credit of € 3.7 billion (2021: € 3.6 billion) that are subject to ECL measurement.

### 5.2.1.2 Loans and advances to customers

The section below provides an overview of the Group's exposure to credit risk arising from its customer lending portfolios, in line with the guidelines set by the Hellenic Capital Markets Commission and the Bank of Greece (BoG) released on 30 September 2013, as updated by the Group in order to comply with the revised IFRS 7 'Financial Instruments: Disclosures', following the adoption of IFRS 9 from 2018. In addition, the types of the Group's forbearance programs are in line with the BoG's Executive Committee Act 42/30.05.2014 and its amendments.

#### (a) Credit quality of loans and advances to customers

Loans and advances to customers carried at amortised cost are classified depending on how ECL is measured.

## Notes to the Consolidated Financial Statements

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Accordingly, loans reported as non-impaired include loans for which a '12-month ECL allowance' is recognized as they exhibit no significant increase in credit risk since initial recognition and loans for which a 'Lifetime ECL allowance' is recognized as they exhibit a significant increase in credit risk since initial recognition but are not considered to be in default.

Credit impaired loans category includes loans that are considered to be in default, for which a loss allowance equal to a 'Lifetime ECL' is recognized, and loans classified as 'Purchased or originated credit impaired' (POCI) which are always measured on the basis of a 'Lifetime ECL'. From 1 January 2021 onwards, the Group applies a default definition for accounting purposes, which is consistent with the European Banking Authority (EBA) definition for non-performing exposure and regulatory definition of default.

Loans and advances to customers carried at FVTPL are not subject to ECL measurement and therefore are not included in the quantitative information provided in the below sections for loans and advances measured at amortised cost, except where indicated.

The Group's accounting policy for impairment of financial assets is set out in note 2.2.13.

### **Quantitative information**

The following quantitative analysis presents information about the total gross carrying amount of loans and advances including securitization notes issued by special purpose entities established by the Group, and the nominal amount of credit related commitments, that are classified as non-impaired (stage 1 and stage 2) and those classified as credit-impaired (stage 3 and POCI). It also presents the impairment allowance recognized in respect of all loans and advances and credit related commitments, analyzed into individually or collectively assessed, based on how the respective impairment allowance has been calculated, the carrying amount of loans and advances, as well as the value of collateral held to mitigate credit risk which is capped to the respective gross loan amount. In particular, the following four tables for 2022 and 2021 provide:

- a summary of the credit quality of lending exposures and credit related commitments, presenting product line, stage allocation, respective impairment allowance and collateral held
- the classification of lending exposures and credit related commitments into the internal credit rating categories,
- the movement of the gross carrying amounts for loans and advances to customers by product line and stage,
- the ageing analysis of credit impaired (Stage 3 and POCI) loans and advances to customers

Public Sector lending exposures include exposures to the central government, local authorities, state-linked companies and entities controlled and fully or partially owned by the state, excluding public and private companies with commercial activity. For credit risk management purposes, exposures to Public Sector are incorporated in wholesale lending.

**Notes to the Consolidated Financial Statements**

The following tables present summary information about the credit quality (stage analysis, impairment allowance and collateral held per product line) of loans and advances to customers carried at amortised cost and credit related commitments. In addition, they include the fair value changes of loans in portfolio hedging of interest rate risk and the loans and advances to customers carried at FVTPL for the purpose of reconciliation with the total carrying amount of loan and advances to customers:

	31 December 2022												
						Impairment allowance						Carrying amount	Value of collateral
						Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>			Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>				
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Individually assessed	Collectively assessed	Total gross carrying amount/nominal exposure	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Individually assessed	Collectively assessed	€ million	€ million		
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million			
<b>Retail Lending</b>	<b>12,169</b>	<b>3,992</b>	<b>105</b>	<b>1,131</b>	<b>17,396</b>	<b>(81)</b>	<b>(280)</b>	<b>(73)</b>	<b>(571)</b>	<b>16,392</b>	<b>11,598</b>		
- Mortgage	6,832	2,825	50	495	10,201	(21)	(160)	(41)	(188)	9,792			
Value of collateral	6,563	2,378	22	385							9,348		
- Consumer	2,028	357	0	214	2,599	(31)	(42)	(0)	(149)	2,376			
Value of collateral	125	2	0	3							130		
- Credit card	642	70	0	42	755	(6)	(6)	(0)	(37)	705			
Value of collateral	0	0	0	0							0		
- Small business	2,668	740	54	380	3,842	(23)	(72)	(32)	(197)	3,518			
Value of collateral	1,347	550	25	198							2,120		
<b>Wholesale Lending</b>	<b>23,424</b>	<b>1,581</b>	<b>841</b>	<b>182</b>	<b>26,028</b>	<b>(68)</b>	<b>(75)</b>	<b>(368)</b>	<b>(109)</b>	<b>25,408</b>	<b>16,836</b>		
- Large corporate	14,865	794	284	19	15,961	(40)	(27)	(139)	(11)	15,744			
Value of collateral	7,890	551	165	11							8,618		
- SMEs	3,658	787	557	163	5,166	(28)	(48)	(228)	(99)	4,763			
Value of collateral	2,238	601	387	91							3,317		
- Securitized notes <sup>(2)</sup>	4,901	-	-	-	4,901	(0)	-	-	-	4,901			
Value of collateral	4,901	-	-	-							4,901		
<b>Public Sector</b>	<b>25</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>26</b>	<b>(0)</b>	<b>(0)</b>	<b>(1)</b>	<b>(0)</b>	<b>25</b>	<b>0</b>		
- Greece	25	-	-	0	25	(0)	-	-	(0)	24			
Value of collateral	0	-	-	0							0		
- Other countries	0	0	1	-	1	(0)	(0)	(1)	-	1			
Value of collateral	0	-	-	-	-						0		
<b>Fair value changes of loans in portfolio hedging of interest rate risk</b>										<b>(163)</b>			
<b>Loans and advances to customers at FVTPL</b>										<b>16</b>	<b>16</b>		
<b>Total</b>	<b>35,618</b>	<b>5,573</b>	<b>946</b>	<b>1,313</b>	<b>43,450</b>	<b>(149)</b>	<b>(355)</b>	<b>(441)</b>	<b>(680)</b>	<b>41,677</b>	<b>28,450</b>		
<b>Total value of collateral</b>	<b>23,065</b>	<b>4,082</b>	<b>599</b>	<b>688</b>									
<b>Credit related commitments</b>	<b>10,129</b>	<b>289</b>	<b>36</b>	<b>17</b>	<b>10,471</b>	<b>(20)</b>	<b>(6)</b>	<b>(24)</b>	<b>(7)</b>				
Loan commitments	7,429	178	3	1	7,611	(12)	(5)	(1)	(0)				
Financial guarantee contracts and other commitments	2,701	110	33	16	2,860	(8)	(2)	(23)	(7)				
Value of collateral	1,113	56	9	5									

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	31 December 2021										
	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>				Total gross carrying amount/nominal exposure € million	Impairment allowance				Carrying amount € million	Value of collateral € million
	12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million	Individually assessed € million	Collectively assessed € million		12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million	Individually assessed € million	Collectively assessed € million		
Retail Lending	11,984	3,790	119	1,205	17,099	(102)	(235)	(73)	(581)	16,108	11,360
- Mortgage	6,871	2,735	54	444	10,105	(17)	(138)	(36)	(134)	9,780	
<i>Value of collateral</i>	6,474	2,245	27	337							9,083
- Consumer	1,905	267	2	217	2,391	(35)	(31)	(1)	(136)	2,188	
<i>Value of collateral</i>	107	1	2	3							112
- Credit card	667	45	0	138	850	(9)	(7)	(0)	(120)	714	
<i>Value of collateral</i>	1	0	0	0							1
- Small business	2,540	744	63	406	3,753	(41)	(58)	(36)	(190)	3,427	
<i>Value of collateral</i>	1,391	555	29	190							2,164
Wholesale Lending	20,564	1,668	1,168	282	23,681	(68)	(76)	(599)	(137)	22,802	16,118
- Large corporate	11,694	726	389	23	12,831	(39)	(37)	(183)	(13)	12,559	
<i>Value of collateral</i>	6,474	478	255	9							7,217
- SMEs	3,764	941	779	259	5,744	(29)	(38)	(416)	(124)	5,137	
<i>Value of collateral</i>	2,501	717	449	128							3,795
- Securitized notes <sup>(2)</sup>	5,106	-	-	-	5,106	(0)	-	-	-	5,106	
<i>Value of collateral</i>	5,106	-	-	-							5,106
Public Sector	31	3	-	2	35	(1)	(0)	-	(1)	33	2
- Greece	30	2	-	1	33	(1)	(0)	-	(1)	31	
<i>Value of collateral</i>	1	1	-	0							2
- Other countries	1	0	-	1	2	(0)	(0)	-	(0)	1	
<i>Value of collateral</i>	0	-	-	-	-						0
Loans and advances to customers at FVTPL										23	23
<b>Total</b>	<b>32,578</b>	<b>5,461</b>	<b>1,287</b>	<b>1,489</b>	<b>40,815</b>	<b>(171)</b>	<b>(311)</b>	<b>(672)</b>	<b>(718)</b>	<b>38,967</b>	<b>27,503</b>
Total value of collateral	22,055	3,998	762	666							
Credit related commitments	6,397	393	32	19	6,841	(14)	(6)	(23)	(5)		
Loan commitments	4,871	263	3	2	5,139	(9)	(3)	(1)	(0)		
Financial guarantee contracts and other commitments	1,526	130	29	17	1,702	(5)	(3)	(22)	(5)		
<i>Value of collateral</i>	935	51	6	7							

<sup>(1)</sup> As at 31 December 2022, total gross carrying amount of credit impaired loans includes POCI loans of € 43 million and carry an impairment allowance of € 6.5 million (2021: € 44 million gross carrying amount, of which € 9.3 million arose from the merger of Eurobank A.D. Beograd with Direktna Banka a.d. and € 6.4 million impairment allowance).

<sup>(2)</sup> It refers to the senior notes of the Pillar, Cairo and Mexico securitizations that are collateralized by the underlying pool of loans held by the respective securitization vehicles (note 20). The amount of the securitized loan portfolios has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).



## Notes to the Consolidated Financial Statements

The Group assesses the credit quality of its loans and advances to customers and credit related commitments that are subject to ECL using internal credit rating systems for the wholesale portfolio, which are based on a variety of quantitative and qualitative factors, while the credit quality of the retail portfolio is based on the allocation of risk classes into homogenous pools.

The following tables present the distribution of the gross carrying amount of loans and advances and the nominal exposure of credit related commitments based on the credit quality classification categories and stage allocation:

Internal credit rating	31 December 2022				31 December 2021			
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI	Total gross carrying amount	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI	Total gross carrying amount
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Retail Lending</b>								
- Mortgage								
PD<2.5%	6,460	1,167	-	7,627	5,738	417	-	6,155
2.5%<=PD<4%	265	284	-	549	554	465	-	1,019
4%<=PD<10%	66	437	-	502	504	1,134	-	1,638
10%<=PD<16%	20	553	-	573	39	282	-	321
16%<=PD<99.99%	21	384	-	405	37	436	-	473
100%	-	-	545	545	-	-	498	498
- Consumer								
PD<2.5%	287	8	-	294	131	13	-	144
2.5%<=PD<4%	707	34	-	742	805	22	-	827
4%<=PD<10%	964	133	-	1,097	903	83	-	987
10%<=PD<16%	46	11	-	57	50	12	-	62
16%<=PD<99.99%	23	172	-	194	15	137	-	152
100%	-	-	214	214	-	-	219	219
- Credit card								
PD<2.5%	372	5	-	377	429	4	-	433
2.5%<=PD<4%	263	41	-	304	233	27	-	260
4%<=PD<10%	6	4	-	11	4	5	-	9
10%<=PD<16%	0	5	-	5	0	1	-	1
16%<=PD<99.99%	0	15	-	15	0	8	-	9
100%	-	-	42	42	-	-	139	139
- Small business								
PD<2.5%	1,328	48	-	1,376	1,413	26	-	1,439
2.5%<=PD<4%	498	63	-	561	232	12	-	244
4%<=PD<10%	652	47	-	699	657	81	-	738
10%<=PD<16%	47	165	-	213	78	137	-	214
16%<=PD<99.99%	143	417	-	559	161	488	-	649
100%	-	-	434	434	-	-	469	469
<b>Wholesale Lending</b>								
- Large corporate								
Strong	10,572	0	-	10,572	7,417	16	-	7,434
Satisfactory	4,127	432	-	4,559	4,070	427	-	4,497
Watch list	165	362	-	527	206	283	-	489
Impaired (Defaulted)	-	-	303	303	-	-	411	411
- SMEs								
Strong	1,090	9	-	1,098	1,049	20	-	1,069
Satisfactory	2,318	321	-	2,639	2,399	356	-	2,755
Watch list	250	458	-	708	316	565	-	882
Impaired (Defaulted)	-	-	720	720	-	-	1,039	1,039
- Securitized notes								
Strong	4,901	-	-	4,901	5,106	-	-	5,106
<b>Public Sector</b>								
All countries								
Strong	25	-	-	25	22	-	-	22
Satisfactory	-	-	-	-	3	0	-	3
Watch list	-	0	-	0	6	2	-	8
Impaired (Defaulted)	-	-	1	1	-	-	2	2
<b>Total</b>	<b>35,618</b>	<b>5,573</b>	<b>2,259</b>	<b>43,450</b>	<b>32,578</b>	<b>5,461</b>	<b>2,776</b>	<b>40,815</b>

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Internal credit rating	31 December 2022				31 December 2021			
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI	Total nominal amount	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI	Total nominal amount
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Credit Related Commitments</b>								
<b>Retail Lending</b>								
Loan commitments								
PD<2.5%	1,455	14	-	1,469	1,479	5	-	1,484
2.5%<=PD<4%	1,025	62	-	1,088	845	45	-	890
4%<=PD<10%	541	30	-	571	415	96	-	511
10%<=PD<16%	33	3	-	37	39	10	-	49
16%<=PD<99.99%	1	13	-	14	0	6	-	6
100%	-	-	1	1	-	-	2	2
Financial guarantee contracts and other commitments								
PD<2.5%	81	0	-	81	92	-	-	92
2.5%<=PD<4%	77	1	-	78	39	-	-	39
4%<=PD<10%	22	0	-	22	11	0	-	11
10%<=PD<16%	-	0	-	0	-	0	-	0
16%<=PD<99.99%	0	2	-	2	1	0	-	1
100%	-	-	1	1	-	-	1	1
<b>Wholesale Lending</b>								
Loan commitments								
Strong	3,126	0	-	3,126	1,145	34	-	1,179
Satisfactory	1,241	37	-	1,278	902	58	-	960
Watch list	6	18	-	24	47	9	-	56
Impaired (Defaulted)	-	-	3	3	-	-	3	3
Financial guarantee contracts and other commitments								
Strong	1,940	10	-	1,950	883	1	-	884
Satisfactory	552	36	-	588	466	64	-	530
Watch list	28	62	-	90	34	65	-	99
Impaired (Defaulted)	-	-	48	48	-	-	45	45
<b>Total</b>	<b>10,129</b>	<b>289</b>	<b>53</b>	<b>10,471</b>	<b>6,397</b>	<b>393</b>	<b>51</b>	<b>6,841</b>

The table below depicts the internal credit rating bands (MRA rating scale or equivalent) for the wholesale portfolio that correspond to the credit quality classification categories presented in the above tables:

Wholesale Lending		
Credit Quality classification categories	Internal Credit Rating Large Corporate	Internal Credit Rating SMEs
Strong	1-4	1-3
Satisfactory	5-6	4-6
Watch list	7-9	7-9
Impaired (Defaulted)	10	10

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The following tables present the movement of the gross carrying amounts for loans and advances to customers by product line and stage and is calculated by reference to the opening and closing balances for the reporting years from 1 January 2022 to 31 December 2022 and 1 January 2021 to 31 December 2021:

	31 December 2022												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	
<b>Gross carrying amount at 1 January</b>	<b>20,594</b>	<b>1,670</b>	<b>1,452</b>	<b>6,871</b>	<b>2,735</b>	<b>498</b>	<b>2,572</b>	<b>311</b>	<b>358</b>	<b>2,540</b>	<b>744</b>	<b>469</b>	<b>40,815</b>
New loans and advances originated or purchased	6,986	-	8	809	-	-	840	-	-	725	-	-	9,368
Transfers between stages													
-to 12-month ECL	576	(575)	(1)	333	(318)	(15)	92	(82)	(10)	154	(143)	(12)	-
-to lifetime ECL	(802)	819	(17)	(506)	611	(105)	(272)	303	(31)	(183)	235	(52)	-
-to lifetime ECL credit-impaired loans	(41)	(85)	125	(60)	(151)	210	(71)	(44)	115	(38)	(75)	113	-
Loans and advances derecognised/ reclassified as held for sale during the year	(2)	(2)	(276)	(2)	-	(0)	(0)	-	-	-	-	(1)	(282)
Amounts written-off <sup>(1)</sup>	-	-	(87)	-	-	(10)	-	-	(141)	-	-	(53)	(290)
Repayments	(4,060)	(293)	(184)	(820)	(179)	(45)	(507)	(87)	(61)	(615)	(70)	(38)	(6,959)
Foreign exchange differences and other movements	198	46	2	204	127	11	15	26	26	84	49	8	798
<b>Gross Carrying amount at 31 December</b>	<b>23,448</b>	<b>1,581</b>	<b>1,024</b>	<b>6,832</b>	<b>2,825</b>	<b>545</b>	<b>2,669</b>	<b>427</b>	<b>257</b>	<b>2,668</b>	<b>740</b>	<b>434</b>	<b>43,450</b>
Impairment allowance	(68)	(75)	(478)	(21)	(160)	(229)	(37)	(48)	(186)	(23)	(72)	(229)	(1,626)
<b>Carrying amount at 31 December</b>	<b>23,380</b>	<b>1,506</b>	<b>546</b>	<b>6,810</b>	<b>2,665</b>	<b>316</b>	<b>2,633</b>	<b>379</b>	<b>70</b>	<b>2,645</b>	<b>668</b>	<b>205</b>	<b>41,824</b>

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	31 December 2021 <sup>(2)</sup>												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	
<b>Gross carrying amount at 1 January</b>	<b>17,204</b>	<b>2,012</b>	<b>2,125</b>	<b>7,081</b>	<b>2,791</b>	<b>1,779</b>	<b>2,230</b>	<b>445</b>	<b>732</b>	<b>2,200</b>	<b>1,189</b>	<b>1,087</b>	<b>40,874</b>
New loans and advances originated or purchased	4,978	-	-	642	-	-	663	-	-	558	-	-	6,840
Arising from acquisition	94	-	2	45	-	3	164	-	3	10	-	1	322
Securitized notes	1,628	-	-	-	-	-	-	-	-	-	-	-	1,628
Transfers between stages													
-to 12-month ECL	460	(441)	(20)	549	(540)	(9)	149	(144)	(5)	437	(433)	(4)	-
-to lifetime ECL	(600)	638	(39)	(748)	966	(218)	(141)	168	(28)	(152)	216	(64)	-
-to lifetime ECL credit-impaired loans	(35)	(190)	225	(89)	(223)	312	(66)	(99)	165	(59)	(142)	202	-
Loans and advances derecognised/ reclassified as held for sale during the year	(30)	(34)	(529)	(24)	(220)	(1,258)	(3)	(14)	(336)	(5)	(81)	(638)	(3,172)
Amounts written-off <sup>(1)</sup>	-	-	(166)	-	-	(73)	-	-	(145)	-	-	(85)	(469)
Repayments	(3,380)	(360)	(165)	(771)	(152)	(66)	(458)	(65)	(65)	(451)	(46)	(43)	(6,022)
Foreign exchange differences and other movements	276	46	17	187	115	28	34	19	37	1	41	13	814
<b>Gross Carrying amount at 31 December</b>	<b>20,594</b>	<b>1,670</b>	<b>1,452</b>	<b>6,871</b>	<b>2,735</b>	<b>498</b>	<b>2,572</b>	<b>311</b>	<b>358</b>	<b>2,540</b>	<b>744</b>	<b>469</b>	<b>40,815</b>
Impairment allowance	(69)	(76)	(737)	(17)	(138)	(170)	(44)	(39)	(257)	(41)	(58)	(227)	(1,872)
<b>Carrying amount at 31 December</b>	<b>20,526</b>	<b>1,595</b>	<b>715</b>	<b>6,854</b>	<b>2,597</b>	<b>328</b>	<b>2,529</b>	<b>273</b>	<b>101</b>	<b>2,499</b>	<b>685</b>	<b>242</b>	<b>38,943</b>

<sup>(1)</sup> The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2022 and that are still subject to enforcement activity is € 111 million (2021: € 217 million).

<sup>(2)</sup> Comparative information has been adjusted in order to align with current year's presentation.

Note 1: Wholesale product line category includes also Public sector loans portfolio.

Note 2: "Loans and advances derecognised/reclassified as held for sale during the year" presents loans derecognized due to a) substantial modifications of the loans' contractual terms, b) securitization and sale transactions, c) debt to equity transactions and those that have been reclassified as held for sale during the year (notes 20 and 30).

**Notes to the Consolidated Financial Statements**

Credit impaired loans and advances to customers

The following tables present the ageing analysis of credit impaired (Stage 3 and POCI) loans and advances by product line at their gross carrying amounts, as well as the respective impairment allowance and the value of collaterals held to mitigate credit risk.

For denounced loans, the Group ceases to monitor the delinquency status and therefore the respective balances have been included in the 'over 360 days' time band, with the exception of consumer exposures which continue to be monitored up to 360 days past due.

	31 December 2022							
	Retail lending			Wholesale lending			Public sector	Lifetime ECL credit-impaired € million
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece and other countries € million	
up to 90 days	192	68	7	120	138	308	0	832
90 to 179 days	38	23	7	19	16	31	-	133
180 to 360 days	82	38	9	47	1	52	-	228
more than 360 days	233	86	20	248	149	329	1	1,066
<b>Total gross carrying amount</b>	<b>545</b>	<b>214</b>	<b>42</b>	<b>434</b>	<b>303</b>	<b>720</b>	<b>1</b>	<b>2,259</b>
Impairment allowance	(229)	(149)	(37)	(229)	(150)	(327)	(1)	(1,121)
<b>Carrying amount</b>	<b>316</b>	<b>65</b>	<b>5</b>	<b>205</b>	<b>153</b>	<b>393</b>	<b>0</b>	<b>1,138</b>
<b>Value of Collateral</b>	<b>407</b>	<b>3</b>	<b>0</b>	<b>223</b>	<b>177</b>	<b>478</b>	<b>0</b>	<b>1,287</b>
	31 December 2021							
	Retail lending			Wholesale lending			Public sector	Lifetime ECL credit-impaired € million
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece and other countries € million	
up to 90 days	208	74	24	127	208	341	0	981
90 to 179 days	49	26	7	26	1	4	-	113
180 to 360 days	88	42	9	45	0	44	0	228
more than 360 days	153	77	99	271	203	649	2	1,453
<b>Total gross carrying amount</b>	<b>498</b>	<b>219</b>	<b>139</b>	<b>469</b>	<b>411</b>	<b>1,039</b>	<b>2</b>	<b>2,776</b>
Impairment allowance	(170)	(137)	(120)	(227)	(196)	(539)	(1)	(1,391)
<b>Carrying amount</b>	<b>328</b>	<b>82</b>	<b>18</b>	<b>242</b>	<b>215</b>	<b>499</b>	<b>1</b>	<b>1,386</b>
<b>Value of Collateral</b>	<b>365</b>	<b>4</b>	<b>0</b>	<b>218</b>	<b>264</b>	<b>577</b>	<b>0</b>	<b>1,428</b>

Note: As at 31 December 2022, total gross carrying amount of credit impaired loans includes POCI loans of € 43 million (2021: € 44 million).

**(b) Collaterals and repossessed assets**

Collaterals

The Loan-to-Value (LTV) ratio of the mortgage lending reflects the gross loan exposure at the balance sheet date over the market value of the property held as collateral.

The LTV ratio of the mortgage portfolio is presented below:

	2022 € million	2021 € million
<b>Mortgages</b>		
Less than 50%	2,881	2,630
50%-70%	2,373	2,100
71%-80%	1,524	1,508
81%-90%	1,042	1,010
91%-100%	825	994
101%-120%	604	680
121%-150%	437	516
Greater than 150%	516	666
<b>Total exposure</b>	<b>10,201</b>	<b>10,105</b>
<b>Average LTV</b>	<b>57.30%</b>	<b>61.82%</b>

## Notes to the Consolidated Financial Statements

The breakdown of collateral and guarantees for loans and advances to customers at amortised cost is presented below:

	31 December 2022				
	Value of collateral received				Guarantees received <sup>(1)</sup>
	Real Estate	Financial	Other	Total	
	€ million	€ million	€ million	€ million	€ million
Retail Lending	10,760	443	396	11,598	721
Wholesale Lending	5,544	923	10,368	16,836	744
Public sector	0	0	0	0	-
<b>Total</b>	<b>16,304</b>	<b>1,366</b>	<b>10,764</b>	<b>28,434</b>	<b>1,465</b>

  

	31 December 2021				
	Value of collateral received				Guarantees received <sup>(1)</sup>
	Real Estate	Financial	Other	Total	
	€ million	€ million	€ million	€ million	€ million
Retail Lending	10,522	504	335	11,361	616
Wholesale Lending	4,795	1,139	10,184	16,118	376
Public sector	1	1	0	2	-
<b>Total</b>	<b>15,318</b>	<b>1,644</b>	<b>10,519</b>	<b>27,481</b>	<b>992</b>

<sup>(1)</sup> In addition to the above presented guarantees, from December 2021, the Group has entered into two financial guarantees contracts 'Wave I' and 'Wave II' related to the portfolios of performing SMEs and large corporate loans of € 1.4 billion as at 31 December 2022 (31 December 2021: € 1.7 billion) and from December 2022, into the financial guarantees contract 'Wave III' related to the portfolio of performing shipping loans of € 1.6 billion (\$ 1.7 billion) (note 20).

The collaterals presented in the above table under category "Other", include assigned receivables, equipment, inventories, vessels, etc. They also include the amount of the securitized loans held by the securitizations vehicles that issued the Pillar, Cairo and Mexico senior notes. The amount of the securitized loans has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).

### Reposessed assets

The Group recognizes collateral assets on the balance sheet by taking possession usually through legal processes or by calling upon other credit enhancements. As at 31 December 2022, the carrying amount of reposessed assets which are included in "Other assets" amounted to € 559 million (31 December 2021: € 572 million), note 29. These assets are carried at the lower of cost and net realizable value (note 2.2.18).

The main type of collateral that the Group reposesses against repayment or reduction of the outstanding loan is real estate. The below table presents the movement of reposessed real estate assets during the year, including a) those transferred to the appropriate category based on their use by the Group as part of its operations i.e. investment property or own-used (notes 2.2.6, 26, and 27) and b) those reclassified to "held for sale" category (notes 30).

	2022			2021		
	Real estate			Real estate		
	Residential	Commercial	Total	Residential	Commercial	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 1 January	209	362	571	208	377	585
Additions <sup>(1)</sup>	14	22	36	12	23	35
Transfers to investment property	(3)	(8)	(11)	(1)	(2)	(3)
Disposals	(4)	(22)	(26)	(4)	(12)	(16)
Valuation losses	(4)	(9)	(13)	(2)	(3)	(5)
Held for Sale (note 30)	-	-	-	(3)	(21)	(24)
Other	0	(0)	0	(1)	-	(1)
<b>Balance at 31 December</b>	<b>212</b>	<b>345</b>	<b>557</b>	<b>209</b>	<b>362</b>	<b>571</b>

<sup>(1)</sup> The carrying amount of the real estate properties obtained during the year and held at the year ended 31 December 2022 amounted to € 32 million (31 December 2021: € 34 million).

In addition, the Group reposesses other types of collaterals mainly referring to equity positions due to the participation in debt for equity transactions as part of forbearance measures (see below "Debt for equity swaps"). The Group during the year has not obtained other types of collaterals as a result of repossession (31 December 2021: € 2.9 million).

**Notes to the Consolidated Financial Statements**
**(c) Geographical and industry concentrations of loans and advances to customers**

As described above in note 5.2.1, the Group holds diversified portfolios across markets and countries and implements limits on concentrations arising from the geographical location or the activity of groups of borrowers that could be similarly affected by changes in economic or other conditions, in order to mitigate credit risk.

The following tables break down the Group's exposure into loans and advances to customers and credit related commitments at their gross carrying amount and nominal amount respectively by stage, product line, industry and geographical region and impairment allowance by product line, industry and geographical region:

	31 December 2022											
	Greece				Rest of Europe				Other Countries			
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount			
	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Retail Lending</b>	<b>8,547</b>	<b>3,571</b>	<b>1,024</b>	<b>(807)</b>	<b>3,614</b>	<b>420</b>	<b>210</b>	<b>(197)</b>	<b>7</b>	<b>0</b>	<b>1</b>	<b>(1)</b>
-Mortgage	4,978	2,677	463	(337)	1,848	147	81	(72)	6	0	1	(1)
-Consumer	835	177	126	(141)	1,191	180	88	(82)	1	0	0	(0)
-Credit card	543	51	36	(43)	98	19	6	(6)	0	0	0	(0)
-Small business	2,191	665	399	(286)	477	74	35	(38)	0	-	-	(0)
<b>Wholesale Lending</b>	<b>10,579</b>	<b>1,001</b>	<b>804</b>	<b>(479)</b>	<b>9,676</b>	<b>572</b>	<b>207</b>	<b>(131)</b>	<b>3,169</b>	<b>8</b>	<b>12</b>	<b>(11)</b>
-Commerce and services <sup>(2)</sup>	4,135	331	393	(242)	6,215	106	62	(47)	535	0	6	(6)
-Manufacturing	2,658	292	130	(96)	969	39	26	(16)	5	-	-	(0)
-Shipping	8	2	44	(44)	241	-	15	(16)	2,455	-	6	(5)
-Construction	1,279	51	57	(45)	616	62	17	(14)	65	8	-	(0)
-Tourism	962	308	176	(48)	228	118	44	(2)	-	-	-	-
-Energy	1,474	1	2	(3)	234	31	16	(8)	-	-	-	-
-Other	64	17	1	(0)	1,174	215	28	(28)	109	-	-	(0)
<b>Public Sector</b>	<b>25</b>	<b>-</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>19,151</b>	<b>4,572</b>	<b>1,829</b>	<b>(1,286)</b>	<b>13,291</b>	<b>992</b>	<b>418</b>	<b>(328)</b>	<b>3,176</b>	<b>9</b>	<b>13</b>	<b>(11)</b>
<b>Credit related Commitments</b>	<b>7,352</b>	<b>175</b>	<b>48</b>	<b>(47)</b>	<b>2,489</b>	<b>114</b>	<b>4</b>	<b>(10)</b>	<b>288</b>	<b>0</b>	<b>0</b>	<b>(0)</b>
-Loan commitments	5,493	109	2	(12)	1,654	70	2	(6)	281	0	0	(0)
-Financial guarantee contracts and other commitments	1,859	66	46	(35)	835	44	2	(4)	7	-	0	(0)



**Notes to the Consolidated Financial Statements**

	31 December 2021											
	Greece				Rest of Europe				Other Countries			
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount			
	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	Impairment allowance
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Retail Lending	8,873	3,433	1,092	(812)	3,103	357	232	(178)	8	0	1	(1)
-Mortgage	5,300	2,609	403	(257)	1,565	126	95	(68)	6	0	1	(1)
-Consumer	850	125	135	(138)	1,054	142	84	(66)	2	0	0	(0)
-Credit card	566	34	132	(132)	101	11	7	(5)	0	0	0	(0)
-Small business	2,158	665	423	(286)	383	79	46	(40)	0	0	-	(0)
Wholesale Lending	8,365	1,104	1,204	(744)	9,369	551	223	(124)	2,830	13	22	(12)
-Commerce and services <sup>(2)</sup>	3,159	516	606	(384)	6,373	109	72	(49)	727	-	9	(7)
-Manufacturing	2,520	247	178	(147)	772	46	28	(15)	0	-	-	-
-Shipping	6	3	50	(49)	224	-	19	(15)	1,931	3	13	(4)
-Construction	952	80	142	(92)	477	31	20	(16)	65	8	-	(0)
-Tourism	975	248	224	(62)	274	128	18	(2)	-	-	-	-
-Energy	682	3	0	(5)	177	23	20	(5)	-	-	-	-
-Other	70	6	3	(5)	1,072	215	46	(22)	107	2	-	(0)
Public Sector	30	2	1	(2)	1	0	1	(0)	-	-	-	-
<b>Total</b>	<b>17,268</b>	<b>4,539</b>	<b>2,298</b>	<b>(1,557)</b>	<b>12,473</b>	<b>908</b>	<b>456</b>	<b>(302)</b>	<b>2,838</b>	<b>14</b>	<b>23</b>	<b>(12)</b>
Credit related Commitments	4,125	271	46	(41)	2,073	120	5	(7)	199	2	0	(0)
-Loan commitments	3,085	168	2	(8)	1,591	94	3	(4)	196	2	0	(0)
-Financial guarantee contracts and other commitments	1,041	104	45	(33)	482	26	1	(2)	3	-	0	(0)

<sup>(1)</sup> Includes POCI loans of € 8.3 million held by operations in Greece, € 34.3 million held by operations in Rest of Europe and € 0.1 million held by operations in Other Countries (2021: € 44.1 million in Rest of Europe).

<sup>(2)</sup> The operations in Rest of Europe include € 4,901 million related to the notes of the Pillar, Cairo and Mexico securitizations (2021: € 5,106 million in Rest of Europe related to the notes of the Pillar, Cairo and Mexico securitizations).

As at 31 December 2022, the carrying amount of Group's loans measured at FVTPL of € 16 million (2021: € 23 million) was included in Wholesale lending portfolio, which was held by operations in Greece (2021: € 20 million were held by operations in Greece and € 3.5 million were held by operations in Rest of Europe).

## Notes to the Consolidated Financial Statements

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### (d) Forbearance practices on lending activities

Modifications of the loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors as well as due to the potential deterioration in the borrowers' financial condition. The Group has employed a range of forbearance solutions in order to enhance the management of customer relationships and the effectiveness of collection efforts, as well as to improve the recoverability of cash flows and minimize credit losses for both retail and wholesale portfolios.

#### *Forbearance practices' classification*

Forbearance practices as monitored and reported by the Group, based on the European Banking Authority Implementing Technical Standards (EBA ITS) guidelines, occur only in the cases where the contractual payment terms of a loan have been modified, as the borrower is considered unable to comply with the existing loan's terms due to apparent financial difficulties, and the Group grants a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties.

All other types of modifications granted by the Group, where there is no apparent financial difficulty of the borrower and may be driven by factors of a business nature are not classified as forbearance measures.

#### *Forbearance solutions*

Forbearance solutions are granted following an assessment of the borrower's ability and willingness to repay and can be of a short or longer term nature. The objective is to assist financially stressed borrowers by rearranging their repayment cash outflows into a sustainable modification, and at the same time, protect the Group from suffering credit losses. The Group deploys targeted segmentation strategies with the objective to tailor different short or long term and sustainable management solutions to selected groups of borrowers for addressing their specific financial needs.

The nature and type of forbearance options may include but is not necessarily limited to, one or more of the following:

- arrears capitalization;
- arrears repayment plan;
- reduced payment above interest only;
- interest-only payments;
- reduced payment below interest only;
- grace period;
- interest rate reduction;
- loan term extensions;
- split balance and gradual step-up of installment payment plans;
- partial debt forgiveness/write-down;
- operational restructuring; and
- debt to equity swaps.

Specifically for unsecured consumer loans (including credit cards), forbearance programs (e.g. term extensions), are applied in combination with debt consolidation whereby all existing consumer balances are pooled together. Forbearance solutions are applied in order to ensure a sufficient decrease on installment and a viable solution for the borrower. In selected cases, the debt consolidations may be combined with mortgage prenotations to convert unsecured lending exposures to secured ones.

In the case of mortgage loans, a decrease of installment may be achieved through forbearance measures such as extended payment periods, capitalization of arrears, split balance and gradual step-up of installment payment plans.

Wholesale exposures are subject to forbearance when there are indications of financial difficulties of the borrower, evidenced by a combination of factors including the deterioration of financials, credit rating downgrade, payment delays and other.

During 2020 in response to the COVID-19 pandemic, the EBA published guidelines on payment moratoria whereby the application of a general payment moratorium that meets the requirements of the guidelines would not in itself lead to a reclassification under the definition of forbearance. However, institutions should continue to categorize the exposures as performing or non-performing in accordance with the applicable requirements. More precisely, as a general principle, before granting a forbearance measure, credit institutions should carry out an individual assessment of the repayment capacity of the borrower and grant forbearance measures tailored to the specific circumstances of the borrower in question.

## Notes to the Consolidated Financial Statements

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Based on this, and following the internal process of individual assessments the Bank flagged as forbearance measures certain payment moratoria for accounts in the hotel sector, which were considered to have increased financial difficulties.

### **Debt for equity swaps**

For wholesale portfolios, the Group on occasion participates in debt for equity transactions as part of forbearance measures, as described in note 2.2.9. In 2022, equity positions acquired by the Group and held as of 31 December 2022 relate to the participation of 3% in Kalogirou S.A. for trade of footwear, apparel and leather goods for a nil consideration. Similarly in 2021, equity positions acquired by the Group and held as of 31 December 2021 related to a) the participation of 100% in Village Roadshow Operations Hellas S.A. for € 1 million and b) the participation of 29.48% in Intertech S.A. – International Technologies for a cash consideration of € 1.9 million.

#### **i. Classification of Forborne loans**

Forborne loans are classified either as non-impaired (stage 2), or impaired (stage 3) by assessing their delinquency and credit quality status.

Credit impaired forborne loans enter initially a probation period of one year where the borrowers' payment performance is closely monitored. If at the end of the abovementioned period, the borrowers have complied with the terms of the program and there are no past due amounts and concerns regarding the loans' full repayment, the loans are then reported as non-impaired forborne loans (stage 2). In addition, non-impaired forborne loans, including those that were previously classified as credit impaired and complied with the terms of the program, are monitored over a period of two years. If, at the end of that period, the borrowers have made regular payments of a significant aggregate amount, there are no past due amounts over 30 days and the loans are neither credit impaired nor any other SICR criteria are met they exit forborne status and are classified as stage 1.

Particularly, the category of credit impaired forborne loans includes those that (a) at the date when forbearance measures were granted, were more than 90 days past due or assessed as unlikely to pay, (b) at the end of the one year probation period met the criteria of entering the non-impaired status and during the two years monitoring period new forbearance measures were extended or became more than 30 days past due, and (c) were initially classified as non-impaired and during the two years monitoring period met the criteria for entering the credit impaired status.

Furthermore, forborne loans that fail to perform under the new modified terms and are subsequently denounced cease to be monitored as part of the Group's forbearance activities and are reported as denounced credit impaired loans (stage 3) consistently with the Group's management and monitoring of all denounced loans.

#### **ii. Impairment assessment**

Where forbearance measures are extended, the Group performs an assessment of the borrower's financial condition and its ability to repay, under the Group's impairment policies, as described in notes 2.2.13 and 5.2.1. Accordingly, forborne loans to wholesale customers, retail individually significant exposures and financial institutions are assessed on an individual basis. Forborne retail lending portfolios are generally assessed for impairment separately from other retail loan portfolios on a collective basis as they consist of large homogenous portfolio.

#### **iii. Loan restructurings**

In cases where the contractual cash flows of a forborne loan have been substantially modified, the original forborne loan is derecognized and a new loan is recognized. The Group records the modified asset as a 'new' financial asset at fair value and the difference with the carrying amount of the existing one is recorded in the income statement as derecognition gain or loss.

In cases where the modification as a result of forbearance measures is not considered substantial, the Group recalculates the gross carrying amount of the loan and recognizes the difference as a modification gain or loss in the income statement. The Group continues to monitor the modified forborne loan in order to determine if the financial asset exhibits significant increase in credit risk since initial recognition during the forbearance period.

As at 31 December 2022, the carrying amount of Group's forborne loans measured at FVTPL was nil (2021: € 3.5 million).

The following tables present an analysis of Group's forborne activities for loans measured at amortised cost. In order to align with the quantitative information provided in section (a) based on revised IFRS 7 requirements, the relevant tables below are presented on a gross carrying amount basis, while cumulative impairment allowance is presented separately, in line with the Group's internal credit risk monitoring and reporting.

## Notes to the Consolidated Financial Statements

The following table presents a summary of the types of the Group's forbore activities:

	2022 € million	2021 € million
<b>Forbearance measures:</b>		
Split balance	234	423
Loan term extension	1,044	1,468
Arrears capitalisation	137	183
Reduced payment below interest owed	71	112
Interest rate reduction	136	237
Reduced payment above interest owed	111	121
Arrears repayment plan	109	163
Interest only	35	33
Grace period	55	77
Debt/equity swaps	8	16
Partial debt forgiveness/Write-down	1	27
Operational restructuring	14	10
Other	54	75
<b>Total gross carrying amount</b>	<b>2,012</b>	<b>2,946</b>
Less: cumulative impairment allowance	(401)	(465)
<b>Total carrying amount</b>	<b>1,611</b>	<b>2,481</b>

The following tables present a summary of the credit quality of forbore loans and advances to customers:

	31 December 2022		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
<b>Gross carrying amounts:</b>			
12-month ECL-Stage 1	35,618	-	-
Lifetime ECL-Stage 2	5,573	1,138	20.4
Lifetime ECL-Stage 3 and POCI	2,259	874	38.7
<b>Total Gross Amount</b>	<b>43,450</b>	<b>2,012</b>	<b>4.6</b>
<b>Cumulative ECL Loss allowance:</b>			
12-month ECL-Stage 1	(149)	-	
Lifetime ECL-Stage 2	(355)	(80)	
Lifetime ECL-Stage 3 and POCI of which:	(1,121)	(321)	
- Individually assessed	(441)	(165)	
- Collectively assessed	(680)	(156)	
<b>Total carrying amount</b>	<b>41,824</b>	<b>1,611</b>	<b>3.9</b>
Collateral received	28,434	1,527	

	31 December 2021		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
<b>Gross carrying amounts:</b>			
12-month ECL-Stage 1	32,578	-	-
Lifetime ECL-Stage 2	5,461	1,926	35.3
Lifetime ECL-Stage 3 and POCI	2,776	1,021	36.8
<b>Total Gross Amount</b>	<b>40,815</b>	<b>2,946</b>	<b>7.2</b>
<b>Cumulative ECL Loss allowance:</b>			
12-month ECL-Stage 1	(171)	-	
Lifetime ECL-Stage 2	(311)	(103)	
Lifetime ECL-Stage 3 and POCI of which:	(1,391)	(362)	
- Individually assessed	(672)	(194)	
- Collectively assessed	(718)	(168)	
<b>Total carrying amount</b>	<b>38,943</b>	<b>2,481</b>	<b>6.4</b>
Collateral received	27,480	2,221	

## Notes to the Consolidated Financial Statements

The following table presents the movement of forborne loans and advances:

	2022 € million	2021 € million
<b>Gross carrying amount at 1 January</b>	<b>2,946</b>	4,826
Forbearance measures in the year	299	481
Forborne loans derecognised/ reclassified as held for sale during the year <sup>(1)</sup>	(56)	(1,128)
Write-offs of forborne loans	(22)	(33)
Repayment of loans	(233)	(260)
Loans & advances that exited forbearance status <sup>(2)</sup>	(965)	(992)
Other	42	53
Less: cumulative impairment allowance	(401)	(465)
<b>Carrying amount at 31 December</b>	<b>1,611</b>	<b>2,481</b>

<sup>(1)</sup> "Forborne loans derecognised/ reclassified as held for sale during the year" presents loans derecognized during the year due to a) securitization/ sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the year.

<sup>(2)</sup> In 2022, an amount of € 88 million loans and advances that exited forbearance status refers to loans that were denounced (2021: € 48 million).

The following table presents the Group's exposure to forborne loans and advances by product line:

	2022 € million	2021 € million
<b>Retail Lending</b>	<b>1,153</b>	1,985
- Mortgage	751	1,358
- Consumer	106	123
- Credit card	16	47
- Small business	280	456
<b>Wholesale Lending</b>	<b>859</b>	961
- Large corporate	277	295
- SMEs	582	667
<b>Total gross carrying amount</b>	<b>2,012</b>	2,946
Less: cumulative impairment allowance	(401)	(465)
<b>Total carrying amount</b>	<b>1,611</b>	<b>2,481</b>

The following table presents the Group's exposure to forborne loans and advances by geographical region:

	2022 € million	2021 € million
Greece	1,638	2,591
Rest of Europe	374	351
Other countries	0	5
<b>Total gross carrying amount</b>	<b>2,012</b>	2,946
Less: cumulative impairment allowance	(401)	(465)
<b>Total carrying amount</b>	<b>1,611</b>	<b>2,481</b>

The following table provides information on modifications due to forbearance measures on lending exposures which have not resulted in derecognition. Such financial assets were modified while they had a loss allowance measured at an amount equal to lifetime ECL.

<u>Modified lending exposures</u>	2022 € million	2021 € million
<b>Loans modified during the year with loss allowance measured at an amount equal to lifetime ECL</b>		
Gross carrying amount at 31 December	449	745
Modification gain/(loss)	2	20
<b>Loans modified since initial recognition at a time when loss allowance was based on lifetime ECL</b>		
Gross carrying amount at 31 December for which loss allowance has changed to 12-month ECL measurement	370	614

In the year ended 31 December 2022, the gross carrying amount of loans previously modified for which the loan allowance has reverted to being measured at an amount equal to lifetime ECL amounted to € 371 million (2021: € 504 million).

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**5.2.1.3 Debt Securities**

The following tables present an analysis of debt securities by external credit rating agency designation at 31 December 2022 and 2021, based on Moody's ratings or their equivalent:

	31 December 2022			Total € million
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	
<b>Debt securities at amortised cost</b>				
Aaa	2,617	-	-	2,617
Aa1 to Aa3	140	-	-	140
A1 to A3	133	-	-	133
Lower than A3	6,211	6	7	6,224
Unrated	74	-	26	100
Gross Carrying Amount	9,175	6	33	9,214
Impairment Allowance	(12)	(0)	(10)	(22)
Carrying Amount	9,163	6	23	9,192
<b>Debt securities at FVOCI</b>				
Aaa	339	-	-	339
Aa1 to Aa3	212	-	-	212
A1 to A3	398	-	-	398
Lower than A3	2,605	121	-	2,726
Unrated	58	-	-	58
Carrying Amount	3,612	121	-	3,733

	31 December 2021		
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
<b>Debt securities at amortised cost</b>			
Aaa	636	-	636
Aa1 to Aa3	108	-	108
Lower than A3	3,928	-	3,928
Gross Carrying Amount	4,672	-	4,672
Impairment Allowance	(6)	-	(6)
Carrying Amount	4,666	-	4,666
<b>Debt securities at FVOCI</b>			
Aaa	591	-	591
Aa1 to Aa3	271	-	271
A1 to A3	567	-	567
Lower than A3	4,899	9	4,908
Unrated	128	-	128
Carrying Amount	6,456	9	6,465

	31 December 2022	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
<b>Debt securities at FVTPL</b>		
Lower than A3	86	0
Unrated	1	-
Carrying Amount	87	0

	31 December 2021	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
<b>Debt securities at FVTPL</b>		
Aa1 to Aa3	-	1
Lower than A3	69	0
Carrying Amount	69	1

## Notes to the Consolidated Financial Statements

The carrying amount of debt securities rated lower than A3 includes: a) € 5,413 million related to Greek sovereign debt (2021: € 5,322 million), b) € 921 million related to Eurozone members sovereign debt (2021: € 1,246 million), c) € 841 million related to sovereign debt issued mainly by European Union members and candidate members (2021: € 763 million) of which € 517 million issued by countries of Group's presence (Bulgaria and Serbia) (2021: € 460 million) and d) € 1,846 million corporate and banks' securities (2021: € 1,568 million) of which € 958 million refer to Greek issuers (2021: € 726 million) and € 701 million to other European issuers (2021: € 689 million). The carrying amount of unrated debt securities of € 152 million (2021: € 128 million) comprise € 133 million Greek corporate bonds (2021: € 128 million) and € 19 million Russian corporate bonds (see below).

Following the significant worldwide restrictions and sanctions introduced against Russia, resulting in significant uncertainty on the ability of the Russian debt issuers to repay their obligations on foreign currency-denominated bonds, as of 31 March 2022 the Group has classified its Russian debt exposures as credit impaired. Following the repayment of a Russian government bond of carrying value € 12 million in April 2022, the carrying value of the said debt exposures was € 19 million as at 31 December 2022, including an impairment allowance of € 7 million.

The following tables present the Group's exposure in debt securities, as categorized by stage, counterparty's geographical region and industry sector:

	31 December 2022							Total € million
	Greece		Other European countries			Other countries		
	12-month ECL- Stage 1	Lifetime ECL- Stage 3	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	12-month ECL- Stage 1	Lifetime ECL- Stage 2	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Debt securities at amortised cost</b>								
Sovereign	4,379	-	756	-	-	1,165	-	6,300
Banks	736	-	276	-	-	-	-	1,012
Corporate	241	7	989	3	26	633	3	1,902
Gross Carrying Amount	5,356	7	2,021	3	26	1,798	3	9,214
Impairment Allowance	(9)	(3)	(3)	(0)	(7)	(0)	(0)	(22)
Net Carrying Amount	5,347	4	2,018	3	19	1,798	3	9,192
<b>Debt securities at FVOCI</b>								
Sovereign	976	-	1,046	94	-	451	-	2,567
Banks	12	-	209	7	-	-	-	228
Corporate	163	-	475	15	-	280	5	938
Carrying Amount	1,151	-	1,730	116	-	731	5	3,733

	31 December 2021					Total € million
	Greece		Other European countries		Other countries	
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	12-month ECL- Stage 1	12-month ECL- Stage 1	Lifetime ECL- Stage 2	
	€ million	€ million	€ million	€ million	€ million	
<b>Debt securities at amortised cost</b>						
Sovereign	3,162	-	519	-	-	3,681
Banks	311	-	196	-	-	507
Corporate	-	-	299	185	-	484
Gross Carrying Amount	3,473	-	1,014	185	-	4,672
Impairment Allowance	(5)	-	(1)	(0)	-	(6)
Net Carrying Amount	3,468	-	1,013	185	-	4,666
<b>Debt securities at FVOCI</b>						
Sovereign	2,149	-	1,859	615	-	4,623
Banks	166	-	311	-	-	477
Corporate	373	7	707	276	2	1,365
Carrying Amount	2,688	7	2,877	891	2	6,465

	31 December 2022			Total € million
	Greece	Other European countries	Other countries	
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	
	€ million	€ million	€ million	
<b>Debt securities at FVTPL</b>				
Corporate	0	-	-	0
Carrying Amount	0	-	-	0
<b>Debt securities held for trading</b>				
Sovereign	63	23	-	86
Corporate	1	-	-	1
Carrying Amount	64	23	-	87



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	31 December 2021			
	Other European countries			Total € million
	Greece € million	Other countries € million	Other countries € million	
Debt securities at FVTPL				
Corporate	0	1	-	1
Carrying Amount	<u>0</u>	<u>1</u>	<u>-</u>	<u>1</u>
Debt securities held for trading				
Sovereign	14	19	-	33
Corporate	-	23	13	36
Carrying Amount	<u>14</u>	<u>42</u>	<u>13</u>	<u>69</u>

**5.2.1.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset according to IAS 32 'Financial Instruments and the net amount is presented in the balance sheet when, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously (the offsetting criteria), as also set out in Group's accounting policy 2.2.4.

In 2022, following the change in the volume and market terms of the Group's positions in CCP (Central Counterparty) cleared OTC derivative financial instruments, there was a significant increase in the balances of the related cash accounts used for variation margin purposes reaching ca. € 1 bn liability, as at 31 December 2022 (2021: ca. € 0.2 billion asset). The Group has assessed the terms of the clearing agreements for these derivatives entered into with Clearing Members, as at 31 December 2022. The Group has concluded that the offsetting criteria are met, as at 31 December 2022, in respect of the cash accounts used for variation margin purposes for such derivatives, which are also used for the settlement of all payments thereunder, and accordingly derivative assets of € 1,376 million and derivative liabilities of € 444 million (note 19) were offset against € 932 million cash collateral received (note 32). Financial instruments that meet the offsetting criteria include also the eligible repos and reverse repos under global master repurchase agreements (GMRAs).

Financial instruments under master netting arrangements and similar agreements that do not meet the criteria for offsetting in the balance sheet include derivatives (bilateral agreements) as well as repos and reverse repos, for which a) the right of set-off is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events and/or b) the Group and its counterparties may not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The following tables present financial assets and financial liabilities that meet the criteria for offsetting and thus are presented on a net basis in the balance sheet, as well as amounts that are subject to enforceable master netting arrangements and similar agreements for which the offsetting criteria mentioned above are not satisfied. In respect of the latter, the Group may receive and provide collateral in the form of marketable securities and cash that are included in the tables below under columns 'financial instruments' and 'cash collateral'.

	31 December 2022					
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not offset in the BS		
				Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
<b>Financial Assets</b>						
Reverse repos with banks	116	(114)	2	(2)	-	-
Derivative financial instruments	2,540	(1,376)	1,164	(685)	(232)	247
Other financial assets	9	(9)	-	-	-	-
<b>Total</b>	<u>2,665</u>	<u>(1,499)</u>	<u>1,166</u>	<u>(687)</u>	<u>(232)</u>	<u>247</u>

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	31 December 2022					
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not offset in the BS		
				Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
<b>Financial Liabilities</b>						
Derivative financial instruments	2,043	(444)	1,599	(685)	(237)	677
Repurchase agreements with banks	877	(114)	763	(763)	-	-
Other financial liabilities	9	(9)	-	-	-	-
Deposits from banks received as collateral	1,226	(932)	294	(232)	-	62
<b>Total</b>	<b>4,155</b>	<b>(1,499)</b>	<b>2,656</b>	<b>(1,680)</b>	<b>(237)</b>	<b>739</b>

  

	31 December 2021					
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not offset in the BS		
				Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
<b>Financial Assets</b>						
Reverse repos with banks	622	(591)	31	(31)	-	-
Derivative financial instruments	1,942	-	1,942	(1,803)	(40)	99
Other financial assets	13	(13)	-	-	-	-
<b>Total</b>	<b>2,577</b>	<b>(604)</b>	<b>1,973</b>	<b>(1,834)</b>	<b>(40)</b>	<b>99</b>

  

	31 December 2021					
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not offset in the BS		
				Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
<b>Financial Liabilities</b>						
Derivative financial instruments	2,386	-	2,386	(695)	(1,642)	49
Repurchase agreements with banks	861	(591)	270	(270)	-	-
Other financial liabilities	13	(13)	-	-	-	-
<b>Total</b>	<b>3,260</b>	<b>(604)</b>	<b>2,656</b>	<b>(965)</b>	<b>(1,642)</b>	<b>49</b>

Derivative financial assets and liabilities not under master netting arrangements and similar agreements of carrying value of € 21 million and € 62 million, respectively, (2021: € 7 million and € 8 million, respectively) are not presented in the above tables.

Financial assets and financial liabilities are disclosed in the above tables at their recognized amounts, either at fair value (derivative assets and liabilities) or amortized cost (all other financial instruments), depending on the type of financial instrument.

### 5.2.2 Market risk

The Group takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities, can affect the Group's income or the fair value of its financial instruments. The market risks, the Group is exposed to, are monitored, controlled and estimated by Group Market and Counterparty Risk Sector (GMCRS).

GMCRS is responsible for the measurement, monitoring, control and reporting of all market risks, including the interest rate risk in the Banking Book (IRRBB) of the Group. The Sector reports to the GCRO and its main responsibilities include:

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- Monitoring of all key market & IRRBB risk indicators (VaR, sensitivities, etc.);
- Implementation of Stress Testing methodologies for market risk and IRRBB (historical and hypothetical);
- Monitoring and reporting of market and IRRBB risk limits utilization;
- Development, maintenance and expansion of risk management infrastructure.

The market risks the Group is exposed to, are the following:

### **(a) Interest rate risk**

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flows and the fair value of its financial positions. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into 'General' and 'Specific'. The former refers to changes in the fair valuation of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair valuation of positions due to the movements of specific issuer yields and credit spreads.

### **(b) Currency risk**

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

### **(c) Equity risk**

Equity price risk is the risk of the decrease of fair values as a result of changes in the levels of equity indices and the value of individual stocks. The equity risk that the Group undertakes arises mainly from the investment portfolio.

### **(d) Implied volatilities**

The Group carries limited implied volatility (vega) risk, mainly as a result of open positions on options.

The Board's Risk Committee sets limits on the level of exposure to market risks, which are monitored on a daily basis.

Market risk in Greece and International Subsidiaries is managed and monitored mainly using Value at Risk (VaR) methodology. Sensitivity and stress test analysis is additionally performed.

### **(i) VaR summary for 2022 and 2021**

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

The perimeter of the VaR analysis includes Eurobank S.A. and its banking subsidiaries, taking into account the FVTPL, including trading and FVOCI portfolios. Consequently, the potential impact as it is depicted in the VaR figures would directly affect Group's Capital (income statement or equity).

Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all the above operations (trading and investment portfolios measured at fair value) and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

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### VaR by risk type-Greece and International Subsidiaries <sup>(1)</sup>

	2022 (Average) € million	2022 € million	2021 (Average) € million	2021 € million
Interest Rate Risk	22	9	14	14
Foreign Exchange Risk	0	0	1	1
Equities Risk	2	4	0	0
<b>Total VaR</b>	<b>23</b>	<b>11</b>	<b>14</b>	<b>14</b>

<sup>(1)</sup> Includes all portfolios measured at fair value.

The aggregate VaR of the interest rate, foreign exchange and equities VaR benefits from diversification effects. The largest portion of the Group's Interest rate VaR figures is attributable to the risk associated with interest rate and credit spread sensitive debt securities and derivatives. The average VaR of 2022 is materially increased, as compared to the average VaR of 2021, due to geopolitical tension (i.e. war in Ukraine) and the relevant extreme volatility observed in the markets (especially between March and May), along with the market perception regarding Central Banks' monetary policy in the following years. Equity Risk Var is also increased due to the Bank's investment in Hellenic Bank which is in line with the Group's strategy to further strengthen its presence in its core markets.

### (ii) Interest rate gap and sensitivity

The following table provides the interest rate repricing gap of the Group, which analyses the structure of interest rate mismatches within the balance sheet. The Group's financial assets/liabilities are included at their notional/outstanding amounts and categorized based on either (i) the next contractual repricing date if floating rate or (ii) the maturity/call date (whichever is first) if fixed rate. The below analysis provides an approximation of the interest rate risk exposure since transactions with different duration are aggregated together per time bucket. The interest rate gap analysis is prepared from 31 December 2022 onwards.

	31 December 2022				
	less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Balances with central banks	14,481	-	-	-	-
Due to credit institutions	1,012	64	27	-	-
Debt securities <sup>(1)</sup>	390	215	371	5,513	5,797
Loans and advances to customers	18,658	10,244	8,034	2,536	2,538
	<b>34,541</b>	<b>10,523</b>	<b>8,432</b>	<b>8,049</b>	<b>8,335</b>
Due to central banks	(8,872)	-	-	-	-
Due to credit institutions	(575)	(968)	(299)	(1)	(14)
Due to customers	(48,991)	(3,754)	(3,991)	(336)	(2)
Debt securities in issue	(2)	-	(5)	(1,916)	(1,700)
	<b>(58,440)</b>	<b>(4,721)</b>	<b>(4,295)</b>	<b>(2,253)</b>	<b>(1,716)</b>
Derivative financial instruments	4,844	(155)	(471)	69	(4,360)
Interest rate gap	<b>(19,055)</b>	<b>5,647</b>	<b>3,666</b>	<b>5,865</b>	<b>2,259</b>

<sup>(1)</sup> Including short positions in debt securities (note 35).

The Group performs a sensitivity analysis to assess the impact on net interest income (NII) and on other comprehensive income (OCI), to a hypothetical change in the market interest rates.

The impact on NII is calculated under the scenario of an instantaneous parallel shift of all interest rates by +/- 100bps, for a 1-year period, assuming a static balance sheet approach. As at 31 December 2022 the impact on NII, under the scenario of a parallel shift in the yield curves, stands at € 232 million (+100bps) and € -279 million (-100bps).

The impact on OCI is calculated as the fair value movement of all financial assets measured at FVOCI, net of hedging and of any hedging instruments designated in qualifying cash flow hedge relationships. As at 31 December 2022 the impact on OCI, under the scenario of a parallel shift in the yield curves, stands at € -49 million (+100bps) and € 51 million (-100bps).

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**(iii) Foreign exchange risk**

The following tables present the Group's exposure to foreign currency exchange risk as at 31 December 2022 and 2021:

	31 December 2022							Total € million
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	
<b>ASSETS</b>								
Cash and balances with central banks	29	4	0	375	472	9	14,105	14,994
Due from credit institutions	330	20	33	0	0	63	883	1,329
Securities held for trading	0	-	-	-	18	0	117	135
Derivative financial instruments	23	0	0	0	0	0	1,162	1,185
Loans and advances to customers	3,068	1,999	8	616	3,975	555	31,456	41,677
Investment securities	1,743	-	-	99	81	264	11,074	13,261
Other assets <sup>(1)</sup>	16	75	5	99	213	6	8,378	8,792
Assets of disposal groups classified as held for sale (note 30)	-	-	-	-	-	-	84	84
<b>Total Assets</b>	<b>5,209</b>	<b>2,098</b>	<b>46</b>	<b>1,189</b>	<b>4,759</b>	<b>897</b>	<b>67,259</b>	<b>81,457</b>
<b>LIABILITIES</b>								
Due to central banks and credit institutions	200	0	0	45	8	9	10,326	10,588
Derivative financial instruments	21	1	0	129	0	1	1,509	1,661
Due to customers	5,929	95	1	666	4,313	604	45,689	57,297
Debt securities in issue	73	73	-	-	-	5	3,403	3,554
Other liabilities	25	1	18	20	51	3	1,585	1,703
Liabilities of disposal groups classified as held for sale (note 30)	-	-	-	-	-	-	1	1
<b>Total Liabilities</b>	<b>6,248</b>	<b>170</b>	<b>19</b>	<b>860</b>	<b>4,372</b>	<b>622</b>	<b>62,513</b>	<b>74,804</b>
<b>Net on balance sheet position</b>	<b>(1,039)</b>	<b>1,928</b>	<b>27</b>	<b>329</b>	<b>387</b>	<b>275</b>	<b>4,746</b>	<b>6,653</b>
<b>Derivative forward foreign exchange position</b>	<b>778</b>	<b>(1,927)</b>	<b>(15)</b>	<b>(54)</b>	<b>(0)</b>	<b>(281)</b>	<b>819</b>	<b>(680)</b>
<b>Total Foreign Exchange Position</b>	<b>(261)</b>	<b>1</b>	<b>12</b>	<b>275</b>	<b>387</b>	<b>(6)</b>	<b>5,565</b>	<b>5,973</b>
<b>31 December 2021</b>								
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	Total € million
<b>ASSETS</b>								
Cash and balances with central banks	13	5	0	237	686	8	12,566	13,515
Due from credit institutions	211	88	41	0	0	103	2,067	2,510
Securities held for trading	3	-	-	-	20	0	97	120
Derivative financial instruments	39	1	-	0	0	0	1,909	1,949
Loans and advances to customers	2,832	2,124	11	640	3,276	469	29,615	38,967
Investment securities	909	-	0	120	56	102	10,129	11,316
Other assets <sup>(1)</sup>	23	1	8	103	179	2	9,009	9,325
Assets of disposal groups classified as held for sale (note 30)	-	-	-	-	-	-	146	146
<b>Total Assets</b>	<b>4,030</b>	<b>2,219</b>	<b>60</b>	<b>1,100</b>	<b>4,217</b>	<b>684</b>	<b>65,538</b>	<b>77,848</b>
<b>LIABILITIES</b>								
Due to central banks and credit institutions	27	1	0	26	11	16	12,555	12,636
Derivative financial instruments	42	0	0	182	0	1	2,169	2,394
Due to customers	5,373	131	0	538	3,906	569	42,715	53,232
Debt securities in issue	38	-	-	-	-	-	2,516	2,554
Other liabilities	35	1	19	18	55	5	1,225	1,358
Liabilities of disposal group classified as held for sale (note 30)	-	-	-	-	-	-	109	109
<b>Total Liabilities</b>	<b>5,515</b>	<b>133</b>	<b>19</b>	<b>764</b>	<b>3,972</b>	<b>591</b>	<b>61,289</b>	<b>72,283</b>
<b>Net on balance sheet position</b>	<b>(1,485)</b>	<b>2,086</b>	<b>41</b>	<b>336</b>	<b>245</b>	<b>93</b>	<b>4,249</b>	<b>5,565</b>
<b>Derivative forward foreign exchange position</b>	<b>1,280</b>	<b>(2,084)</b>	<b>(24)</b>	<b>(53)</b>	<b>20</b>	<b>(95)</b>	<b>(59)</b>	<b>(1,015)</b>
<b>Total Foreign Exchange Position</b>	<b>(205)</b>	<b>2</b>	<b>17</b>	<b>283</b>	<b>265</b>	<b>(2)</b>	<b>4,190</b>	<b>4,550</b>

<sup>(1)</sup> Other assets include Investments in associates and joint ventures, Property and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

## Notes to the Consolidated Financial Statements

### 5.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), loan drawdowns and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market), on risk mitigation contracts (CSAs, GMRAs) and on centrally cleared transactions (CCPs) result in liquidity exposure. The Group maintains cash resources to meet all of these needs. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

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 banks 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 Group.

#### Liquidity Risk Management Framework

The Group's Liquidity Risk Policy defines the following supervisory and control structure:

- Board Risk Committee's role is to approve all strategic liquidity risk management decisions and to monitor the quantitative and qualitative aspects of liquidity risk;
- Group Assets and Liabilities Committee has the mandate to form and implement the liquidity policies and guidelines in conformity with Group's risk appetite, and to review at least monthly the overall liquidity position of the Group;
- Group Treasury is responsible for the implementation of the Group's liquidity strategy, taking into account the latest funding plan and for the daily management of the Group's liquidity;
- Group Market and Counterparty Risk Sector is responsible for measuring, controlling, monitoring and reporting the liquidity risk of the Group.

The main items related to liquidity risk that are monitored on a periodic basis are summarized as follows:

- The analysis of liquidity buffer held on Group level per asset type and per subsidiary;
- The Liquidity Coverage Ratio (LCR) both in solo and group level;
- The Net Stable Funding Ratio (NSFR) both in solo and group level;
- Liquidity stress test scenarios. These scenarios evaluate the impact of a number of stress events on the Group's liquidity position;
- Market sensitivities affecting liquidity;
- The Additional Liquidity Monitoring Metrics (ALMM) both in solo and group level;
- The Asset Encumbrance (AE) both in solo and group level;
- Monitoring and implementation of the funding plan.

#### Maturity analysis of assets and assets held for managing liquidity risk

The following tables present maturity analysis of Group assets as at 31 December 2022 and 2021, based on their carrying values. Loans without contractual maturities are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Under these contracts the Group has posted or received collateral, which covers the corresponding net liabilities or net assets from derivative transactions. The collateral posted is not presented in the below tables. For derivative assets not covered by ISDA/CSA agreements the positive valuation is presented at fair value in the 'over 1 year' time bucket.

**Notes to the Consolidated Financial Statements**

	31 December 2022				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Total
	€ million	€ million	€ million	€ million	€ million
- Cash and balances with central banks	14,994	-	-	-	14,994
- Due from credit institutions	398	28	-	167	593
- Loans and advances to customers	3,164	1,271	3,549	33,693	41,677
- Debt Securities	115	137	349	12,411	13,012
- Equity securities	-	-	-	384	384
- Derivative financial instruments	-	-	-	9	9
- Other assets <sup>(1)</sup>	62	16	8	8,706	8,792
- Assets of disposal groups classified as held for sale (note 30)	-	-	84	-	84
<b>Total</b>	<b>18,733</b>	<b>1,452</b>	<b>3,990</b>	<b>55,370</b>	<b>79,545</b>

  

	31 December 2021				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Total
	€ million	€ million	€ million	€ million	€ million
- Cash and balances with central banks	13,515	-	-	-	13,515
- Due from credit institutions	484	-	-	140	624
- Loans and advances to customers	2,857	799	3,680	31,631	38,967
- Debt Securities	309	179	789	9,924	11,201
- Equity securities	-	-	-	235	235
- Derivative financial instruments	-	-	-	104	104
- Other assets <sup>(1)</sup>	66	17	9	9,233	9,325
- Assets of disposal groups classified as held for sale	-	6	140	-	146
<b>Total</b>	<b>17,231</b>	<b>1,001</b>	<b>4,618</b>	<b>51,267</b>	<b>74,117</b>

<sup>(1)</sup> Other assets include Investments in associates and joint ventures, Property and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

The Group holds a diversified portfolio of cash and highly liquid assets to support payment obligations and contingent deposit withdrawals in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

- (a) Cash and balances with central banks;
- (b) Eligible bonds and other financial assets for collateral purposes; and
- (c) Current accounts with banks and interbank placings maturing within one month.

The unutilized assets, containing highly liquid and central banks eligible assets, provide a contingent liquidity reserve of € 20.1 billion as at 31 December 2022 (2021: € 16.9 billion). This increase is attributed mainly to: i) a large inflow of customer deposits (annual increase by € 4 billion) and ii) new own debt issuances (annual increase by € 1.1 billion). In addition, the Group holds other types of liquid assets, as defined by the regulator, amounting to € 7.5 billion (cash value) (2021: € 7.5 billion). It should be noted that a part of the ECB available collateral of € 3.8 billion (cash value) (2021: € 1.3 billion) is held by Group's subsidiaries for which temporary local regulatory restrictions are applied and currently limit the level of its transferability between group entities.

**Maturity analysis of liabilities**

The amounts disclosed in the tables below are the contractual undiscounted cash flows for the years 2022 and 2021. Liabilities without contractual maturities (sight and saving deposits) are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Group has already posted collateral which covers the valuation of its net liabilities from interbank derivatives. For derivative liabilities not covered by ISDA/CSA agreements the negative valuation is presented at fair value 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 at maturity and they will not be rolled over (e.g. all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote.



**Notes to the Consolidated Financial Statements**

	31 December 2022				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Gross nominal (inflow)/ outflow
	€ million	€ million	€ million	€ million	€ million
Non-derivative liabilities:					
- Due to central banks and credit institutions	996	812	4,815	4,379	11,002
- Due to customers	49,755	3,278	4,038	250	57,321
- Debt securities in issue	37	7	141	4,395	4,579
- Lease liabilities	3	6	28	192	229
- Other liabilities	863	417	217	-	1,497
- Liabilities of disposal group classified as held for sale (note 30)	-	-	1	-	1
	<b>51,654</b>	<b>4,519</b>	<b>9,240</b>	<b>9,216</b>	<b>74,629</b>
Derivative financial instruments:	25	-	-	-	25

**Off-balance sheet items**

	Less than 1 year € million	Over 1 year € million
Credit related commitments	4,898	5,573
Contractual commitments <sup>(1)</sup>	46	-
<b>Total</b>	<b>4,944</b>	<b>5,573</b>

	31 December 2021				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Gross nominal (inflow)/ outflow
	€ million	€ million	€ million	€ million	€ million
Non-derivative liabilities:					
- Due to central banks and credit institutions	442	23	2,756	9,301	12,522
- Due to customers	44,998	3,661	4,386	195	53,240
- Debt securities in issue	31	1	60	2,737	2,829
- Lease liabilities	3	6	27	221	257
- Other liabilities	416	456	238	-	1,110
- Liabilities of disposal group classified as held for sale (note 30)	-	-	109	-	109
	<b>45,890</b>	<b>4,147</b>	<b>7,576</b>	<b>12,454</b>	<b>70,067</b>
Derivative financial instruments:	16	-	-	-	16

**Off-balance sheet items**

	Less than 1 year € million	Over 1 year € million
Credit related commitments	1,757	5,084
Contractual commitments <sup>(1)</sup>	43	-
<b>Total</b>	<b>1,800</b>	<b>5,084</b>

<sup>(1)</sup> It refers to contractual commitments for the purchase of own used and investment property and intangible assets (note 42).

**5.2.4 Interest Rate Benchmark reform – IBOR reform**

During 2022, the Group’s IBOR transition program managed successfully the transition of IBOR rates that ceased after 31 December 2021 (CHF, GBP, JPY, 1W and 2M USD and EUR Libor) to the new risk-free rates (RFRs).

In particular, the Group’s financial instruments, referencing the abovementioned IBOR rates, have transitioned to the new RFRs on their first repricing date within 2022 for loan and deposit contracts and through the activation of fallback clauses for derivatives.

## Notes to the Consolidated Financial Statements

Currently, the Group focuses on the exposures referencing the remaining USD LIBOR tenors ahead of 30 June 2023 scheduled cessation date.

As at 31 December 2022, the Group's exposures subject to transition to the new RFRs that mature after the IBORs' cessation dates specified above are presented in the below table:

	31 December 2022
	Benchmark rates Impacted by IBOR reform
	USD LIBOR <sup>(4)</sup>
	€ million
<b>Non-derivative financial assets <sup>(1)</sup></b>	
Loans & Advances to customers	1,943
	<b>1,943</b>
<b>Non-derivative financial liabilities <sup>(2)</sup></b>	
Due to customers	29
	<b>29</b>
<b>Derivative financial instruments <sup>(3)</sup></b>	
Derivatives designated in hedges	309
Trading derivatives	1,892
	<b>2,201</b>

<sup>(1)</sup> Balances provided are the gross carrying amounts (excl. ECL).

<sup>(2)</sup> Balances provided are at amortized cost.

<sup>(3)</sup> Balances provided are the notional amounts.

<sup>(4)</sup> Excluding exposures to USD LIBORs that have a contractual maturity date before their planned cessation date.

### 5.2.5 Climate-related risk

The Group has recognized climate change as a material risk and based on supervisory guidelines, is adapting its policies and methodologies for identifying and monitoring the relevant risks.

Specifically, climate risk is the risk deriving from potential loss or negative impact to the Group, including loss/damage to physical assets, disruption of business or system failures, from the adverse effects of climate change and natural disasters.

Climate-related and environmental risks are commonly understood to include the following risks:

- Physical risk, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation.
- Transition risk, which refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

The Group is adopting a strategic approach towards sustainability, climate change risk identification and risk management, signifying the great importance that is given in the risks and opportunities arising from the transitioning to a low-carbon and more circular economy. In this context, the Bank is in the process of finalizing its Financed Impact Strategy, which will focus on:

- Clients' engagement and awareness to adapt their business so as to address climate change challenges
- Actions for supporting customers in their transition efforts towards a more ESG-friendly economic environment
- Enablers and tools such as frameworks and products to underpin Sustainable Financing
- The risk assessment of climate-related material exposures

In line with good practices identified by the ECB, the Financed Impact Strategy of the Bank will focus on sustainable financing targets / commitments. In particular, the Bank identified total portfolio and sectoral targets with regards to financing the green transition of its clients. To facilitate the classification of sustainable/green financing opportunities in a structural manner, the Bank has developed its Sustainable Finance Framework (SFF). Through its SFF, the Bank classifies sustainable lending solutions offered to its customers, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). Similar initiatives for the establishment of SFF framework is under way in the subsidiaries.

Furthermore, the Group has updated its governance structure by introducing and defining the roles and responsibilities in relation to climate related & environmental (CR&E) risks, embedding regulatory guidelines and market practices.

## Notes to the Consolidated Financial Statements

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The CR&E Risk Governance involves various key stakeholders (i.e. Business functions, Units, and Committees). The Group applies a model of defined roles and responsibilities regarding the management of CR&E risks across the 3 Lines of Defense.

The Group Climate Risk Division (GCRD) has the overall responsibility for overseeing, monitoring, and managing CR&E risks. Specifically, the GCRD operates as Project office responsible for the implementation of the Climate related and Environmental risks roadmap, with a coordinating and supervisory role on all related project streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations. In this context, GCRD ensures the implementation of environmental and sustainability initiatives (frameworks, policies, procedures and products) and compliance with existing and upcoming sustainability-related regulations, under an ongoing bank-wide program, in alignment with the supervisory agreed roadmap, which is accelerated where possible. Also, GCRD is responsible for the co-ordination with Business and Risk Units, the preparation and submission for approval of the Financed Impact Strategy, as well as monitors its implementation. Furthermore, the GCRD leads the 2nd Line of Defense independent sustainable lending re-assessment process. Specifically, in the context of implementing the approved Sustainable Finance Framework (SFF), the Division is responsible to assess the sustainability features of new loans and products according to the criteria set within the SFF.

### Climate risk stress test

The Eurobank Holdings Group participated in the European Central Bank's (ECB) supervisory climate risk stress test, which was conducted in the first half of 2022. The 2022 climate risk stress test assessed how well banks are set up to deal with climate-related risks. A total of 104 significant banks participated in the test consisting of three modules, in which banks provided information on their: (i) own climate stress-testing capabilities, (ii) reliance on carbon-emitting sectors, and (iii) performance under different scenarios over several time horizons.

The test, which was part of the ECB's wider climate roadmap, was not a capital adequacy exercise but rather a learning one for banks and supervisors alike, aiming at identifying vulnerabilities and best practices and providing guidance to banks for the green transition. In this context, the Eurobank Holdings Group has successfully completed the 2022 climate risk stress test exercise.

In July 2022, the European Central Bank (ECB) published the climate risk stress test aggregated results, showing that banks must improve their focus on climate risk. Furthermore, all participating entities, including the Eurobank Holdings Group, received individual feedback and are expected to take action accordingly, in line with the set of good practices for climate-related and environmental risk management that the ECB published in November 2022 along with the good practices for climate stress testing published in December 2022. The results showed that the Eurobank Holdings Group has made significant progress in incorporating a climate risk stress testing framework, with an overall performance in line with the average score of European Banks. The Eurobank Holdings Group continues to work in order to implement its climate risk action plan, to further integrate climate risks into its business strategy and risk management practices, and to support its clients towards climate transition and sustainable business growth.

### 5.3 Fair value of financial assets and liabilities

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

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

- (a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the Group, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.
- (b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices

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

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

### Financial instruments carried at fair value

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

	31 December 2022			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	135	-	-	135
Investment securities at FVTPL	93	15	133	241
Derivative financial instruments <sup>(1)</sup>	1	1,178	6	1,185
Investment securities at FVOCI	3,600	228	-	3,828
Loans and advances to customers mandatorily at FVTPL	-	-	16	16
<b>Financial assets measured at fair value</b>	<b>3,829</b>	<b>1,421</b>	<b>155</b>	<b>5,405</b>
Derivative financial instruments <sup>(1)</sup>	1	1,660	-	1,661
Trading liabilities	419	-	-	419
<b>Financial liabilities measured at fair value</b>	<b>420</b>	<b>1,660</b>	<b>-</b>	<b>2,080</b>
	31 December 2021			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	120	-	-	120
Investment securities at FVTPL	78	16	47	141
Derivative financial instruments	0	1,949	0	1,949
Investment securities at FVOCI	6,212	297	-	6,509
Loans and advances to customers mandatorily at FVTPL	-	-	23	23
<b>Financial assets measured at fair value</b>	<b>6,410</b>	<b>2,262</b>	<b>70</b>	<b>8,742</b>
Derivative financial instruments	1	2,393	-	2,394
Trading liabilities	43	-	-	43
<b>Financial liabilities measured at fair value</b>	<b>44</b>	<b>2,393</b>	<b>-</b>	<b>2,437</b>

<sup>(1)</sup> Amounts are after offsetting € 1,376 million and € 444 million level 2 derivative financial assets and liabilities, respectively, against cash collateral received (note 5.2.1.4).

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. During the year ended 31 December 2022, the Group transferred OTC derivative instruments of € 9 million from Level 2 to Level 3 following the assessment on the significance of the CVA adjustment to their entire fair value measurement, calculated based on internal rating models.

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### Reconciliation of Level 3 fair value measurements

	2022 € million	2021 € million
<b>Balance at 1 January</b>	<b>70</b>	86
Transfers into Level 3	9	0
Transfers out of Level 3	(0)	(0)
Additions, net of disposals and redemptions (note 24) <sup>(1)</sup>	<b>87</b>	(18)
Total gain/(loss) for the year included in profit or loss	<b>(11)</b>	3
Foreign exchange differences and other	<b>0</b>	(1)
<b>Balance at 31 December</b>	<b>155</b>	<b>70</b>

<sup>(1)</sup> Including capital returns on equity instruments.

### Group's valuation processes and techniques

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

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

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

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

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

Unquoted equity instruments at FVTPL under IFRS 9 are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Loans and advances to customers including securitized notes of loan portfolios originated by the Group with contractual cash flows that do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values

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are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate or by reference to other comparable assets of the same type that have been transacted during a recent time period. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy.

### Financial instruments not measured at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	31 December 2022				
	Level 1	Level 2	Level 3	Fair value	Carrying amount
	€ million	€ million	€ million	€ million	€ million
Loans and advances to customers	-	-	41,767	41,767	41,661
Investment securities at amortised cost	6,185	699	1,271	8,155	9,192
<b>Financial assets not measured at fair value</b>	<b>6,185</b>	<b>699</b>	<b>43,038</b>	<b>49,922</b>	<b>50,853</b>
Debt securities in issue	1,343	1,503	553	3,399	3,554
<b>Financial liabilities not measured at fair value</b>	<b>1,343</b>	<b>1,503</b>	<b>553</b>	<b>3,399</b>	<b>3,554</b>

  

	31 December 2021				
	Level 1	Level 2	Level 3	Fair value	Carrying amount
	€ million	€ million	€ million	€ million	€ million
Loans and advances to customers	-	-	38,369	38,369	38,943
Investment securities at amortised cost	2,824	1,489	-	4,313	4,666
<b>Financial assets not measured at fair value</b>	<b>2,824</b>	<b>1,489</b>	<b>38,369</b>	<b>42,682</b>	<b>43,609</b>
Debt securities in issue	962	1,028	549	2,539	2,554
<b>Financial liabilities not measured at fair value</b>	<b>962</b>	<b>1,028</b>	<b>549</b>	<b>2,539</b>	<b>2,554</b>

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

- Loans and advances to customers including securitized notes of loan portfolios originated by the Group: quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates for loans to customers incorporate inputs for expected credit losses and interest rates, as appropriate;
- Investment securities measured at amortized cost: the fair values are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method. In addition, for certain high quality corporate bonds for which quoted prices are not available, fair value is determined using prices that are derived from reliable data management platforms while part of them is verified by market participants (e.g. brokers). In certain cases, prices are implied by liquidity agreements (e.g. repos, pledges) with other financial institutions; and
- Debt securities in issue: the fair values are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on third party valuations, quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

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

## Notes to the Consolidated Financial Statements

### 6. Net interest income

	2022 € million	2021 € million
<b>Interest income</b>		
Customers	1,394	1,225
- measured at amortised cost	1,393	1,223
- measured at FVTPL	1	2
Banks and other assets <sup>(1) (3)</sup>	75	11
Securities	258	151
- measured at amortised cost	141	39
- measured at FVOCI	107	109
- measured at FVTPL	10	3
Derivatives (hedge accounting)	94	40
Derivatives (no hedge accounting)	494	406
	<u>2,315</u>	<u>1,833</u>
<b>Interest expense</b>		
Customers <sup>(1)</sup>	(92)	(50)
Banks <sup>(1) (2) (3)</sup>	(2)	35
Debt securities in issue <sup>(1)</sup>	(118)	(83)
Derivatives (hedge accounting)	(89)	(58)
Derivatives (no hedge accounting)	(460)	(362)
Lease liabilities - IFRS 16	(3)	(3)
	<u>(764)</u>	<u>(521)</u>
<b>Total</b>	<u>1,551</u>	<u>1,312</u>

<sup>(1)</sup> Measured at amortized cost.

<sup>(2)</sup> For the year 2022, it includes net income of € 53 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (ECB) (2021: € 91 million) (note 31).

<sup>(3)</sup> Interest from financial assets with negative rates, which were applied in 2021 and until June of 2022, was recorded in interest expense.

In 2022, the net interest income rose by 18.2% to € 1,551 million, mainly driven by higher interest rates, the organic loans growth and the increased income from investment bonds partly offset by higher debt issued and deposits cost.

Interest income recognized by quality of Loans and Advances and Product Line is further analyzed below:

	31 December 2022		
	Interest income on non-impaired loans and advances € million	Interest income on impaired loans and advances € million	Total € million
Retail lending	634	27	661
Wholesale lending <sup>(1)</sup>	699	34	733
<b>Total interest income from customers</b>	<u>1,333</u>	<u>61</u>	<u>1,394</u>

	31 December 2021		
	Interest income on non-impaired loans and advances € million	Interest income on impaired loans and advances € million	Total € million
Retail lending	568	58	626
Wholesale lending <sup>(1)</sup>	554	45	599
<b>Total interest income from customers</b>	<u>1,122</u>	<u>103</u>	<u>1,225</u>

<sup>(1)</sup> Including interest income on loans and advances to Public Sector.



## Notes to the Consolidated Financial Statements

### 7. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments (note 43).

	31 December 2022					
	Retail	Corporate	Global	International	Other and	Total
	€ million	€ million	Markets & Asset Mngt € million	€ million	Elimination center € million	€ million
Lending related activities	9	98	14	19	(0)	139
Mutual funds and assets under management	13	1	41	11	5	71
Network activities and other <sup>(1)</sup>	69	7	31	105	(0)	213
Capital markets	-	9	13	6	(3)	26
<b>Total</b>	<b>91</b>	<b>115</b>	<b>99</b>	<b>141</b>	<b>2</b>	<b>448</b>

  

	31 December 2021 <sup>(2)</sup>					
	Retail	Corporate	Global	International	Other and	Total
	€ million	€ million	Markets & Asset Mngt € million	€ million	Elimination center € million	€ million
Lending related activities	9	65	10	11	(1)	94
Mutual funds and assets under management	16	1	39	9	7	73
Network activities and other <sup>(1)</sup>	54	3	25	91	(6)	167
Capital markets	-	6	14	6	(2)	24
<b>Total</b>	<b>79</b>	<b>75</b>	<b>88</b>	<b>117</b>	<b>(2)</b>	<b>358</b>

<sup>(1)</sup> Including income from credit cards related services.

<sup>(2)</sup> Comparative information has been adjusted in order to align with current year's presentation.

### 8. Income from non banking services

Income from non banking services includes rental income of € 92.4 million (2021: € 95.9 million) from real estate properties and other income of € 1.4 million (2021: € 1.9 million) from IT services provided by the Group entities.

### 9. Net trading income and gains less losses from investment securities

	2022 € million	2021 € million
<b>Net trading income/(loss)</b>		
Debt securities, including short positions	98	(3)
Derivative financial instruments (note 19)	628	(29)
Equity securities	(1)	4
Revaluation on foreign exchange positions	2	10
<b>Total</b>	<b>727</b>	<b>(18)</b>
<b>Gains less losses from investment securities</b>		
Debt securities measured at FVOCI <sup>(1)</sup>	(26)	93
Equity securities	17	8
<b>Total</b>	<b>(9)</b>	<b>101</b>

<sup>(1)</sup> It includes termination fees from related derivatives amounting to € 4 million income (2021: € 6 million loss).

Trading results of € 98 million income related to debt securities include € 9 million loss (2021: € 3 million loss) from trading securities and € 107 million gain on short positions on debt instruments entered into the context of the Group's economic hedging strategies (note 35).

Gains from derivative financial instruments of € 628 million comprise mainly a) € 390 million realized gains from unwinding of interest rate swaps in the context of the updated Group's hedging strategy, b) € 160 million realised gains from unwinding of interest rate swaps following the mandatory discontinuance of certain hedge accounting relationships and c) € 70 million gains from portfolio hedging of interest rate risk (macro hedging), of which € 20 million arising from hedge ineffectiveness and € 50 million from fair value changes of the hedging derivatives that occur as part of the dynamic management of the pool of hedging instruments on a monthly basis, and include their fair value changes before initial designation or after de-designation (notes 2.2.3i and 19).

## Notes to the Consolidated Financial Statements

### 10. Other income/(expenses)

	2022 € million	2021 € million
Gain/(loss) from change in fair value of investment property (note 27) <sup>(1)</sup>	34	32
Sale of merchant acquiring business - Project Triangle (note 30)	325	-
Derecognition gain/(loss) on loans measured at amortised cost (note 20)	2	1
Fee expense related to the deferred tax credits (note 13)	(6)	(6)
Gain/(loss) on the disposal/liquidation of subsidiaries and associates (notes 23 and 24)	(34)	1
Dividend income	2	2
Gains/(losses) on loans at FVTPL	3	1
Other	(2)	3
<b>Total</b>	<b>324</b>	<b>34</b>

<sup>(1)</sup> It includes ca € 2 million gain from remeasurement of real estate property transferred to investment property from repossessed assets in 2022. In 2021, it includes € 1.7 million gain related to the remeasurement of the interest held in the Group's former joint venture Value Touristiki S.A., (note 23.1).

### 11. Operating expenses

	2022 € million	2021 € million
Staff costs	(443)	(430)
Administrative expenses	(269)	(250)
Contributions to resolution and deposit guarantee funds	(74)	(75)
Depreciation of real estate properties and equipment	(46)	(40)
Depreciation of right of use assets	(40)	(38)
Amortisation of intangible assets	(38)	(36)
<b>Total</b>	<b>(910)</b>	<b>(869)</b>

#### Contributions to resolution and deposit guarantee funds

In 2016, the Single Resolution Mechanism (SRM), which is one of the pillars of the Banking Union in the euro area alongside the Single Supervisory Mechanism (SSM), became fully operational. The Single Resolution Fund (SRF) was established by the SRM Regulation (EU) No 806/2014 in order to ensure uniform practice in the financing of resolutions within the SRM and it is owned by the Single Resolution Board (SRB). The SRM provides that the SRF will be built up over a period of eight years with 'ex-ante' contributions from the banking industry, which may include irrevocable payment commitments as a part of the total amount of contributions (note 42).

#### Staff costs

	2022 € million	2021 € million
Wages, salaries and performance remuneration	(332)	(323)
Social security costs	(49)	(50)
Additional pension and other post employment costs	(18)	(17)
Other	(44)	(40)
<b>Total</b>	<b>(443)</b>	<b>(430)</b>

The average number of employees of the Group during the year, was 11,510 (2021: 11,390). As at 31 December 2022, the number of branches and business/private banking centers of the Group amounted to 616 (2021: 668).

### 12. Other impairments, restructuring costs and provisions

	2022 € million	2021 € million
Impairment and valuation losses on real estate properties	(15)	(17)
Impairment losses on bonds (note 5.2.1.3)	(21)	(4)
Other impairment losses and provisions	(72)	(30)
<b>Other impairment losses and provisions</b>	<b>(108)</b>	<b>(51)</b>
Voluntary exit schemes and other related costs (note 35)	(60)	(10)
Other restructuring costs	(42)	(15)
<b>Restructuring costs</b>	<b>(102)</b>	<b>(25)</b>
<b>Total</b>	<b>(210)</b>	<b>(76)</b>

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For the year ended 31 December 2022, the Group recognized € 72 million (2021: € 30 million) other impairment losses and provisions, of which € 49 million relate to impairment losses for receivables and provisions on litigations and other operational risk events (2021: € 14 million), and € 23 million relate mainly to impairment losses on computer hardware and software (2021: € 16 million) (notes 26 and 28).

Furthermore, for the year ended 31 December 2022, the Group recognized € 42 million restructuring costs (2021: € 15 million), of which € 14 million relate to the merger of Eurobank a.d. Beograd with Direktna Banka a.d. and the integration initiatives thereafter (2021: € 5 million), while the remaining costs for both periods mainly relate to the Group's transformation projects and initiatives.

### 13. Income tax

	2022 € million	2021 € million
Current tax	(45)	(40)
Deferred tax	(360)	(116)
<b>Total income tax</b>	<b>(405)</b>	<b>(156)</b>

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits (DTCs) against the Greek State is 29%. The Greek corporate tax rate for legal entities other than the aforementioned credit institutions is 22%. In addition, the withholding tax rate for dividends distributed, other than intragroup dividends, is 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

The nominal corporate tax rates applicable in the banking subsidiaries incorporated in the international segment of the Group (note 43) are as follows: Bulgaria 10%, Serbia 15%, Cyprus 12.5% and Luxembourg 24.94%.

#### Tax certificate and open tax years

The Bank and its subsidiaries, associates and joint ventures, which operate in Greece (notes 23 and 24) have in principle up to 6 open tax years. For fiscal years starting from 1 January 2016 onwards, pursuant to the Tax Procedure Code, an 'Annual Tax Certificate' on an optional basis is provided for the Greek entities, with annual financial statements audited compulsorily, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. The Bank and, as a general rule, the Group's Greek companies have opted to obtain such certificate.

The Bank's open tax years are 2020 - 2022. The tax certificates of the Bank and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for their open tax years until 2021. In addition, for the year ended 31 December 2022, the tax audits from external auditors are in progress.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2016 (included) has been time-barred for the Group's Greek entities as at 31 December 2022.

The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2018-2022, (b) Eurobank Bulgaria A.D., 2017-2022, (c) Eurobank Direktna a.d. (Serbia), 2017-2022, and (d) Eurobank Private Bank Luxembourg S.A., 2018-2022. The remaining foreign entities of the Group (notes 23 and 24), which operate in countries where a statutory tax audit is explicitly stipulated by law, have in principle up to 6 open tax years, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

In reference to its total uncertain tax positions, the Group assesses all relevant developments (e.g. legislative changes, case law, ad hoc tax/legal opinions, administrative practices) and raises adequate provisions.

#### Deferred tax

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

## Notes to the Consolidated Financial Statements

The net deferred tax is analyzed as follows:

	2022 € million	2021 € million
Deferred tax assets	4,161	4,422
Deferred tax liabilities	(31)	(26)
<b>Net deferred tax</b>	<b>4,130</b>	<b>4,396</b>

The movement on deferred tax is as follows:

	2022 € million	2021 € million
<b>Balance at 1 January</b>	<b>4,396</b>	4,498
Income statement credit/(charge)	(360)	(116)
Investment securities at FVOCI	96	30
Cash flow hedges	(0)	(15)
Actuarial gain/(losses)	(1)	(0)
Other	(1)	(1)
<b>Balance at 31 December</b>	<b>4,130</b>	<b>4,396</b>

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

	2022 € million	2021 € million
Impairment/ valuation relating to loans, disposals and write-offs	(128)	13
Unused tax losses	(0)	(1)
Tax deductible PSI+ losses	(50)	(50)
Carried forward debit difference of Law 4831/2021	(73)	73
Change in fair value and other temporary differences	(109)	(151)
<b>Deferred income tax (charge)/credit</b>	<b>(360)</b>	<b>(116)</b>

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

	2022 € million	2021 € million
Impairment/ valuation relating to loans and accounting write-offs	1,030	1,034
PSI+ tax related losses	951	1,001
Losses from disposals and crystallized write-offs of loans	2,242	2,365
Carried forward debit difference of law 4831/2021 <sup>(1)</sup>	-	73
Other impairments/valuations through the income statement	(120)	(38)
Cash flow hedges	5	5
Defined benefit obligations	5	6
Real estate properties, equipment and intangible assets	(78)	(61)
Investment securities at FVOCI	(15)	(112)
Other <sup>(2)</sup>	110	123
<b>Net deferred tax</b>	<b>4,130</b>	<b>4,396</b>

<sup>(1)</sup> The unutilized part, as at 31 December 2021, of the carried forward crystallized tax losses of loans, in accordance with the law 4831/2021 (see below), was offset against taxable profit for the year ended 31 December 2022.

<sup>(2)</sup> It includes, among others, DTA on deductible temporary differences relating to operational risk provisions and the leasing operations.

Further information, in relation to the aforementioned categories of deferred tax assets as at 31 December 2022, is as follows:

- (a) € 1,030 million refer to deductible temporary differences arising from impairment/valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- (b) € 951 million refer to losses resulted from Eurobank Ergasias S.A. participation in PSI+ and the Greek's state debt buyback program which are subject to amortization for tax purposes over a thirty-year period, i.e. 1/30 of losses per year starting from year 2012 onwards (see below – DTCs section);
- (c) € 2,242 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period;

## Notes to the Consolidated Financial Statements

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### Assessment of the recoverability of deferred tax assets

The recognition of the deferred tax assets is based on management's assessment that the Group's legal entities will have sufficient future taxable profits, against which the deductible temporary differences and the unused tax losses can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction and the eligibility of carried forward losses for offsetting with future taxable profits. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

In particular, as of 31 December 2022, the Group has conducted a deferred tax asset (DTA) recoverability assessment based on the three-year Business Plan of the Group of its parent entity (mainly comprises Eurobank S.A. Group) that was approved by the Board of Directors of Eurobank Holdings in December 2022, for the period up to the end of 2025, and was submitted to the Single Supervisory Mechanism (SSM). For the years beyond 2025, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group of the Parent Company. Specifically, the management projections for the Group's future profitability adopted in the Business Plan, have considered, among others, (a) the interest rates' increase, (b) the sustainable increase in loan volumes and the growth, at a relatively lower pace, of customer deposits, (c) the increase in fee and commission income mostly driven by assets under management, bancassurance, network and lending related activities, cards' issuing and investment property rentals, (d) the discipline to operating expenses' targets, (e) the further decrease of NPE ratio in line with the NPE Management Strategy submitted to SSM (note 5.2), (f) the cost of risk, which is expected to carry the effect from the macroeconomic uncertainty and the inflationary pressures' impact on households' disposable income and (g) the fulfilment of interim MREL targets throughout the plan period. The major initiatives introduced in the context of Eurobank Holdings Group's transformation plan "Eurobank 2030", will contribute to meeting its financial objectives.

The Group closely monitors and constantly assesses the developments on the macroeconomic and geopolitical front (note 2) including the inflationary pressures and their potential effect on the achievement of its Business Plan targets in terms of asset quality and profitability and will continue to update its estimates accordingly.

### Deferred tax credit against the Greek State and tax regime for loan losses

As at 31 December 2022, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,402 million (31 December 2021: € 3,547 million). The DTCs are accounted for on: (a) the unamortised losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, which are subject to amortisation over a thirty-year period and (b) on the sum of (i) the unamortized part of the DTC eligible crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss.

According to the Law 4831/2021 (article 125), which amended Law 4172/2013, the amortization of the PSI tax related losses is deducted from the taxable income at a priority over that of the crystallized tax losses (debit difference) arising from write-offs and disposals of loans. In addition, the amount of the annual tax amortization of the above crystallized tax losses is limited to the amount of the annual taxable profits, calculated before the deduction of such losses and following the annual tax deduction of the PSI tax related losses. The unutilized part of the annual tax amortization of the crystallized loan losses can be carried forward for offsetting over a period of 20 years. If at the end of the 20-year utilization period, there are balances that have not been offset, these will qualify as a tax loss, which is subject to the 5-year statute of limitation. The above provisions apply as of 1 January 2021 and cover the crystallized tax losses that have arisen from write-offs and disposals of loans as of 1 January 2016 onwards.

Taking into account the tax regime in force, the recovery of the Bank's deferred tax asset recorded on loans and advances to customers and the regulatory capital structure are further safeguarded, contributing substantially to the achievement of NPE management targets through write-offs and disposals, in line with the regulatory framework and SSM requirements.

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the

## Notes to the Consolidated Financial Statements

tax rate applicable on 30 June 2015 (i.e. 26%). For the year ended 31 December 2022, an amount of € 5.9 million has been recognized in “Other income/(expenses)”.

### Income tax reconciliation and unused tax losses

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

	2022 € million	2021 € million
Profit before tax	1,741	553
Tax at the applicable tax rate	(505)	(160)
Tax effect of:		
- income not subject to tax and non deductible expenses	1	(4)
- effect of different tax rates in different countries	44	30
- change in applicable tax rate	-	1
- other	55	(23)
<b>Total income tax</b>	<b>(405)</b>	<b>(156)</b>

As at 31 December 2022, following the offsetting of a part of the Bank's carried forward tax losses against the taxable profit for the year ended 31 December 2022, the Bank has not recognised deferred tax asset (DTA) on unused tax losses amounting to € 90 million (2021: € 138 million) which can be utilized until 2025.

### 14. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group as at 31 December 2022 and 2021 has not dilutive potential ordinary shares.

		Year ended 31 December	
		2022	2021
Net profit for the year attributable to ordinary shareholders	€ million	1,336	398
Weighted average number of ordinary shares in issue for basic earnings per share	Number of shares	3,683,244,830	3,683,244,830
<b>Earnings per share</b>			
- Basic and diluted earnings per share	€	<b>0.36</b>	<b>0.11</b>

### 15. Cash and balances with central banks

	2022 € million	2021 € million
Cash in hand	504	478
Balances with central banks	14,490	13,037
<b>Total</b>	<b>14,994</b>	<b>13,515</b>

The Bank and its banking subsidiaries in Eurozone (Cyprus and Luxembourg), are required to hold a minimum level of deposits (minimum reserve requirement - MRR) with their national central bank on an average basis over maintenance periods (i.e. six week periods); these deposits are calculated as 1% of certain liabilities, mainly customers' deposits, and can be withdrawn at any time provided that the MRR is met over the determined period of time. Similar obligations for the maintenance of minimum reserves with their national central bank are also applied to the banking subsidiaries in Bulgaria and Serbia. As at 31 December 2022, the mandatory reserves (i.e. those that the Group entities maintain in order to meet the MRR) with central banks amounted to € 1,040 million (2021:

## Notes to the Consolidated Financial Statements

€ 871 million). The interest rate on the main refinancing operations (MRO) was applied for MRR deposits placed to the European Central Bank (ECB) until December 2022, and the deposit facility rate (DFR) in force is applied thereafter.

Since 2019, the European Central Bank (ECB) had decided to introduce a two-tier system for eligible credit institutions' reserve remuneration which exempted part of excess liquidity holdings (i.e. reserve holdings in excess of MRR) from the negative DFR. The above two-tier system was lifted by ECB in September 2022, and the (positive) DFR in force is applied for the excess liquidity holdings placed to ECB thereafter.

### 16. Cash and cash equivalents and other information on cash flow statement

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

	2022 € million	2021 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) (note 15)	13,954	12,644
Due from credit institutions	418	505
Securities held for trading	16	-
<b>Total</b>	<b>14,388</b>	<b>13,149</b>

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

	2022 € million	2021 € million
Amortisation of premiums/discounts and accrued interest	(21)	26
(Gains)/losses from investment securities	9	(101)
Dividends	(2)	(1)
<b>Total</b>	<b>(14)</b>	<b>(76)</b>

In the year ended 31 December 2022, other adjustments of € 244 million presented in the cash flow statement mainly include a) € 325 million gain resulting from the sale of Eurobank's merchant acquiring business to Worldline (note 30), b) € 34 million gain resulting from the disposal of a 5.1% shareholding in the Group's former joint venture Grivalia Hospitality S.A. and the measurement on the disposal date of the retained interest in the entity as a financial asset at FVTPL (note 24) and c) € 76 million loss from the recycling of currency translation reserves due to liquidation of ERB Istanbul Holding A.S. (note 23.1).

### Changes in liabilities arising from financing activities

During the year ended 31 December 2022, changes in the Group's liabilities arising from financing activities, other than lease liabilities (note 41), are attributable to: a) debt issuance amounting to € 1,070 million (2021: € 1,141 million) (net of issuance costs), b) debt repayment amounting to € 11 million (2021: € 156 million) and c) accrued interest and amortisation of debt issuance costs amounting to € 56.6 million (2021: € 10 million).

### 17. Due from credit institutions

	2022 € million	2021 € million
Pledged deposits with banks	911	2,002
Placements and other receivables from banks	196	206
Current accounts and settlement balances with banks	222	302
<b>Total</b>	<b>1,329</b>	<b>2,510</b>

As at 31 December 2022, the Group's pledged deposits with banks mainly include: a) € 873 million mainly cash collaterals on risk mitigation contracts for derivative transactions and repurchase agreements (CSAs, GMRAs) and b) € 37 million cash collateral relating to the sale of former Romanian subsidiaries.

The Group's exposure arising from credit institutions, as categorized by counterparty's geographical region, is presented in the following table:



## Notes to the Consolidated Financial Statements

	2022 € million	2021 € million
Greece	42	36
Other European countries	1,217	2,249
Other countries	70	225
<b>Total</b>	<b>1,329</b>	<b>2,510</b>

### 18. Securities held for trading

	2022 € million	2021 € million
Debt securities (note 5.2.1.3)	87	69
Equity securities	48	51
<b>Total</b>	<b>135</b>	<b>120</b>

### 19. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments both for hedging and non-hedging purposes.

The table below presents the fair values of the Group's derivative financial instruments by product type and hedge relationship along with their notional amounts. The notional amounts of derivative instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not indicative of the Group's exposure at the reporting date.

	31 December 2022			31 December 2021		
	Contract/ notional amount € million	Fair values		Contract/ notional amount € million	Fair values	
		Assets € million	Liabilities € million		Assets € million	Liabilities € million
<b>Derivatives for which hedge accounting is not applied/ held for trading</b>						
- Interest rate swaps	35,481	1,778	1,372	29,758	1,738	1,352
- Interest rate options <sup>(1)</sup>	3,616	74	96	3,599	41	97
- Cross currency interest rate swaps	-	-	-	41	3	3
- Foreign exchange contracts <sup>(2)</sup>	3,686	62	71	3,682	53	25
- Other <sup>(3)</sup>	154	2	2	195	2	2
		<u>1,916</u>	<u>1,541</u>		<u>1,837</u>	<u>1,479</u>
<b>Derivatives designated as fair value hedges</b>						
- Interest rate swaps	7,277	463	431	3,732	82	804
- Interest rate swaps/portfolio hedging	4,792	180	-	-	-	-
- Interest rate floors	7,791	-	55	-	-	-
		<u>643</u>	<u>486</u>		<u>82</u>	<u>804</u>
<b>Derivatives designated as cash flow hedges</b>						
- Interest rate swaps	-	-	-	1,852	30	54
- Cross currency interest rate swaps	1,646	2	78	1,632	0	57
		<u>2</u>	<u>78</u>		<u>30</u>	<u>111</u>
<b>Offsetting (notes 5.2.1.4 and 32)</b>						
- Interest rate swaps		(1,376)	(444)		-	-
<b>Total derivatives assets/liabilities</b>		<u>1,185</u>	<u>1,661</u>		<u>1,949</u>	<u>2,394</u>

<sup>(1)</sup> Interest rate options include interest rate caps and floors and swaptions.

<sup>(2)</sup> It includes currency swaps, forwards and options

<sup>(3)</sup> It includes credit default swaps, warrants, commodity derivatives, futures and exchange traded equity options.

Information on the fair value measurement and offsetting of derivatives is provided in notes 5.3 and 5.2.1.4, respectively.

In response to the heightened market volatility, and particular the increase in interest rate levels and bond yields since the beginning of 2022, the Group discontinued certain hedging relationships designated as fair value and cash flow hedging of interest rate risk, which had been initiated in a low interest rate environment and fulfilled to a significant extent their hedging purpose. The derivative positions were gradually liquidated over the first quarter of 2022, while in parallel new economic hedges were initiated to manage the Group's interest rate exposures on a portfolio level. Such economic hedges were eventually liquidated towards the end of the

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second quarter of 2022, since Management, in the context of its updated hedging strategy and risk management objectives, decided to enter into new interest rate swaps designated upon their inception as hedging instruments for which hedge accounting is applied. The realized gains from the aforementioned actions on the Group's hedging strategies, due to the increase in interest rates, amounted to approximately € 390 million (note 9).

Furthermore, the significant movements in interest and inflation rates, especially in longer tenors exacerbated the ineffectiveness of certain long-dated hedging relationships for which different discount rates apply to the hedged item and hedging instrument. For these hedging relationships, the hedge ratio fell outside the designated range of 80%-125% allowed by IAS39, both prospectively and retrospectively, leading to the mandatory discontinuance of the hedge accounting since the relationships no longer met the hedge accounting criteria. Accordingly, the Bank proceeded to the gradual unwinding of the related interest rate swaps, realizing approximately € 160 million gains (note 9), while at the same time entered into new ones of shorter tenor, so as to ensure hedge effectiveness going forward.

The Group uses certain derivatives and other financial instruments, designated in a qualifying hedge relationship, to reduce its exposure to market risks. The hedging practices applied by the Group, as well as the relevant accounting treatment are disclosed in note 2.2.3. In particular:

### (a) Fair value hedges

The Group hedges a portion of its existing interest rate risk resulting from any potential change in the fair value of fixed rate debt securities or fixed rate loans, denominated both in local and foreign currencies, using interest rate swaps and cross currency interest rate swaps. In 2022, the Group recognized a gain of € 886 million (2021: € 60 million loss) from changes in the carrying amount of the hedging instruments and € 862 million loss (2021: € 68 million gain) from changes in the fair value of the hedged items attributable to the hedged risk. The amount of hedge ineffectiveness recognized for 2022 in "Net trading income/ (loss)" was € 24 million gain (2021: € 8 million gain).

### (b) Fair value hedges – portfolios of assets

The Group hedges a portion of its existing interest rate risk resulting from any potential change in the fair value of a portfolio of fixed rate loans including securitized notes initially issued and subsequently held by the Group (macro-hedging), using a group of interest rate swaps. The Group primarily designates the change in fair value attributable to changes in the benchmark interest rate as the hedged risk including also assumptions for prepayment risk and, accordingly, enters into interest rate swaps whereby the fixed legs represent the economic risks of the hedged items. In 2022, the Group recognized a gain of € 180 million from changes in the carrying amount of the hedging instruments and € 159 million loss from changes in the fair value of the designated hedged items attributable to the hedged risk. Accordingly, the amount of hedge ineffectiveness recognized for 2022 in "Net trading income/(loss)" was € 21 million gain.

The Group also hedges the variability deriving from the fair value changes of purchased interest rate floors embedded in portfolios of floating rate loans and debt securities by writing the floors in the market. In 2022, the Group recognized a gain of € 20 million from changes in the carrying amount of the hedging instruments and € 20 million loss from changes in the fair value of the hedged items attributable to the hedged risk.

### (c) Cash flow hedges

The Group hedges a portion of its existing interest rate and foreign currency risk resulting from any cash flow variability on floating rate performing customer loans or floating rate deposits, denominated both in local and foreign currency, or unrecognized highly probable forecast transactions, using interest rate and cross currency interest rate swaps. For the year ended 31 December 2022, an amount of € 19 million gain was recognised in other comprehensive income in relation to derivatives designated as cash flow hedges (2021: € 51 million gain). Furthermore, in 2022, the ineffectiveness recognized in the income statement that arose from cash flow hedges was nil (2021: nil).

In addition, the Group uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are monitored and have been classified for accounting purposes along with those held for trading.

The Group's exposure in derivative financial assets, as categorized by counterparty's geographical region and industry sector, is presented in the following tables:

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	31 December 2022			
	Other			Total € million
	Greece	European	Other	
	€ million	countries	countries	
€ million	€ million	€ million		
Sovereign	249	-	-	249
Banks	12	291	570	873
Corporate	51	12	-	63
<b>Total</b>	<b>312</b>	<b>303</b>	<b>570</b>	<b>1,185</b>

  

	31 December 2021			
	Other			Total € million
	Greece	European	Other	
	€ million	countries	countries	
€ million	€ million	€ million		
Sovereign	1,105	-	-	1,105
Banks	4	466	261	731
Corporate	109	0	4	113
<b>Total</b>	<b>1,218</b>	<b>466</b>	<b>265</b>	<b>1,949</b>

As at 31 December 2022, the net carrying value of the derivatives with the Hellenic Republic amounted to a liability of € 489 million (31 December 2021: € 1,100 million asset).

At 31 December 2022 and 2021, the maturity profile of the nominal amount of the financial instruments designated by the Group in hedging relationships is presented in the tables below:

	31 December 2022								
	Fair Value Hedges					Cash Flow Hedges			
	1 - 3	3 - 12	1-5 years	Over 5	Total	3 - 12	1-5 years	Over 5	Total
	months	months	€ million	years		months	€ million	years	
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Interest rate swaps <sup>(1)</sup>	255	24	2,884	4,114	7,277	-	-	-	-
Interest rate options	-	-	800	6,991	7,791	-	-	-	-
Cross currency interest rate swaps	-	-	-	-	-	101	1,545	-	1,646
<b>Total</b>	<b>255</b>	<b>24</b>	<b>3,684</b>	<b>11,105</b>	<b>15,068</b>	<b>101</b>	<b>1,545</b>	<b>-</b>	<b>1,646</b>

  

	31 December 2021								
	Fair Value Hedges					Cash Flow Hedges			
	1 - 3	3 - 12	1-5 years	Over 5	Total	3 - 12	1-5 years	Over 5	Total
	months	months	€ million	years		months	€ million	years	
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Interest rate swaps	39	13	500	3,180	3,732	19	728	1,105	1,852
Cross currency interest rate swaps	-	-	-	-	-	48	1,584	-	1,632
<b>Total</b>	<b>39</b>	<b>13</b>	<b>500</b>	<b>3,180</b>	<b>3,732</b>	<b>67</b>	<b>2,312</b>	<b>1,105</b>	<b>3,484</b>

<sup>(1)</sup> Notional amount of interest rate swaps designated as fair value portfolio hedges is not included.

(a) Fair value hedges

The following tables present data relating to the hedged items under fair value hedges for the years ended 31 December 2022 and 2021:

**Notes to the Consolidated Financial Statements**

	31 December 2022		
	Carrying amount/Exposure designated as hedged	Accumulated amount of FV hedge adjustments related to the hedged item	Change in value as the basis for recognising hedge ineffectiveness
	€ million	€ million	€ million
Loans and advances to customers <sup>(1)</sup>	12,693	(216)	(225)
Debt securities AC <sup>(1)</sup>	3,978	(17)	(431)
Debt securities FVOCI	1,336	(157)	(266)
Debt securities in issue	2,373	(120)	(120)
<b>Total</b>	<b>20,380</b>	<b>(510)</b>	<b>(1,042)</b>

	31 December 2021		
	Carrying amount/Exposure designated as hedged	Accumulated amount of FV hedge adjustments related to the hedged item	Change in value as the basis for recognising hedge ineffectiveness
	€ million	€ million	€ million
Loans and advances to customers <sup>(1)</sup>	470	16	(5)
Debt securities AC	2,208	531	179
Debt securities FVOCI	2,573	94	(105)
<b>Total</b>	<b>5,251</b>	<b>641</b>	<b>69</b>

<sup>(1)</sup> For loans and advances to customers hedges and debt securities at amortised cost included in portfolio hedges, the exposure designated as hedged is presented.

At 31 December 2022, the accumulated amounts of fair value hedge adjustments remaining in the balance sheet for any items that have ceased to be adjusted for hedging gains and losses were € 279 million assets for debt securities held at AC, € 4 million liabilities for debt issued and € 19 million liabilities for adjustments related to debt securities held at FVOCI (2021: € 190 million assets for debt securities held at AC).

**(b) Cash flow hedges**

The cash flow hedge reserves for continuing hedges as at 31 December 2022 were € 4 million gain (2021: € 3 million gain), which relate to loans and advances to customers (2021: € 4 million gain relates to loans and advances to customers and € 1 million loss to deposits).

As at 31 December 2022, the balances remaining in the cash flow hedge reserve from any cash flow hedging relationships for which hedge accounting is no longer applied was € 20 million loss (2021: € 19 million loss).

The reconciliation of the components of Group's special reserves including cash flow hedges is provided in note 38.

**20. Loans and advances to customers**

	2022 € million	2021 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	43,450	40,815
- Impairment allowance	(1,626)	(1,872)
Carrying Amount	<b>41,824</b>	<b>38,943</b>
Fair value changes of loans in portfolio hedging of interest rate risk	<b>(163)</b>	-
Loans and advances to customers at FVTPL	16	23
<b>Total</b>	<b>41,677</b>	<b>38,967</b>

## Notes to the Consolidated Financial Statements

The table below presents the carrying amount of loans and advances to customers per product line and per stage as at 31 December 2022:

	31 December 2022				31 December 2021
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup> € million	Total amount € million	Total amount € million
<b>Loans and advances to customers at amortised cost</b>					
<b>Mortgage lending:</b>					
- Gross carrying amount	6,832	2,825	545	10,201	10,105
- Impairment allowance	(21)	(160)	(229)	(409)	(325)
Carrying Amount	6,810	2,665	316	9,792	9,780
<b>Consumer lending:</b>					
- Gross carrying amount	2,669	427	257	3,353	3,242
- Impairment allowance	(37)	(48)	(186)	(271)	(340)
Carrying Amount	2,633	379	70	3,082	2,902
<b>Small Business lending:</b>					
- Gross carrying amount	2,668	740	434	3,842	3,753
- Impairment allowance	(23)	(72)	(229)	(324)	(326)
Carrying Amount	2,645	668	205	3,518	3,427
<b>Wholesale lending <sup>(2)(3)</sup>:</b>					
- Gross carrying amount	23,448	1,581	1,024	26,054	23,716
- Impairment allowance	(68)	(75)	(478)	(621)	(881)
Carrying Amount	23,380	1,506	546	25,432	22,835
<b>Total loans and advances to customers at AC</b>					
- Gross carrying amount	35,618	5,573	2,259	43,450	40,815
- Impairment allowance	(149)	(355)	(1,121)	(1,626)	(1,872)
Carrying Amount	35,468	5,218	1,138	41,824	38,943
<b>Fair value changes of loans in portfolio hedging of interest rate risk</b>				(163)	-
<b>Loans and advances to customers at FVTPL</b>					
Carrying Amount <sup>(4)</sup>				16	23
<b>Total</b>				<b>41,677</b>	<b>38,967</b>

<sup>(1)</sup> As at 31 December 2022, POCI loans of € 43 million gross carrying amount (of which € 41 million included in non performing exposures) and € 6.5 million impairment allowance are presented in 'Lifetime ECL – stage 3 and POCI' (31 December 2021: € 44 million gross carrying amount and € 6.4 million impairment allowance).

<sup>(2)</sup> Includes € 4,901 million related to the senior notes of Pillar, Cairo and Mexico securitizations, which have been categorized in Stage 1.

<sup>(3)</sup> Includes loans to public sector.

<sup>(4)</sup> Includes € 9.9 million related to the mezzanine notes of the Pillar, Cairo and Mexico securitizations.

### Loans and advances to customers – Project Solar

In the context of its NPE management strategy, the Group has structured another NPE securitization transaction (project 'Solar'), as part of a joint initiative with the other Greek systemic banks initiated since 2018, in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. In addition, the Group targets to the prudential and accounting derecognition of the underlying corporate loan portfolio from its balance sheet by achieving a Significant Risk Transfer (SRT) and including 'Solar' securitization under the Hellenic Asset Protection Scheme (HAPS), thus the senior note of the securitization to become entitled to the Greek State's guarantee. In parallel, the Management along with the other participating banks have initiated actions towards the disposal of the majority stake of the mezzanine and junior notes to be issued in the context of the above-mentioned securitization.

Accordingly, as of 30 June 2022, the Group classified the underlying corporate loan portfolio as held for sale, while the remeasurement of the portfolio's expected credit losses, in accordance with the Group's accounting policy for the impairment of financial assets, had no significant impact in impairment losses from loans and advances to customers. The impairment loss was calculated by reference to the estimated fair value of the notes to be retained by the Group upon the completion of transaction and the expected consideration to be received by the sale of mezzanine and junior notes. As at 31 December 2022, the carrying amount of the aforementioned loan portfolio reached € 69 million, comprising loans with gross carrying amount of € 268 million, which carried an

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impairment allowance of € 199 million. Furthermore, the impairment allowance of the letters of guarantee included in the underlying portfolio reached € 1 million and was presented in “liabilities of disposal groups classified as held for sale” (note 30).

As at 31 December 2022, following the classification of project “Solar” underlying loan portfolio as held for sale, the Group’s NPE stock amounted to € 2.3 billion (31 December 2021: € 2.8 billion) driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%).

### Loans and advances to customers – Project Wave

In December 2022, the Bank proceeded with the execution of the third synthetic risk transfer transaction (project “Wave III”) in the form of a financial guarantee, providing credit protection over the mezzanine loss of a portfolio of performing shipping loans amounting to \$ 1.7 billion (the reference portfolio).

Similarly to the previous two synthetic risk transfer transactions (projects ‘Wave I’ and ‘Wave II’) that were executed in December 2021 over a reference portfolio of performing SMEs and large corporate loans of € 1.7 billion, the Wave III transaction was accounted for as a purchased financial guarantee contract that is not integral to the contractual terms of the reference portfolio, where a compensation right resulting from the expected credit losses of the protected loans is recognized, to the extent that it is virtually certain that the Group will be reimbursed for the credit losses incurred. The reference portfolios of Wave projects continued to be recognised on the Group’s Balance Sheet.

### Securitizations of loan portfolios originated by Eurobank Holdings Group

The ultimate parent company’s Group (Eurobank Holdings Group, former Eurobank Ergasias S.A. Group, note 1), in the context of the achievement of its NPE reduction targets has entered into the securitization of various classes of primarily NPE through the issue of senior, mezzanine and junior notes, which resulted, as described below, in the derecognition of the underlying loan portfolios and the recognition of the retained notes.

#### ‘Mexico’ securitization

In May 2021, the Bank, through its special purpose financing vehicle (SPV) ‘Mexico Finance Designated Activity Company’, issued senior, mezzanine and junior notes of total nominal amount of ca. € 5.2 billion, via a securitization of a mixed portfolio comprising primarily NPE of total principle amount due of ca. € 5.2 billion and gross carrying amount of ca. € 3.2 billion, which were fully retained by the Bank. The Eurobank Holdings Group included ‘Mexico’ securitization under the Hellenic Asset Protection Scheme (HAPS) thus the senior note of the securitization became entitled to the Greek State’s guarantee.

In June 2021, the General Shareholders’ Meeting of the Bank (GM), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to its parent company through the decrease in kind of the Bank’s share capital.

The Bank applied the use of book values in intercompany distributions of non-cash assets, consistently with the accounting policies already applied in other types of common control transactions. Therefore, the reduction of the Bank’s total equity of € 118 million was determined by the book value of the assets distributed.

The settlement of the aforementioned distribution in kind of the Bank to its parent company, that took place in September 2021, resulted in the de-recognition of the underlying loan portfolio and the related assets and liabilities from the Bank’s balance sheet, on the basis that the latter transferred substantially all risks and rewards of the portfolio’s ownership and relinquished its control over it. Accordingly, as of the distribution’s settlement date, the Bank derecognized the underlying loan portfolio, the related securitization’s receivables and payables, and the impairment allowance of the letters of guarantee included in the underlying portfolio and recognized the retained notes, i.e. 100% of the senior and 5% of the mezzanine and junior notes of Mexico securitization, at fair value, with carrying amount € 1,539 million at 31 December 2022 (31 December 2021: € 1,624 million). In addition, the Bank ceased to control the SPV and the related real estate company, which resides with the majority stake of Class B noteholders.

In August 2021, a commitment letter was signed between Eurobank Holdings, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitization that were distributed to Eurobank Holdings, subject to the fulfilment of certain conditions, including the settlement of the mezzanine and junior notes’ distribution from the Bank to Eurobank Holdings that was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval by the SSM for the significant risk transfer of the underlying loan portfolio that were received in December 2021. After the fulfilment of all conditions and having received all appropriate approvals, the aforementioned sale transaction was concluded in December 2021.

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### 'Cairo' securitization

In June 2019, Eurobank Holdings Group, through the special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior, mezzanine and junior notes of total face value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of non-performing loans (NPE) ("Cairo securitization"). In December 2019, the Eurobank Holdings Group announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of "Cairo securitization". The Eurobank Holdings Group included "Cairo" securitization under the Hellenic Asset Protection Scheme (HAPS) thus the senior note of the securitization became entitled to the Greek State's guarantee.

As of 20 March 2020, following the hive down of Eurobank Ergasias S.A. banking's sector (note 1), the Eurobank S.A. Group recognised on its balance sheet 100% of the senior notes and 5% of mezzanine and junior notes of "Cairo securitization" with carrying amount € 2,332 million at 31 December 2022 (31 December 2021: € 2,432 million).

In June 2020, the above sale from Eurobank Holdings of 20% of the mezzanine and 50.1% of the junior notes was completed and, as a result, the Eurobank Holdings Group ceased to control the Cairo SPVs on the basis that it does not have the power to direct their relevant activities. Furthermore, in June 2020, Eurobank Holdings proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes, to its Cyprus-based subsidiary Mairanus Ltd, renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the aforementioned subsidiary, which were distributed to Eurobank Holdings' shareholders.

In September 2020, following the completion of the distribution of the Cairo Mezz Plc shares, the underlying loan portfolio and the related assets and liabilities were derecognized from Eurobank Holdings Group balance sheet, on the basis that at that time the Group transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the securitized portfolio. In addition, the Eurobank Holdings Group also recognized the aforementioned retained notes, i.e. 100% of the senior notes, 5% of mezzanine and junior notes, on its balance sheet.

### 'Pillar' securitization

In June 2019, Eurobank Holdings Group, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of residential mortgage primarily NPE. In September 2019, Eurobank Holdings Group sold 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A.R.L. Upon the completion of the sale, the Eurobank Holdings Group ceased to control the SPV and derecognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risks and rewards of the underlying loan portfolio's ownership. In addition, the Eurobank Holdings Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet. The said notes are also recognised on the balance sheet of Eurobank S.A. Group with carrying amount € 1,039 million at 31 December 2022 (31 December 2021: € 1,060 million).



**Notes to the Consolidated Financial Statements**
**21. Impairment allowance for loans and advances to customers**

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL):

	31 December 2022												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Impairment allowance as at 1 January</b>	69	76	737	17	138	170	44	39	257	41	58	227	<b>1,872</b>
New loans and advances originated or purchased	29	-	-	2	-	-	21	-	-	6	-	-	58
Transfers between stages													
- to 12-month ECL	20	(20)	(0)	10	(9)	(1)	14	(8)	(5)	13	(10)	(3)	-
- to lifetime ECL	(12)	13	(1)	(4)	24	(20)	(8)	24	(15)	(7)	19	(12)	-
- to lifetime ECL credit-impaired loans	(6)	(8)	14	(1)	(9)	10	(5)	(7)	11	(2)	(7)	9	-
Impact of ECL net remeasurement	(35)	13	1	(3)	12	100	(25)	(0)	91	(30)	12	69	204
Recoveries from written - off loans	-	-	23	-	-	9	-	-	12	-	-	9	53
Loans and advances derecognised/ reclassified as held for sale during the year <sup>(2)</sup>	-	(0)	(202)	-	-	(0)	-	-	-	-	-	(1)	(203)
Amounts written off <sup>(3)</sup>	-	-	(87)	-	-	(10)	-	-	(141)	-	-	(53)	(290)
Unwinding of Discount	-	-	(11)	-	-	(1)	-	-	(3)	-	-	(2)	(18)
Foreign exchange and other movements	4	1	4	(0)	3	(27)	(4)	1	(21)	2	1	(14)	(50)
<b>Impairment allowance as at 31 December</b>	<b>68</b>	<b>75</b>	<b>478</b>	<b>21</b>	<b>160</b>	<b>229</b>	<b>37</b>	<b>48</b>	<b>186</b>	<b>23</b>	<b>72</b>	<b>229</b>	<b>1,626</b>

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	31 December 2021												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Impairment allowance as at 1 January	83	108	1,052	24	152	665	41	61	617	35	119	520	3,477
New loans and advances originated or purchased	17	-	-	1	-	-	22	-	-	5	-	-	45
Transfers between stages													
- to 12-month ECL	16	(11)	(5)	18	(15)	(2)	21	(17)	(4)	38	(37)	(2)	-
- to lifetime ECL	(6)	13	(7)	(7)	80	(73)	(3)	23	(20)	(3)	23	(20)	-
- to lifetime ECL credit-impaired loans	(1)	(22)	22	(1)	(16)	17	(3)	(16)	18	(3)	(19)	22	-
Impact of ECL net remeasurement	(35)	(10)	127	(15)	(26)	189	(31)	(12)	134	(30)	(5)	119	405
Recoveries from written - off loans	-	-	7	-	-	3	-	-	10	-	-	5	25
Loans and advances derecognised/ reclassified as held for sale during the year <sup>(2)</sup>	0	(3)	(259)	(0)	(34)	(563)	(0)	(1)	(304)	(0)	(25)	(309)	(1,499)
Amounts written off <sup>(3)</sup>	-	-	(166)	-	-	(73)	-	-	(145)	-	-	(85)	(469)
Unwinding of Discount	-	-	(21)	-	-	(8)	-	-	(7)	-	-	(9)	(46)
Foreign exchange and other movements	(5)	1	(14)	(3)	(2)	14	(3)	0	(41)	(2)	3	(14)	(67)
Impairment allowance as at 31 December	69	76	737	17	138	170	44	39	257	41	58	227	1,872

<sup>(1)</sup> The impairment allowance for POCI loans of € 6.5 million is included in 'Lifetime ECL – stage 3 and POCI' (2021: € 6.4 million).

<sup>(2)</sup> It represents the impairment allowance of loans derecognized due to a) substantial modifications of the loans' contractual terms, b) securitization and sale transactions, c) debt to equity transactions and those that have been reclassified as held for sale during the year (notes 20 and 30).

<sup>(3)</sup> The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2022 and that are still subject to enforcement activity is € 111 million (2021: € 217 million).

**Notes to the Consolidated Financial Statements**

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the year ended 31 December 2022 amounted to € 292 million (2021: € 413 million) and are analyzed as follows:

	2022 € million	2021 € million
Impairment loss on loans and advances to customers	(262)	(450)
Net income / (loss) from financial guarantee contracts <sup>(1)</sup>	(22)	-
Modification gain/(loss) on loans and advances to customers	2	20
Impairment (loss)/reversal for credit related commitments	(10)	17
<b>Total</b>	<b>(292)</b>	<b>(413)</b>

<sup>(1)</sup> It refers to purchased financial guarantee contracts, not integral to the guaranteed loans (projects Wave).

**22. Investment securities**

	2022 € million	2021 € million
Investment securities at FVOCI	3,828	6,509
Investment securities at amortised cost	9,192	4,666
Investment securities at FVTPL	241	141
<b>Total</b>	<b>13,261</b>	<b>11,316</b>

Note: information on debt securities of the investment portfolio is presented in note 5.2.1.3

In December 2022, the Bank acquired an additional 3.2% holding in Hellenic Bank Public Company Limited ("Hellenic Bank"), a financial institution located in Cyprus, for a consideration of € 16.74 million. Following this transaction, as at 31 December 2022, the Bank holds a 15.8% participation in Hellenic Bank. The said investment is aligned with the overall strategy of the Group to further strengthen its presence in its core markets in which retains a strategic interest and thus has been designated at FVOCI. Its fair value as at 31 December 2022 amounted to € 94.6 million (2021: € 44.4 million).

In addition, on 1 December 2022, the Bank announced that it has entered into a share purchase agreement with Wargaming Group Limited, pursuant to which it has agreed to acquire an additional 13.41% holding in Hellenic Bank for a consideration of € 70 million. The completion of the said acquisition was subject to the full fulfillment of the relevant regulatory approvals.

Post balance sheet event

On 4 April 2023 the Bank announced that, following the receipt of the relevant regulatory approvals, the above acquisition was completed, and its total holding in Hellenic Bank reached 29.2%. Following that, the investment in Hellenic Bank will be accounted for as a Group's associate in the consolidated financial statements as of the second quarter of 2023.

**22.1 Movement of investment securities**

The tables below present the movement of the carrying amount of investment securities per measurement category and per stage:

	31 December 2022								
	Debt securities at FVOCI			Investment securities at amortised cost			Investment securities at FVTPL	Equity securities at FVOCI	Total
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	€ million	€ million	
	€ million	€ million	€ million	€ million	€ million	€ million			
Gross carrying amount at 1 January	6,456	9	-	4,672	-	-			
Additions, net of disposals and redemptions	(1,979)	(6)	(14)	4,904	-	-	80	17	3,002
Transfers between stages	(131)	117	14	(40)	6	34	-	-	-
Net gains/(losses) from changes in fair value for the year	(740)	3	-	-	-	-	16	34	(687)
Amortisation of premiums/discounts and interest	(42)	(2)	-	64	-	2	0	-	22
Changes in fair value due to hedging <sup>(1)</sup>	-	-	-	(449)	-	(4)	-	-	(453)
Exchange adjustments and other movements	48	(0)	-	24	-	1	4	-	77
<b>Gross carrying amount at 31 December</b>	<b>3,612</b>	<b>121</b>	<b>-</b>	<b>9,175</b>	<b>6</b>	<b>33</b>	<b>241</b>	<b>95</b>	<b>13,283</b>
Impairment allowance	-	-	-	(12)	(0)	(10)	-	-	(22)
<b>Net carrying amount at 31 December</b>	<b>3,612</b>	<b>121</b>	<b>-</b>	<b>9,163</b>	<b>6</b>	<b>23</b>	<b>241</b>	<b>95</b>	<b>13,261</b>

**Notes to the Consolidated Financial Statements**

	31 December 2021					Total € million
	Investment securities at FVOCI		Investment securities at amortised cost	Investment securities at FVTPL	Equity securities at FVOCI	
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	12-month ECL- Stage 1			
	€ million	€ million	€ million	€ million	€ million	
Gross carrying amount at 1 January	5,444	10	2,789	127	-	8,370
Arising from acquisition (note 23.2)	78	-	-	0	-	78
Additions, net of disposals and redemptions	1,020	-	1,676	8	41	2,745
Transfers between stages	2	(2)	-	-	-	-
Net gains/(losses) from changes in fair value for the year	(132)	1	-	4	3	(124)
Amortisation of premiums/discounts and interest	(21)	(0)	(5)	0	-	(26)
Changes in fair value due to hedging	-	-	179	-	-	179
Exchange adjustments and other movements	65	0	33	2	-	100
Gross carrying amount at 31 December	6,456	9	4,672	141	44	11,322
Impairment allowance	-	-	(6)	-	-	(6)
Net carrying amount at 31 December	6,456	9	4,666	141	44	11,316

<sup>(1)</sup> changes in fair value due to continued hedging relationships amount to € 548 million, loss

**22.2 Movement of ECL**

The table below presents the ECL movement per portfolio, including ECL movement analysis per stage:

	31 December 2022			31 December 2021		
	Measured at amortised cost	Measured at FVOCI	Total	Measured at amortised cost	Measured at FVOCI	Total
	€ million	€ million	€ million	€ million	€ million	€ million
<b>Balance at 1 January</b>	6	12	18	5	10	15
New financial assets purchased	16	2	18	8	8	16
- of which 12-month ECL-Stage 1	16	2	18	8	8	16
Transfers between stages						
- (from)/to 12-month ECL-Stage 1	(6)	(11)	(17)	-	0	0
- (from)/to lifetime ECL-Stage 2	0	0	0	-	(0)	(0)
- (from)/to lifetime ECL-Stage 3	6	11	17	-	-	-
Remeasurement due to change in ECL risk parameters	3	13	16	(6)	(6)	(12)
- of which 12-month ECL-Stage 1	(2)	9	7	(6)	(6)	(12)
- of which lifetime ECL-Stage 2	1	4	5	-	(0)	(0)
- of which lifetime ECL-Stage 3	4	-	4	-	-	-
Financial assets disposed during the year	(3)	(4)	(7)	(0)	(1)	(1)
- of which 12-month ECL-Stage 1	(3)	(4)	(7)	(0)	(1)	(1)
Financial assets redeemed during the year	-	(10)	(10)	(0)	(0)	(0)
- of which lifetime ECL-Stage 3	-	(10)	(10)	-	-	-
Foreign exchange and other movements	(0)	(1)	(1)	(1)	1	-
<b>Balance as at 31 December</b>	<b>22</b>	<b>12</b>	<b>34</b>	<b>6</b>	<b>12</b>	<b>18</b>

**22.3 Equity reserve: revaluation of the investment securities at FVOCI**

Gains and losses arising from the changes in the fair value of investment securities at FVOCI are recognized in a corresponding revaluation reserve in equity. The movement of the reserve is as follows:

	2022 € million	2021 € million
<b>Balance at 1 January</b>	322	415
Net gains/(losses) from changes in fair value	(702)	(128)
Tax (expense)/benefit	180	33
Revaluation reserve from associated undertakings, net of tax	(33)	(4)
	(555)	(99)
Net (gains)/losses transferred to net profit on disposal	29	(99)
ECL transferred to net profit	4	3
Tax (expense)/benefit on net (gains)/losses transferred to net profit on disposal	(7)	28
Tax (expense)/benefit on ECL transferred to net profit	(1)	(1)
	25	(69)
Net (gains)/losses transferred to net profit from fair value hedges	270	105
Tax (expense)/benefit	(73)	(30)
	197	75
<b>Balance at 31 December</b>	<b>(10)</b>	<b>322</b>

**Notes to the Consolidated Financial Statements**
**23. Group composition**
**23.1 Shares in subsidiaries**

The following is a listing of the Bank's subsidiaries as at 31 December 2022, included in the consolidated financial statements for the year ended 31 December 2022:

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Leasing Single Member S.A.		100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Herald Greece Single Member Real Estate development and services S.A. 1		100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2		100.00	Greece	Real estate
Standard Single Member Real Estate S.A.		100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 1 Single Member Development S.A.		100.00	Greece	Real estate
(Under liquidation) Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 2 Single Member Development S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 3 Single Member Development S.A.		100.00	Greece	Real estate
Tenberco Real Estate Single Member S.A.		100.00	Greece	Real estate
Value Touristiki Single Member Development S.A.		100.00	Greece	Real estate
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd	k	100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate
Neviko Ventures Ltd		100.00	Cyprus	Real estate
Zivar Investments Ltd		100.00	Cyprus	Real estate
Amvanero Ltd		100.00	Cyprus	Real estate
Revasono Holdings Ltd		100.00	Cyprus	Real estate
Volki Investments Ltd		100.00	Cyprus	Real estate
Adariano Investments Ltd		100.00	Cyprus	Real estate
Elerovio Holdings Ltd		100.00	Cyprus	Real estate
Sagiol Ltd	j	100.00	Cyprus	Holding company
Macoliq Holdings Ltd	j	100.00	Cyprus	Holding company
Senseco Trading Limited	j	100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
ERB Lux Immo S.A.		100.00	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company

## Notes to the Consolidated Financial Statements

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Retail Development S.A.		99.99	Romania	Real estate
Seferco Development S.A.		99.99	Romania	Real estate
Eurobank Direktna a.d.		70.00	Serbia	Banking
ERB Leasing A.D. Beograd-in Liquidation		85.15	Serbia	Leasing
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd		100.00	Serbia	Real estate
ERB Hellas Plc	f	100.00	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company		-	Ireland	Special purpose financing vehicle

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

(i) the Group's special purpose financing vehicles and the related holding entities, which are dormant and/or are under liquidation: Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd, Themeleion Mortgage Finance Plc, Themeleion II Mortgage Finance Plc, Themeleion III Mortgage Finance Plc, Themeleion IV Mortgage Finance Plc, Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc, Anaptyxi APC Ltd and Byzantium II Finance Plc.

(ii) the holding entity of Karta II Plc: Karta II Holdings Ltd.

(iii) dormant entity: Enalios Real Estate Development S.A.

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

In 2022, the changes in the Group structure due to: a) acquisitions, mergers and establishment of companies, b) sales and other corporate actions, which resulted in loss of control, c) transactions with the non-controlling interests, which did not result in loss of control and d) liquidations, are as follows:

### (a) IMO 03 E.A.D., Bulgaria

In February 2022, the Bank disposed of its participation interest of 100% in IMO 03 E.A.D. (which as of 31 December 2021 was classified as held for sale) to a third party for a cash consideration of € 5.8 million. The resulting loss on the disposal was immaterial.

### (b) (Under liquidation) Real Estate Management Single Member S.A., Greece

In February 2022, the liquidation of the company was completed.

### (c) Hellenic Post Credit S.A., Greece

In February 2022, the Bank reached an agreement for the acquisition of the remaining 50% of the share capital of Hellenic Post Credit S.A., settled by offsetting receivables it held from the other shareholder of the entity (note 42). In November 2022, after receiving the required approvals from the competent authorities, the merger of the Bank and Hellenic Post Credit S.A. was completed, by absorption of the latter by the former. In line with the Group's accounting policy for business combinations involving entities under common control, the transfer of the entity's assets and liabilities to the Bank was performed at their pre-combination carrying amounts under the pooling of interests method (also known as merger accounting). The merger had no impact in the Group's financial statements.

### (d) Staynia Holdings Limited, Cyprus

In February 2022, the liquidation of the company was decided. In June 2022, the distribution of the company's surplus assets to the Bank (its sole shareholder) was completed with an immaterial effect on the Group's income statement, while its dissolution was completed in October 2022.

## Notes to the Consolidated Financial Statements

### (e) ERB Istanbul Holding A.S. in liquidation, Turkey

In June 2022, the liquidation of the company was completed. The Group recognized a) € 76.3 million loss in “Other income/(expenses)”, arising mainly from the recycling of foreign currency losses of € 75.9 million, previously recorded in other comprehensive income, to the income statement and b) € 2.5 million tax expense on the liquidation proceeds.

### (f) ERB Hellas Plc, United Kingdom

In June 2022, the liquidation of the company was decided.

### (g) Vouliagmeni Residence Single Member S.A., Greece

In March 2022, the Bank signed an agreement for the sale of its participation interest of 100% in Vouliagmeni Residence Single Member S.A. to a third party. On the basis of the said agreement, the company was classified as held for sale since 31 March 2022 and an impairment loss of € 0.7 million was recognised in the income statement line “Other impairment losses and provisions”. In July 2022, the sale of the company was completed for a cash consideration of € 9.7 million with no effect on the Group’s income statement.

### (h) Eliade Tower S.A., Romania

In September 2022, the Group decided to proceed with the sale of its participation interest of 99.99% in Eliade Tower S.A. On this basis, as at 30 September 2022 the company was classified as held for sale and an impairment loss of € 1.5 million was recognized in the income statement line “Other impairment losses and provisions”. In October 2022, the sale of Eliade Tower S.A. was completed for a cash consideration of € 4.4 million with an immaterial effect on the Group’s income statement.

### (i) Village Roadshow Operations Hellas S.A., Greece

The Bank had acquired “Village Roadshow Operations Hellas S.A.” in the third quarter of 2021, following the enforcement of collateral on the company’s shares under a lending arrangement. The company since its acquisition had been classified as held for sale. On 2 August 2022, in the context of the Group’s loan restructuring activities, the Bank signed an agreement with a third party for the sale of its participation interest of 100% in the company and the restructuring of its existing loan facilities subject to certain preconditions, which were fulfilled in November 2022. Following the completion of the agreement, the Group recognized a) € 21.5 million benefit due to the reversal of loan provisions in the Bank’s accounts, in the income statement line “Impairment losses relating to loans and advances to customers” and b) € 2 million loss from the disposal of the company’s shares, including costs directly attributable to the agreement, in the income statement line “Other income/(expenses)”.

### (j) Sagiol Ltd, Macoliq Holdings Ltd and Senseco Trading Limited, Cyprus

In October 2022, the liquidation of the companies was decided.

### (k) ERB Hellas (Cayman Islands) Ltd, Cayman Islands

In December 2022, the liquidation of the company was decided.

In 2021, the changes in the Group structure due to: a) acquisitions, mergers and establishment of companies, b) sales and other corporate actions, which resulted in loss of control, c) transactions with the non-controlling interests, which did not result in loss of control and d) liquidations, are as follows:

#### (i) Grivalia New Europe S.A., Luxembourg

In January 2021, the liquidation of the company was completed.

#### (ii) Senseco Trading Ltd, Cyprus and Value Touristiki S.A., Greece

In April 2021, the Bank acquired 100% of the shares and voting rights of Senseco Trading Limited for a cash consideration of € 6.7 million. The acquisition was accounted for as a business combination using the purchase method of accounting. At the date of acquisition, the fair value of the total net assets amounted to € 6.4 million mainly referring to 51% of the shares and voting rights of the Group’s joint venture Value Touristiki S.A. Accordingly, the resulting goodwill asset amounted to € 0.3 million. Following the above transaction, Value Touristiki S.A. became a wholly owned subsidiary of the Bank. In accordance with the requirements for business combinations achieved in stages, the Group had remeasured its previously held interest of 49% in Value Touristiki S.A. at fair value of € 6.1 million, with a resulting gain of € 1.7 million that was recognized in “Other income/(expenses)”.



**Notes to the Consolidated Financial Statements**

- (iii) **Special purpose financing vehicle for the securitization of Bank's loans and related real estate company**  
 In May 2021, in the context of the management of the Group's non performing exposures (NPE) the Bank, through its special purpose financing vehicle Mexico Finance Designated Activity Company, proceeded with the securitization of a mixed assets portfolio of primarily NPE and established the related real estate company Mexico Estate Single Member S.A. In June 2021, the General Shareholders' Meeting of the Bank, following the relevant decision of its Board of Directors, approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to its parent company through the decrease in kind of the Bank's share capital. The settlement of the aforementioned distribution in kind took place in September 2021 and the Group ceased to control the special purpose financing vehicle Mexico Finance Designated Activity Company and the related real estate company Mexico Estate Single Member S.A., and as a result they were not included in the consolidated financial statements for the year ended 31 December 2021 (note 20).
- (iv) **Eurobank A.D. Beograd and ERB Leasing A.D. Beograd – In Liquidation, Serbia**  
 In December 2021, the merger of Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") with Direktna Banka a.d. Kragujevac ("Direktna") was completed, after all necessary approvals from the competent authorities were obtained and the combined Bank was renamed to Eurobank Direktna a.d. As a result of the merger, the Group's percentage holding in its previously wholly owned subsidiaries Eurobank Direktna a.d. and ERB Leasing A.D. Beograd – In Liquidation decreased to 70% and 85.15%, respectively.
- (v) **Ragisena Ltd, Cyprus**  
 In July 2021, Eurobank Cyprus Ltd disposed its participation interest of 100% in Ragisena Ltd to a third party for a cash consideration of € 0.8 million. The resulting gain on the disposal was immaterial.
- (vi) **Eurobank Holding (Luxembourg) S.A. under liquidation, Luxembourg**  
 In September 2021, the liquidation of the company was decided and its dissolution was completed in December 2021.
- (vii) **Demerger of Eurobank Ergasias Leasing Single Member S.A.**  
 In June 2021, in the context of the optimization of the Group's organizational structure and the enhancement of its competitiveness in the leasing market, the Extraordinary General Shareholders' Meetings of the Bank and its wholly owned subsidiary Eurobank Ergasias Leasing Single Member S.A. resolved the approval of the demerger of Eurobank Ergasias Leasing Single Member S.A. ("Demerged Entity") through (i) the transfer of part of its assets and liabilities to the Bank and (ii) the establishment of a new company through the transfer of the remaining part of the assets and liabilities of the Demerged Entity.  
 The aforementioned demerger was completed in October 2021, after receiving the required approvals by the competent Authorities, while a new company "Eurobank Leasing Single Member S.A" was established for this purpose, as described above. Moreover, the deregistration of the demerged entity "Eurobank Ergasias Leasing Single Member S.A." from the General Commercial Registry was completed.  
 In line with the Group's accounting policy for business combinations involving entities under common control, the transfer of the Demerged Entity's assets and liabilities to the Bank was performed at their pre-combination carrying amounts under the pooling of interests method, while the transfer of the Demerged Entity's assets and liabilities to the new company was accounted for as an internal capital reorganization, thus also transferred at their carrying amounts. The demerger had no impact in the Group's financial statements.
- (viii) **Standard Single Member Real Estate S.A., Greece**  
 In December 2021, the Bank signed a shares sale and purchase agreement with the other shareholder of Standard Real Estate S.A. for the acquisition of the remaining shares (5.90%) in the company for a cash consideration of € 0.1 million. The effect of the transaction was immaterial and was recognized directly in the equity attributable to the shareholders of Eurobank Holdings. As a result, Standard Real Estate S.A. became a wholly owned subsidiary of the Bank. In January 2022, following the above transaction, the name of the company was amended with the inclusion of the term "Single member".
- (ix) **ERB Istanbul Holding A.S. in liquidation, Turkey**  
 In December 2021, the liquidation of the company was decided and accordingly its name was amended to ERB Istanbul Holding A.S. in liquidation.

**Agreement for the acquisition of BNP Paribas Personal Finance Bulgaria by Eurobank Bulgaria A.D.**

On 9 December 2022, Eurobank Holdings announced that it had reached an agreement for the acquisition of BNP Paribas Personal Finance Bulgaria (the "Business") by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank"). Specifically, Postbank had signed a put option letter for the benefit of BNP Paribas Personal Finance providing for the sale of its Bulgarian branch, based on the agreed terms. Pursuant to the above agreement, a consultation process with the French Labour Council has taken place, the conclusion of which led to the signing of a Business Transfer Agreement in January 2023.

## Notes to the Consolidated Financial Statements

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The transaction is in line with the Group's strategy to further strengthen Postbank's position in the Bulgarian retail sector and is expected to burden the Eurobank Holdings Group's regulatory capital ratios by c. 25bps, reflecting mainly the increase in the Group's Risk Weighted Assets. As of the end of September 2022, BNP Paribas Personal Finance Bulgaria, which operates through a network of 44 branches, had total assets of € 450 million, deposits close to € 100 million and a clientele of more than 270 thousand clients. The completion of the transaction is expected to take place in the first semester of 2023 subject to approvals by all competent regulatory authorities.

### Other post balance sheet events

#### **Retail Development S.A., Romania**

In February 2023, the Bank signed an agreement for the sale of its participation interest of 99.99% in Retail Development S.A. to a third party.

#### **Eurobank Direktna a.d., Serbia**

On 2 March 2023, the Bank announced that it has signed a binding agreement (share purchase agreement) with AIK Banka a.d. Beograd ("AIK") for the sale of its 70% shareholding in its subsidiary in Serbia, Eurobank Direktna a.d. (the "Transaction"). Consequently, the subsidiary will be classified as held for sale and its results will be presented in discontinued operations. The Transaction is consistent with Eurobank's strategy to direct capital to opportunities with more compelling RoTBV (Return on Tangible Book Value) and to further enhance its presence in its core markets. In this context, based on the agreement, 100% of Eurobank Direktna was valued at € 280 million.

The Transaction is expected to contribute ca. 50 bps to Eurobank Holdings Group's CET1 ratio (based on the third quarter of 2022 ratio), reflecting mainly the release of related RWAs (Risk Weighted Assets). It is expected to be completed within year 2023, subject to customary regulatory and other approvals.

#### **ERB Hellas (Cayman Islands) Ltd, Cayman Islands**

In February 2023, the return of the company's share capital to the Bank, through the repurchase of the whole of its own shares, was completed.

#### **Significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group**

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from regulatory, statutory and contractual requirements, set out below:

- Banking and other financial institution subsidiaries are subject to regulatory restrictions and central bank requirements in the countries in which the subsidiaries operate. Such supervisory framework requires the subsidiaries to maintain minimum capital buffers and certain capital adequacy and liquidity ratios, including restrictions to limit exposures and/or the transfer of funds to the Bank and other subsidiaries within the Group. Accordingly, even if the subsidiaries' financial assets are not pledged at an individual entity level, their transfer within the Group may be restricted under the existing supervisory framework. As at 31 December 2022, the carrying amount of the Group financial institution subsidiaries' assets and liabilities, before intercompany eliminations, amounted to € 24 billion and € 21 billion, respectively (2021: € 22 billion and € 19.8 billion).
- Subsidiaries are subject to statutory requirements mainly relating with the level of capital and total equity that they should maintain, restrictions on the distribution of capital and special reserves, as well as dividend payments to their ordinary shareholders.
- The Group uses its financial assets as collateral for repo and derivative transactions, secured borrowing from central and other banks, issuances of covered bonds, as well as securitizations. As a result of financial assets' pledge, their transfer within the Group is not permitted. Information relating to the Group's pledged financial assets is provided in notes 17, 29 and 40.
- The Group is required to maintain mandatory and collateral deposits with central banks. Information for these deposits is provided in note 15.

### **23.2 Subsidiary with material Non Controlling Interest**

In December 2021, the merger of Direktna Banka a.d. Kragujevac ("Direktna") with Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") (the "Transaction") was concluded, with absorption of Direktna by Eurobank Serbia. Following the completion of the transaction Eurobank controls 70% of the combined bank, while Direktna's shareholders own the remaining 30%. Part of the Transaction was the dividend distribution and capital return to Eurobank Group of c. € 232 million, after tax, in total.

## Notes to the Consolidated Financial Statements

As at 31 December 2022, the combined bank “Eurobank Direktna a.d.” is the only entity of the Group with material non-controlling interests. Financial information regarding the combined bank, which is before inter-company eliminations with other companies of the Group, is provided in the table below.

	2022 € million	2021 € million
Total operating income	93.5	66.6
<b>Net profit</b>	<b>0.4</b>	0.3
Other comprehensive income	(4.2)	(0.8)
Total comprehensive income	(3.8)	(0.5)
<b>Total comprehensive income attributable to non controlling interests</b>	<b>(1.1)</b>	(1.4)
Total assets	2,580	2,469
Total liabilities	2,265	2,150
<b>Net assets</b>	<b>315</b>	319
<b>Net assets attributable to non controlling interests</b>	<b>95</b>	96
Cash and cash equivalents at beginning of year	224	153
<b>Cash and cash equivalents at end of year</b>	<b>208</b>	224

### 24. Investments in associates and joint ventures

As at 31 December 2022, the carrying amount of the Group’s investments in associates and joint ventures amounted to € 173 million (2021: € 267 million). The following is the listing of the Group’s associates and joint ventures as at 31 December 2022:

Name	Note	Country of incorporation	Line of business	Group's share
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
(Under liquidation) Tefin S.A.		Greece	Dealership of vehicles and machinery	50.00
Global Finance S.A. <sup>(1)</sup>		Greece	Investment financing	33.82
Rosequeens Properties Ltd <sup>(2)</sup>		Cyprus	Special purpose investment vehicle	33.33
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife FFH Insurance Group Holdings S.A. <sup>(1)</sup>		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.		Greece	Real estate	50.00
doValue Greece Loans and Credits Claim Management S.A.		Greece	Loans and Credits Claim Management	20.00
Perigenis Business Properties S.A.		Greece	Real estate	18.90

<sup>(1)</sup> Eurolife Insurance group (Eurolife FFH Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as the Group’s associates.

<sup>(2)</sup> Rosequeens Properties Ltd (including its subsidiary Rosequeens Properties SRL until December 2022) is considered as a Group’s joint venture.

Omega Insurance and Reinsurance Brokers S.A. in which the Group holds 26.05% is not accounted under the equity method in the consolidated financial statements. The Group is not represented in the Board of Directors of the company, therefore does not exercise significant influence over it.

Femion Ltd. is accounted for as a joint venture of the Group based on the substance and the purpose of the arrangement and the terms of the shareholder’s agreement which require the unanimous consent of the shareholders for significant decisions and establish shared control through the equal representation of the shareholders in the management bodies of the company.

Perigenis Business Properties S.A. is accounted for as an associate of the Group based on the Bank’s representation in the Board of Directors and the decision-making process as prescribed in the company’s articles of association.

#### (a) Grivalia Hospitality S.A., Luxembourg

On 24 March 2022, the Bank signed a Share Purchase Agreement for the disposal of a 5.1% shareholding in the Group’s joint venture Grivalia Hospitality S.A. for a total consideration of € 15.9 million. As a result of the transaction, the Bank’s shareholding in Grivalia Hospitality S.A. decreased from 25% to 19.9% and in combination with the terms of the revised Shareholders’ Agreement signed with the other shareholders on the same date, the Bank ceased to have joint control over the entity and hence has discontinued the use of the equity method of accounting. Following the aforementioned sale, as of 31 March 2022, the retained interest in the entity has been measured as a financial asset at FVTPL with any change in the carrying amount to be recognized in the income statement.

## Notes to the Consolidated Financial Statements

Accordingly, the difference between: (i) the fair value of the retained interest on the aforementioned date, amounting to € 71.2 million and the proceeds received from the said partial disposal and (ii) the previous carrying amount of the investment in the entity under the equity method amounting to € 54.2 million, resulted in a total gain of € 32.3 million, net of the recycling of € 0.6 million foreign currency translation losses (previously recognized in other comprehensive income), that was recognised in the income statement in “Other income/(expenses)”. For the year ended 31 December 2022, the above gain was further adjusted to € 34 million.

### (b) Information Systems Impact S.A., Greece

In July 2022, the Bank disposed of its participation interest in Information Systems Impact S.A. to a third party for a cash consideration of € 3.9 million. The resulting gain on disposal amounted to € 1.1 million and was recognized in “Other income/(expenses)”.

### (c) Intertech S.A. – International Technologies, Greece

In September 2022, the Bank disposed of its participation interest in Intertech S.A. – International Technologies (which since its acquisition in the third quarter of 2021 was classified as held for sale) to a third party for a cash consideration of € 1.9 million with an immaterial effect on the Group’s income statement.

### (d) Sinda Enterprises Company Ltd, Cyprus

In October 2022, the Bank disposed of its participation interest in Sinda Enterprises Company Ltd to a third party for a cash consideration of € 3.2 million. The resulting loss on disposal amounted to € 1.1 million and was recognized in “Other income/(expenses)”.

### (e) Rosequeens Properties Ltd, Romania

In December 2022, the Group’s joint venture Rosequeens Properties Ltd, disposed of its subsidiary Rosequeens Properties SRL to a third party.

### Associates and joint ventures material to the Group

With regards to the Group’s associates and joint ventures, Eurolife FFH Insurance Group Holdings S.A., doValue Greece Loans and Credits Claim Management S.A. are considered individually material for the Group. Financial information regarding those entities is provided in the tables below:

#### Eurolife FFH Insurance Group Holdings S.A.

	2022 € million	2021 € million
Current assets	3,148	3,451
Non-current assets	226	132
<b>Total assets</b>	<b>3,374</b>	3,583
Current liabilities	403	391
Non-current liabilities	2,410	2,491
<b>Total liabilities</b>	<b>2,813</b>	2,882
<b>Equity</b>	<b>561</b>	701
<b>Group’s carrying amount of the investment</b>	<b>112</b>	140
Operating income	169	129
Net profit	94	65
<b>Other comprehensive income</b>	<b>(163)</b>	(19)
<b>Total comprehensive income</b>	<b>(69)</b>	46
<b>Dividends paid to the Group</b>	<b>14</b>	17

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### doValue Greece Loans and Credits Claim Management S.A.

	2022	2021
	€ million	€ million
Current assets	90	128
Non-current assets	347	361
<b>Total assets</b>	<b>437</b>	<b>489</b>
Current liabilities	95	157
Non-current liabilities	121	140
<b>Total liabilities</b>	<b>216</b>	<b>297</b>
<b>Equity</b>	<b>221</b>	<b>192</b>
Group's share in equity	44	38
Goodwill and other adjustments <sup>(1)</sup>	1	12
<b>Group's carrying amount of the investment</b>	<b>45</b>	<b>50</b>
Operating income <sup>(1)</sup>	72	77
Net profit <sup>(1)</sup>	53	54
<b>Total comprehensive income <sup>(1)</sup></b>	<b>53</b>	<b>54</b>
<b>Dividends paid to the Group</b>	<b>5</b>	<b>3</b>

<sup>(1)</sup> In the year ended 31 December 2022, other adjustments of € 11 million (expense) refer mainly to the elimination of the Group's share of the associate's gains relating to upstream transactions with the Bank. The Group's share of the associate's operating income, net profit and total comprehensive income, after the above adjustments amount to € 3 million, € 0.5 million loss, € 0.5 million loss respectively.

The carrying amount, in aggregate, of the Group's joint ventures, as at 31 December 2022 amounted to € 6 million (2021: € 65 million including Grivalia Hospitality S.A.). The Group's share of profit and loss and total comprehensive income of the above entities was immaterial (2021: € 1 million).

The carrying amount, in aggregate, of the Group's associates excluding Eurolife FFH Insurance Group Holdings S.A. and doValue Greece Loans and Credits Claim Management S.A. which is presented above (i.e. Global Finance S.A., Odyssey GP S.a.r.l., and Perigenis Business Properties S.A.) as at 31 December 2022 amounted to € 9 million (2021: € 12 million). The Group's share of profit and loss and total comprehensive income of the above entities was immaterial (2021: immaterial).

The Group has not recognized losses in relation to its interest in its joint ventures, as its share of losses exceeded its interest in them and no incurred obligations exist or any payments were performed on behalf of them. For the year ended 31 December 2022, the unrecognized share of losses for the Group's joint ventures amounted to € 2 million (2021: € 2 million). The cumulative amount of unrecognized share of losses for the joint ventures amounted to € 4 million (2021: € 24 million).

As at 31 December 2022, the Group has no unrecognized commitments in relation to its participation in joint ventures nor any contingent liabilities regarding its participation in associates or joint ventures, which could result to a future outflow of cash or other resources.

The Group's associate Eurolife FFH Insurance Group Holdings S.A. is subject to regulatory and statutory restrictions and is required to maintain sufficient capital to satisfy its insurance obligations.

Except as described above, no significant restrictions exist (e.g. resulting from loan agreements, regulatory requirements or other contractual arrangements) on the ability of associates or joint ventures to transfer funds to the Group either as dividends or to repay loans that have been financed by the Group.

## 25. Structured Entities

The Group is involved in various types of structured entities, such as securitization vehicles, mutual funds and private equity funds.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities, a narrow well-defined objective, insufficient equity to permit it to finance its activities without subordinated financial support and financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

## Notes to the Consolidated Financial Statements

An interest in a structured entity refers to contractual and non-contractual involvement that exposes the Group to variability of returns from the performance of the structured entity. Examples of interest in structured entities include the holding of debt and equity instruments, contractual arrangements, liquidity support, credit enhancement, residual value.

Structured entities may be established by the Group or by a third party and are consolidated when the substance of the relationship is such that the structured entities are controlled by the Group, as set out in note 2.2.1(i). As a result of the consolidation assessment performed, the Group has involvement with both consolidated and unconsolidated structured entities, as described below.

### Consolidated structured entities

The Group, as part of its funding activity, enters into securitization transactions of various classes of loans (corporate, small and medium enterprise, mortgage, consumer loans, credit card and bond loans), which generally result in the transfer of the above assets to structured entities (securitization vehicles), which, in turn issue debt securities held by investors and the Group's entities. The Group monitors the credit quality of the securitizations' underlying loans, as well as the credit ratings of the debt instruments issued, when applicable, and provides either credit enhancements to the securitization vehicles and/or transfers new loans to the pool of their underlying assets, whenever necessary, in accordance with the terms of the relevant contractual arrangements in force.

A listing of the Group's consolidated structured entities is set out in note 23.

As at 31 December 2022, the face value of debt securities issued by the securitizations sponsored by the Group amounted to € 5,258 million, of which € 4,705 million were held by the Bank (2021: € 5,916 million, of which € 5,364 million were held by the Bank) (notes 20 and 34).

The Group did not provide any non contractual financial or other support to these structured entities, where applicable, and currently has no intention to do so in the foreseeable future.

### Unconsolidated structured entities

The Group enters into transactions with unconsolidated structured entities, which are those not controlled by the Group, in the normal course of business, in order to provide fund management services or take advantage of specific investment opportunities.

Moreover, the Eurobank Holdings Group in the context of its NPE reduction acceleration plan entered into the securitization of various classes of NPE through the issue of senior, mezzanine and junior notes (Cairo, Pillar and Mexico, note 20).

### Group managed funds

The Group establishes and manages structured entities in order to provide customers, either retail or institutional, with investment opportunities. Accordingly, through its subsidiaries Eurobank Asset Management Mutual Fund Mngt Company S.A. and Eurobank Fund Management Company (Luxembourg) S.A., it is engaged with the management of different types of mutual funds, including fixed income, equities, funds of funds and money market.

Additionally, the Group is entitled to receive management and other fees and may hold investments in such mutual funds for own investment purposes as well as for the benefit of its customers.

The Group is involved in the initial design of the mutual funds and, in its capacity as fund manager, takes investment decisions on the selection of their investments, nevertheless within a predefined, by relevant laws and regulations, decision making framework. Therefore, the Group has determined that it has no power over these funds.

Furthermore, in its capacity as fund manager, the Group primary acts as an agent in exercising its decision making authority over them. Based on the above, the Group has assessed that it has no control over these mutual funds and as a result does not consolidate them. The Group does not have any contractual obligation to provide financial support to the managed funds and does not guarantee their rate of return.

### Non-Group managed funds

The Group purchases and holds units of third party managed funds including mutual funds, private equity and other investment funds.

### Securitizations

The Group has interests in unconsolidated securitization vehicles by investing in residential mortgage backed and other asset-backed securities issued by these entities.

The table below sets out the carrying amount of the Group's interests in unconsolidated structured entities, recognized in the consolidated balance sheet as at 31 December 2022, representing its maximum exposure to loss in relation to these interests.

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Information relating to the total income derived from interests in unconsolidated structured entities, recognized either in profit or loss or other comprehensive income during 2022 is also provided (i.e. fees, interest income, net gains or losses on revaluation and derecognition):

	31 December 2022			
	<u>Unconsolidated structured entity type</u>			
	Securitizations	Group managed funds	Non- Group managed funds	Total
	€ million	€ million	€ million	€ million
<b>Group's interest- assets</b>				
Loans and advances to customers <sup>(1)</sup>	4,911	-	-	4,911
Investment securities	1,486	71	17	1,574
Other Assets	-	2	-	2
<b>Total</b>	<b>6,397</b>	<b>73</b>	<b>17</b>	<b>6,487</b>
Total income from Group interests	77	48	2	127

  

	31 December 2021			
	<u>Unconsolidated structured entity type</u>			
	Securitizations	Group managed funds	Non- Group managed funds	Total
	€ million	€ million	€ million	€ million
<b>Group's interest- assets</b>				
Loans and advances to customers <sup>(1)</sup>	5,116	-	-	5,116
Investment securities	691	63	19	773
Other Assets	-	2	-	2
<b>Total</b>	<b>5,807</b>	<b>65</b>	<b>19</b>	<b>5,891</b>
Total income from Group interests	67	70	3	140

<sup>(1)</sup> Includes the senior and mezzanine notes of the Pillar, Cairo and Mexico securitizations (note 20).

For the year ended 31 December 2022, total income related to the Group's interests from securitizations mainly includes: (i) € 81 million, € 2 million and € 0.7 million interest income of debt securities retained by the Group measured at amortized cost, at FVOCI and FVTPL respectively and (ii) € 6.9 million from gains or losses on revaluation recognized in other comprehensive income. Total income from Group interests in relation to Group managed funds consists of: (i) € 50.1 million income relating to management fees and other commissions for the management of funds and (ii) € 2.5 million gains or losses on revaluation or from sale of the Group's holding in funds recognized in profit or loss. In addition, total income in relation to non-Group managed funds consists mainly of gains or losses on revaluation or from sale of the Group's holding in funds and has been recognized in profit or loss.

As at 31 December 2022, the total assets of funds under the Group's management as well as the notional amount of notes in issue by unconsolidated securitization vehicles amounted to € 3,163 million (2021: € 3,303 million) and € 33,227 million (2021: € 24,856 million), respectively.





## Notes to the Consolidated Financial Statements

The movement of investment property is as follows:

	2022 € million	2021 € million
Balance at 1 January	1,492	1,459
Additions	4	3
Arising from acquisition	-	33
Transfers from/to repossessed assets	13	3
Other transfers	9	13
Disposals	(119)	(31)
Net gain/(loss) from fair values adjustments	32	30
Held for sale (note 30)	(21)	(18)
<b>Balance at 31 December</b>	<b>1,410</b>	<b>1,492</b>

As at 31 December 2022, RoU assets that meet the definition of investment property amount to € 14 million (31 December 2021: € 14 million). The respective lease liabilities are presented in "other liabilities" (note 35).

Changes in fair values of investment property are recognized as gains/(losses) in profit or loss and included in the "Other Income/(expense)" (note 10). All gains/(losses) are unrealized.

During the year ended 31 December 2022, an amount of € 88 million (2021: € 93 million) was recognized as rental income from investment property in income from non banking services (note 8). As at 31 December 2022, the contractual obligations in relation to investment property amounted to approximately € 4 million, and are associated with property redevelopment, repairs and maintenance.

The main classes of investment property have been determined based on the nature, the characteristics and the risks of the Group's properties. The fair value measurements of the Group's investment property, which are categorized within level 3 of the fair value hierarchy, are presented in the below table.

	2022 € million	2021 € million
Residential	11	21
Commercial	1,358	1,420
Land Plots	32	35
Industrial	9	16
<b>Total</b>	<b>1,410</b>	<b>1,492</b>

The basic methods used for estimating the fair value of the Group's investment property are the income approach (income capitalization/discounted cash flow method), the comparative method and the cost approach, which are also used in combination depending on the class of property being valued.

The discounted cash flow method is used for estimating the fair value of the Group's commercial investment property. Fair value is calculated through the projection of a series of cash flows using explicit assumptions regarding the benefits and liabilities of ownership (income and operating costs, vacancy rates, income growth), including the residual value anticipated at the end of the projection period. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish its present value.

Under the income capitalization method, also used for the commercial class of investment property, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return).

The comparative method is used for the residential, commercial and land plot classes of investment property. Fair value is estimated based on data for comparable transactions, by analyzing either real transaction prices of similar properties, or by asking prices after performing the necessary adjustments.

The cost approach is used for estimating the fair value of the residential and the industrial classes of the Group's investment property. This approach refers to the calculation of the fair value based on the cost of reproduction/replacement (estimated construction costs), which is then reduced by an appropriate rate to reflect depreciation.

The Group's investment property valuations are performed taking into consideration the highest and best use of each asset that is physically possible, legally permissible and financially feasible.

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The main method used to estimate the fair value of Group's Investment property portfolio as at 31 December 2022, is the discounted cash flow method. Significant unobservable inputs used in the fair value measurement of the relevant portfolio are the rental income growth and the discount rate. Increase in rental income growth would result in increase in the carrying amount while an increase in the discount rate would have the opposite result. The discount rate used ranges from 7% to 12%. As at 31 December 2022, an increase or decrease of 5% in the discount rate used in the DCF analysis, would result in a downward or upward adjustment of the carrying value of the respective investment properties by € 31 million.

In 2022, the Greek real estate market attracted significant investment capital, especially in the first half, when the pace of domestic and foreign investment activity returned to the pre-Covid 19 pandemic level. However, towards the end of the year, the rise of inflation and interest rates, as well as the increase in energy and construction costs as a result of the Ukraine war, led market participants to become more cautious and selective in their investment decisions. Nevertheless, the demand for quality sustainable properties outstrips current market supply, therefore the value of these assets is expected to demonstrate resilience going forward, even during an economic slowdown.

In this volatile economic environment, the diversification of the Group's investment property portfolio, which primarily consists of office and big box/supermarket properties, has proven to be an effective shield, as despite the increase of interest rates in 2022, it recorded fair value gains of c. € 34 million mainly due to the increase of the value of specific offices leased to prime tenants and logistics (note 10).

In particular, the characteristics of the Group's investment property portfolio in terms of tenant's quality (AAA tenants) and sustainable lease contracts that were also favored by CPI indexation, as well as the specifications of the properties were taken into account by the valuers in determining the fair value of the Group's investment properties.

Moreover, the office and logistics sectors continue to exhibit strong supply/demand fundamentals in Greece, whereas the retail sector, considering the recovery in private consumption in the post-pandemic environment, is experiencing a strong leasing and investment activity especially in big box retail properties, although it lags in rental growth compared to other sectors.

The Group will continue to monitor closely the effect of the economic environment and the trends that will be demonstrated in the investment real estate market in the upcoming period on the valuation of its investment properties, while intensifying its efforts to implement "green" energy investments on its properties.

### 28. Intangible assets

The movement of computer software and other intangible assets which refer to purchased and developed software is as follows:

	2022 € million	2021 € million
<b>Cost:</b>		
<b>Balance at 1 January</b>	583	535
Arising from acquisitions	-	2
Transfers	(6)	(12)
Additions	93	77
Disposals and write-offs	(7)	(3)
Impairment	(10)	(16)
<b>Balance at 31 December</b>	<b>653</b>	<b>583</b>
<b>Accumulated amortisation:</b>		
<b>Balance at 1 January</b>	(316)	(282)
Amortisation charge for the year	(48)	(36)
Disposals and write-offs	6	2
<b>Balance at 31 December</b>	<b>(358)</b>	<b>(316)</b>
<b>Net book value at 31 December</b>	<b>295</b>	<b>267</b>

As at 31 December 2022, the Group's remaining carrying amount of goodwill amounts to € 1.6 million (31 December 2021: € 1.6 million), out of which € 0.9 million relates to ERB Lux Immo S.A.

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### 29. Other assets

	2022 € million	2021 € million
Receivable from Deposit Guarantee and Investment Fund	495	706
Reposessed properties and relative prepayments	577	597
Pledged amount for a Greek sovereign risk financial guarantee	234	235
Balances under settlement <sup>(1)</sup>	51	18
Deferred costs and accrued income	91	102
Other guarantees	213	128
Income tax receivable <sup>(2)</sup>	30	28
Other assets	285	246
<b>Total</b>	<b>1,976</b>	<b>2,060</b>

<sup>(1)</sup> Includes settlement balances with customers and brokerage activity.

<sup>(2)</sup> Includes withholding taxes, net of provisions.

In September 2022, the law 4370/2016 in respect of the deposit guarantee schemes of the Greek credit institutions was amended by law 4972/2022. Pursuant to the law's amendments, the receivable from the Hellenic Deposit and Investment Guarantee Fund (HDIGF) referring to the "Supplementary Deposit Cover Fund" is refundable to the Greek credit institutions in three equal instalments, starting three months after the enactment of the law and each year thereafter, subject to the provisions of the article 25a of the law. Following that, in December 2022 an amount of € 210 million was refunded to the Bank by HDIGF.

As at 31 December 2022, other assets net of provisions, amounting to € 285 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities (d) legal cases and e) project Triangle (note 30).

### 30. Disposal groups classified as held for sale

	2022 € million	2021 € million
<b>Assets of disposal groups</b>		
Real estate properties	15	31
Loans related to project Solar (note 20)	69	-
Village Roadshow Operations Hellas S.A. and Intertech S.A. – International Technologies	-	81
IMO 03 E.A.D. (note 23)	-	6
Credit card acquiring - project Triangle	-	28
<b>Total</b>	<b>84</b>	<b>146</b>
<b>Liabilities of disposal groups</b>		
Village Roadshow Operations Hellas S.A.	-	72
Credit card acquiring - project Triangle	-	37
Other liabilities related to project Solar (note 20)	1	-
<b>Total</b>	<b>1</b>	<b>109</b>

#### Real estate properties

Starting from the end of 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (reposessed, investment properties and own used properties), has gradually classified as held for sale (HFS) certain pools of real estate assets of total remaining carrying amount ca. € 15 million as at 31 December 2022 (31 December 2021: € 31 million), after their remeasurement in accordance with the IFRS 5 requirements. The Group remains committed to its plan to sell the aforementioned assets, which is expected to be completed within 2023, and undertakes all necessary actions towards this direction.

The above non-recurring fair value measurements were categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used, with no change occurring up to 31 December 2022.

#### Eurobank Merchant Acquiring business -Project 'Triangle'

On 7 December 2021, the Company announced that its subsidiary Eurobank S.A. ("Eurobank") had signed a binding agreement with Worldline B.V. ("Worldline") that included, among others, a) the sale of 80% of Eurobank's merchant acquiring business ("PayCo") to

**Notes to the Consolidated Financial Statements**

Worldline and b) a long term agreement for the exclusive distribution of PayCo products in Greece through Eurobank’s sales network. On the basis of the aforementioned agreement, as of 31 December 2021 “PayCo” was classified as held for sale.

On 30 June 2022, after receiving all necessary approvals, the spin-off of the Bank’s merchant acquiring business to Cardlink Payment Institution S.A. (“Cardlink One”), a licensed payment institution, and the transfer of 80% of Cardlink One’s shares to Worldline was completed for a cash consideration of € 254 million, after certain adjustments. Furthermore, under the related shareholders’ agreement, the remaining 20% interest in “Cardlink One” is subject to a combination of call and put options, exercisable after approximately 3 years.

As a result of the sale transaction for the 80% shareholding and based on the terms of the shareholders’ agreement in reference to the combination of options for the 20% shareholding, the Bank has fully derecognised the merchant acquiring business, since through the combination of options, access to substantially all the returns associated with the remaining 20% ownership interest is deemed to be transferred to Wordline at the time of the transaction.

On this basis, other than the cash consideration, on 30 June 2022 the Bank recognised in other assets a financial asset to be measured at fair value through profit or loss equal to € 68.5 million, representing the present value of the contractual right to receive the options’ estimated exercise price at the time of their execution. In addition, on the same date, the Bank recognised in other assets € 15.1 million deferred consideration in accordance with the terms of the agreement.

Following the above, the resulting gain from the transaction that was recognised in “Other income/(expenses)”, amounted to ca. € 325 million before tax (ca. € 231 million after tax), including the costs directly attributable to the transaction.

**31. Due to central banks**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Secured borrowing from ECB	<b>8,774</b>	11,663

As at 31 December 2022, the Group had € 8.9 billion outstanding principal under the TLTRO III refinancing program of the European Central Bank (ECB), following the maturity of € 1.9 billion and the early repayment of 1 billion during the quarter, whereas the respective net income recognized under interest expense amounted to € 53 million(note 6). On the basis that the Group met the required lending thresholds, the above income was calculated under the program’s more favorable interest rates that provides for an interest rate of -1% for the special interest period from 24 June 2020 to 23 June 2022 and the average deposit facility rate (DFR) as set by ECB’s decisions, thereafter.

**32. Due to credit institutions**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Secured borrowing from credit institutions	<b>764</b>	270
Borrowings from international financial and similar institutions	<b>663</b>	619
Deposits from banks received as collateral <sup>(1)</sup>	<b>294</b>	27
Current accounts and settlement balances with banks	<b>76</b>	54
Interbank takings	<b>17</b>	3
<b>Total</b>	<b>1,814</b>	973

<sup>(1)</sup> for 2022 the amount presented is after offsetting € 932 million against derivatives assets and liabilities (note 5.2.1.4)

As at 31 December 2022, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

**33. Due to customers**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Savings and current accounts	<b>42,897</b>	40,665
Term deposits	<b>14,199</b>	12,367
Repurchase agreements	<b>201</b>	200
<b>Total</b>	<b>57,297</b>	53,232

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For the year ended 31 December 2022, due to customers for the Greek and International operations amounted to € 39,633 million and € 17,664 million, respectively (2021: € 37,080 million and € 16,152 million, respectively).

### 34. Debt securities in issue

	2022 € million	2021 € million
Securitisations	553	552
Subordinated notes (Tier 2)	1,261	950
Medium-term notes (EMTN)	1,740	1,052
<b>Total</b>	<b>3,554</b>	<b>2,554</b>

#### Securitisations

The carrying value of the class A asset backed securities issued by the Bank's special purpose entities Karta II plc and Astarti DAC as at 31 December 2022, amounted to € 303 million and € 250 million, respectively.

#### Tier 2 Capital instruments

On 30 November 2022, the Parent Company announced the issuance of a € 300 million subordinated Tier II debt instrument which matures in December 2032, is callable in December 2027 offering a coupon of 10% per annum and is listed on the Luxembourg Stock Exchange's Euro MTF market. On the same date, the Bank issued a subordinated instrument of equivalent terms, held by the Parent Company. The proceeds from the issue will support Eurobank Holding's group strategy to ensure ongoing compliance with its total capital adequacy ratio requirements and will be used for Eurobank S.A.'s general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Parent Company's website on 30 November 2022.

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually.

The obligations arising from the Tier 2 Subordinated capital instruments were transferred to the Parent Company, while the Bank issued a subordinated instrument of equivalent terms which was fully subscribed by the Parent Company.

#### Covered bonds

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

#### Medium-term notes (EMTN)

In June 2022, the Bank proceeded with the issue of a preferred senior debt with a nominal value of € 500 million, of which € 7 million were held by a Bank's subsidiary. The bond, which is listed in the Luxembourg Stock Exchange's Euro MTF market, matures in March 2025 and is callable at par in March 2024, offering a coupon of 4.375% per annum.

This transaction is another step towards the implementation of Eurobank's medium-term strategy to meet its MREL requirements. The proceeds from the issue will be used for Eurobank's general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Bank's website on 1 June 2022.

During the year ended 31 December 2022, the Bank proceeded with the issue of medium term notes of face value of € 286 million, which were designated for Group's customers.

#### Post balance sheet event

In January 2023, the Bank completed the issue of a € 500 million senior preferred note. The bond, which is listed in the Luxembourg Stock Exchange's Euro MTF market, matures in January 2029 and is callable at par in January 2028, offering a coupon of 7% per annum.

The proceeds from the issue will support Group's strategy to ensure ongoing compliance with its MREL requirements and will be used for the Bank's general funding purposes.

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Further information about the issue is provided in the relevant announcement published in the Company's website on 20 January 2023.

### 35. Other liabilities

	2022 € million	2021 € million
Balances under settlement <sup>(1)</sup>	444	374
Lease liabilities	205	248
Deferred income and accrued expenses	165	156
Other provisions	71	95
ECL allowance for credit related commitments (note 5.2.1.2)	57	48
Standard legal staff retirement indemnity obligations (note 36)	19	23
Employee termination benefits	61	64
Sovereign risk financial guarantee	33	36
Income taxes payable	14	15
Deferred tax liabilities (note 13)	31	26
Trading liabilities	419	43
Other liabilities	184	230
<b>Total</b>	<b>1,703</b>	<b>1,358</b>

<sup>(1)</sup> Includes settlement balances relating to bank cheques and remittances, credit card transactions, other banking and brokerage activities.

As at 31 December 2022, other liabilities amounting to € 184 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 31 December 2022, trading liabilities amounting to € 419 million (2021: € 43 million) reflect the higher levels of short positions in debt instruments, entered into in the context of the Group's economic hedging strategies, aiming to manage on a pool basis market driven risks that derive from asset positions. For the year ended 31 December 2022, the gain recognized in net trading income from the aforementioned short positions amounted to € 107 million.

As at 31 December 2022, other provisions amounting to € 71 million (2021: € 95 million) mainly include: (a) € 28 million for outstanding litigations against the Group (note 42) and (b) € 43 million for other operational risk events, of which € 22 million is relating to the sale of former Romanian subsidiaries.

The movement of the Group's other provisions, is presented in the following tables:

	31 December 2022		
	Litigations and claims in dispute € million	Other € million	Total € million
<b>Balance at 1 January</b>	64	31	95
Amounts charged during the year	13	12	25
Amounts used during the year	(46)	(1)	(47)
Amounts reversed during the year	(3)	(2)	(5)
Foreign exchange and other movements	-	3	3
<b>Balance at 31 December</b>	<b>28</b>	<b>43</b>	<b>71</b>

	31 December 2021		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	60	33	93
Arising from acquisitions	2	-	2
Amounts charged during the year	9	3	12
Amounts used during the year	(5)	(4)	(9)
Amounts reversed during the year	(2)	(1)	(3)
<b>Balance at 31 December</b>	<b>64</b>	<b>31</b>	<b>95</b>

For the year ended 31 December 2022, an amount of € 48 million has been recognised in the Group's income statement for employee termination benefits mainly in respect of the new Voluntary Exit Scheme (VES) that was launched by the Group in February 2022 for eligible units in Greece and offered to employees over a specific age limit. The new VES is implemented through either lump-sum



**Notes to the Consolidated Financial Statements**

payments or long-term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof. The estimated saving in personnel expenses amounts to € 16 million on an annual basis.

**36. Standard legal staff retirement indemnity obligations**

The Group provides for staff retirement indemnity obligation for its employees in Greece and abroad, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Group to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Group.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	2022 € million	2021 € million
<b>Balance at 1 January</b>	<b>23</b>	21
Arising from acquisition	-	0
Current service cost	<b>3</b>	3
Interest cost	<b>0</b>	0
Past service cost and (gains)/losses on settlements	<b>49</b>	38
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	<b>(2)</b>	(1)
Actuarial (gains)/losses arising from changes in demographic assumptions	<b>(0)</b>	0
Actuarial (gains)/losses arising from experience and other adjustments	<b>(2)</b>	0
Benefits paid	<b>(52)</b>	(38)
Exchange adjustments	<b>0</b>	(0)
<b>Balance at 31 December</b>	<b>19</b>	<b>23</b>

The benefits paid by the Group during 2022, in the context of the Voluntary Exit Scheme (VES) (note 35), amounted to € 52 million. The provision for staff retirement obligations of the staff that participated in the above scheme, amounted to € 2 million.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	2022 %	2021 %
Discount rate	<b>3.4</b>	0.6
Future salary increases	<b>2.9</b>	1.6

As at 31 December 2022, the assumption for the price inflation (weighted average) is 2.6% (2021: 2%) and has been taken into account in determining the above actuarial assumptions for future salaries increases.

As at 31 December 2022, the average duration of the standard legal staff retirement indemnity obligation was 8 years (2021: 8 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2022 is as follows:

An increase/(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/increase of the standard legal staff retirement obligations by (€ 0.7 million)/ € 0.7 million.

An increase/(decrease) of the future salary growth assumed, by 0.5%/(0.5%) would result in an increase/(decrease) of the standard legal staff retirement obligations by € 0.7 million/(€ 0.7 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

**Notes to the Consolidated Financial Statements**
**37. Share capital**

As at 31 December 2022 and 2021, the total share capital of Eurobank S.A. amounted to € 3,941,071,968.10 divided into 3,683,244,830 common voting shares of nominal value of € 1.07 each. The total number of Eurobank shares is held by Eurobank Ergasias Services and Holdings S.A. ("Eurobank Holdings"), which is the sole shareholder of Eurobank.

**38. Reserves and retained earnings/losses**

	<b>Statutory reserves</b>	<b>Non-taxed reserves</b>	<b>Fair value reserve</b>	<b>Other reserves</b>	<b>Retained earnings</b>	<b>Total</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
Balance at 1 January 2021	182	60	415	93	439	1,190
Net profit	-	-	-	-	398	398
Transfers between reserves	15	(0)	-	140	(155)	-
Changes in participating interests in subsidiary undertakings (note 23.2)	-	-	-	82	(81)	1
Distribution in kind through share capital decrease	-	-	-	-	(16)	(16)
Formation of a corporate law reserve	-	-	-	9	-	9
Cash flow hedges	-	-	-	37	-	37
Debt securities at FVOCI	-	-	(91)	-	-	(91)
Gains/(losses) from equity securities at FVOCI	-	-	2	-	-	2
Actuarial gains/(losses) on post employment benefit	-	-	-	-	1	1
Associates and joint ventures	-	-	-	-	-	-
-changes in the share of other comprehensive income, net of tax	-	-	(3)	(0)	-	(3)
Share option plan	-	-	-	-	2	2
Other	-	-	(1)	0	-	(1)
<b>Balance at 31 December 2021</b>	<b>197</b>	<b>60</b>	<b>322</b>	<b>361</b>	<b>588</b>	<b>1,528</b>
<b>Balance at 1 January 2022</b>	<b>197</b>	<b>60</b>	<b>322</b>	<b>361</b>	<b>588</b>	<b>1,528</b>
Net profit	-	-	-	-	1,336	1,336
Transfers between reserves	73	(1)	-	195	(268)	-
Cash flow hedges	-	-	-	(0)	-	(0)
Foreign Currency translation (note 23.1)	-	-	-	76	-	76
Debt securities at FVOCI	-	-	(323)	-	-	(323)
Equity securities at FVOCI	-	-	24	-	-	24
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	-	4	4
Associates and joint ventures	-	-	-	-	-	-
-changes in share of other comprehensive income, net of tax	-	-	(33)	1	(0)	(32)
Share option plan (note 39)	-	-	-	-	4	4
Other	-	-	-	-	1	1
<b>Balance at 31 December 2022</b>	<b>270</b>	<b>59</b>	<b>(10)</b>	<b>633</b>	<b>1,665</b>	<b>2,618</b>

As at 31 December 2022, other reserves comprise, among others, a) € 564 million reserves relating to dividends and gains from the sale of participations (2021: € 368 million), b) € 125 million accumulated loss relating to foreign operations' translation differences, including € 24 million accumulated gain relating to net investment hedging - NIH (2021: € 203 million accumulated loss, including € 27 million gain relating to NIH) c) € 12 million accumulated loss from cash flow hedging (2021: € 12 million accumulated loss) and d) corporate law reserves of € 8 million, pursuant to the provisions of the Greek company law in force (2021: € 8 million).

**Dividends**

Pursuant to Article 149A of Law 4261/2014, by way of derogation from item c of par. 2 of article 160 and par. 2 of article 161 of Law 4548/2018, the Bank is not subject to the obligation to distribute a minimum dividend.

The Bank, taking into consideration that in 2023 the Eurobank Holdings Group has announced that the amount earmarked for dividend distribution will be used in an optimal way to bid for the 1.4% HFSF stake in Eurobank Holdings through a share buyback scheme (note 45), has decided to propose to the Annual Shareholders' General Meeting the non-distribution of dividends to the Shareholder for the profits of 2022 and will reassess its decision based on the future developments.

## Notes to the Consolidated Financial Statements

### 39. Share options

The Annual General Meeting of the shareholders of Eurobank Holdings held on 28 July 2020 approved the establishment of a five year shares award plan, starting from 2021, in the form of share options rights by issuing new shares with a corresponding share capital increase, in accordance with the provisions of article 113 of law 4548/2018, awarded to executives and personnel of Eurobank Holdings and its affiliated companies according to article 32 of law 4308/2014. The maximum number of rights that can be approved was set at 55,637,000 rights, each of which would correspond to one new share. The exercise price of each new share would be equal to € 0.23. The Annual General Meeting authorized the Board of Directors of Eurobank Holdings to define the eligible staff and determine the remaining terms and conditions of the plan.

The final terms and the implementation of the share options plan, which is a forward-looking long-term incentive aiming at the retention of key executives, are defined and approved annually by the Board of Directors in accordance with the applicable legal and regulatory framework, as well as the policies of the Group.

The options are exercisable in portions, annually during a period from one to five years. Each portion may be exercised wholly or partly and converted into shares at the employees' option, provided that they remain employed by the Group until the first available exercise date. The corporate actions that adjust the number and the price of shares also adjust accordingly the share options.

In addition, the share options also comply with the restrictions regarding remuneration of Law 3864/2010, as each time in force.

The movement of share options during the period is analysed as follows:

<u>Share options granted</u>	<u>2022</u>
<b>Balance at 1 January 2022</b>	12,374,561
Options awarded during the year	11,654,117
Options canceled during the year	(244,700)
Options exercised during the year	(1,515,656)
<b>Balance at 31 December 2022</b>	22,268,322

The share options outstanding at the end of the period have the following expiry dates:

<u>Expiry date <sup>(1)</sup></u>	<u>Share options</u> <u>31 December 2022</u>
2023	5,551,925
2024	7,131,580
2025	3,120,978
2026	2,595,139
2027	2,595,139
2028	1,273,561
Weighted average remaining contractual life of share options outstanding at the end of the period	24 months

<sup>(1)</sup> Based on the earliest contractual exercise date.

In accordance with the Group's accounting policy on employees' share based payments, the grant date fair value of the options is recognized as an expense with a corresponding increase in equity over the vesting period.

The fair value at grant date is determined using an adjusted form of the Black-Scholes model for Bermudan equity options which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Furthermore, additional conditions on certain share options granted to key executives who are subject to any remuneration restrictions of Law 3864/2010 at the time of grant, are treated as non-vesting conditions. Accordingly, the fair value measurement at grant date of such share options takes into consideration the probability that the relevant restrictions will be lifted, based on Management judgement, and is not subsequently revised regardless of whether the condition is eventually satisfied.

The weighted average fair value of the share options granted in December 2022 was € 0.63 (2021: € 0.42). The significant inputs into the model were a share price of € 1.021 (2021: € 0.7823) at the grant date, exercise price of € 0.23, annualized dividend yield of 3% (2021: 3%), expected average volatility of 38% (2021: 68%), expected option life of 1-5 years, and a risk-free interest rate corresponding to the options' maturities, based on the Euro swap yield curve. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last one and a half year.

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### 40. Transfers of financial assets

The Group enters into transactions by which it transfers recognized financial assets directly to third parties or to Special Purpose Entities (SPEs).

(a) The Group sells, in exchange for cash, securities under an agreement to repurchase them (repos) and assumes a liability to repay to the counterparty the cash received. In addition, the Group pledges, in exchange for cash, securities, covered bonds, as well as loans and receivables and assumes a liability to repay to the counterparty the cash received. The Group may also transfer securities under securities lending agreements with no exchange of cash or pledging of other financial assets as collateral. For all the aforementioned transactions, the Group has determined that it retains substantially all the risks, including associated credit and interest rate risks, and rewards of these financial assets and therefore has not derecognized them. As a result, the Group is unable to use, sell or pledge the transferred assets for the duration of the transaction. The related liability, where applicable, is recognized in Due to central banks and credit institutions (notes 31 and 32), Due to customers (note 33) and Debt securities in issue (note 34), as appropriate.

The Group enters into securitizations of various classes of loans (corporate, small and medium enterprise, consumer and various classes of non performing loans), under which it assumes an obligation to pass on the cash flows from the loans to the holders of the notes. The Group has determined that it retains substantially all risks, including associated credit and interest rate risks, and rewards of these loans and therefore has not derecognized them. As a result of the above transactions, the Group is unable to use, sell or pledge the transferred assets for the duration of their retention by the SPE. Moreover, the note holders' recourse is limited to the transferred loans. As at 31 December 2022, the securitizations' issues held by third parties amounted to € 553 million (2021: € 552 million) (note 34).

The table below sets out the details of Group's financial assets that have been sold or otherwise transferred, but which do not qualify for derecognition:

	Carrying amount	
	2022	2021
	€ million	€ million
Securities held for trading	44	11
Loans and advances to customers	14,186	14,344
-securitized loans <sup>(1)</sup>	3,411	4,232
-pledged loans under covered bond program	4,261	4,360
-pledged loans with central banks	6,309	5,545
-other pledged loans	205	207
Investment securities	3,027	6,930
<b>Total</b>	<b>17,257</b>	<b>21,285</b>

<sup>(1)</sup> It includes securitized loans of issues held by the Bank, not used for funding.

(b) The Group may sell or re-pledge any securities borrowed or obtained through reverse repos and has an obligation to return the securities. The counterparty retains substantially all the risks and rewards of ownership and therefore the securities are not recognized by the Group. As at 31 December 2022, the Group had obtained through reverse repos securities of face value of € 134 million, of which € 15 million sold under repurchase agreements and € 67 million pledged with central banks (2021: € 598 million face value of which € 60 million sold under repurchase agreements and € 505 million pledged with central banks). Furthermore, in the comparative year, the Group had obtained Greek treasury bills as collaterals for derivatives transactions with the Hellenic Republic of face value of € 1,400 million, of which € 324 million sold under repurchase agreements.

As at 31 December 2022, the cash value of the assets transferred or borrowed by the Group through securities lending, reverse repo and other agreements (points a and b) amounted to € 10,512 million, while the associated liability from the above transactions amounted to € 10,412 million, of which € 114 million repo agreements offset in the balance sheet against reverse repo deals (notes 31, 32, 33, 34 and 5.2.1.4) (2021: cash value € 13,583 million and liability € 13,287 million, of which € 591 million repo agreements offset in the balance sheet). In addition, the Group's financial assets pledged as collaterals for repos, derivatives, securitizations and other transactions other than the financial assets presented in the table above are provided in notes 17 and 29.

## Notes to the Consolidated Financial Statements

### 41. Leases

#### Group as a lessee

The Group leases office and branch premises, ATM locations, residential properties for the Group's personnel, and motor vehicles.

The majority of the Group's property leases are under long term agreements (for a term of 12 years or more in the case of leased real estate assets), with options to extend or terminate the lease according to the terms of each contract and the usual terms and conditions of commercial leases applicable in each jurisdiction, while motor vehicles generally have lease terms of up to 4 years. Extension options held by the Group are included in the lease term when it is reasonably certain that they will be exercised based on its assessment. For contracts having an indefinite remaining life as at 1 January 2022, the lease term has been determined at an average of 7 years for the Bank, after considering all relevant facts and circumstances. Depending on the terms of each lease contract, lease payments are adjusted annually in line with the consumer Price Index, as published by the Greek Statistical Authority, plus an agreed fixed percentage.

Information about the leases for which the Group is a lessee is presented below:

#### Right-of-Use Assets

As at 31 December 2022, the right-of-use assets included in property plant and equipment amounted to € 187 million (31 December 2021: € 230 million) (note 26), while those that meet the definition of investment property amounted to € 14 million (31 December 2021: € 14 million) (note 27).

#### Lease Liabilities

The lease liability included under other liabilities amounted to € 205 million as at 31 December 2022 (31 December 2021: € 248 million) (note 35). The maturity analysis of lease liabilities as at 31 December 2022, based on the contractual undiscounted cash flows, is presented in note 5.2.3.

#### Amounts recognised in profit or loss

Interest on lease liabilities is presented in note 6 and the lease expense relating to short term leases is ca. € 3 million (31 December 2021: € 3 million).

The Group had total cash outflows for leases of € 39 million in 2022 (2021: € 39 million).

#### Group as a lessor

#### Finance lease

The Group leases out certain real estate properties and equipment under finance leases, in its capacity as a lessor.

The maturity analysis of finance lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	2022 € million	2021 <sup>(1)</sup> € million
Not later than 1 year	303	343
1-2 years	83	108
2-3 years	65	85
3-4 years	53	56
4-5 years	36	35
Later than 5 years	164	178
Lease payments:	<u>704</u>	<u>805</u>
Gross investment in finance leases	704	805
Less: unearned finance income	<u>(66)</u>	<u>(51)</u>
Net investment in finance leases	638	754
Less: Impairment allowance	<u>(139)</u>	<u>(217)</u>
<b>Total</b>	<u><b>499</b></u>	<u><b>537</b></u>

<sup>(1)</sup> Comparative information has been adjusted in order to align with current year's presentation of the finance lease receivables.

## Notes to the Consolidated Financial Statements

### Operating Leases

The Group leases out its investment property under the usual terms and conditions of commercial leases applicable in each jurisdiction. When such leases do not transfer substantially all of the risks and rewards incidental to the ownership of the leased assets, the Group classifies these lease as operating leases. Information relating to operating leases of investment property, including the rental income recognised by the Group during the year, is provided in note 27.

The maturity analysis of operating lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	2022 € million	2021 € million
Not later than 1 year	92	96
1 - 2 years	85	89
2 - 3 years	78	82
3 - 4 years	70	75
4 - 5 years	64	70
More than 5 years	250	304
<b>Total</b>	<b>639</b>	<b>716</b>

### 42. Contingent liabilities and other commitments

The Group presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees of medium and low risk according to the Regulation No 575/2013/EU.

Credit related commitments are analyzed as follows:

	2022 € million	2021 € million
Financial guarantee contracts	1,807	1,068
Commitments to extend credit	3,898	1,572
Other credit related commitments	1,053	634
<b>Total</b>	<b>6,758</b>	<b>3,274</b>

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 10.5 billion (2021: € 6.8 billion), including revocable loan commitments of € 3.7 billion (2021: € 3.6 billion), while the corresponding allowance for impairment losses amounts to € 57 million (2021: € 48 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.23 billion (31 December 2021: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 29).

#### Other commitments

(a) The Bank has signed irrevocable payment commitment and collateral arrangement agreements with the Single Resolution Board (SRB) amounting in total to € 24.4 million as at 31 December 2022 (2021: € 20 million), representing 15% of its resolution contribution payment obligation to the Single Resolution Fund (SRF) for the years 2016-2022.

According to the agreements, which are backed by cash collateral of an equal amount, the Bank undertook to pay to the SRB an amount up to the above irrevocable payment commitment, in case of a call and demand for payment made by it, in relation to a resolution action taken for another European bank. The said cash collateral has been recognized as a financial asset in the Group's balance sheet (note 29).

(b) As at 31 December 2022, the contractual commitments for the acquisition of own used property, equipment and intangible assets amounted to € 46 million (2021: € 43 million).

## Notes to the Consolidated Financial Statements

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### *Post balance sheet event*

In February 2023, the Bank signed a binding pre-agreement with a third party for the acquisition of a Cypriot holding company, which indirectly owns a land plot to be developed into a modern office complex and proceeded with an advance payment of € 15.2 million, in line with the agreement. The completion of the agreement is expected to take place in 2024.

### **Legal proceedings**

In the year ended 31 December 2022, the Bank concluded an agreement for the acquisition of the remaining 50% of Hellenic Post Credit S.A. share capital (note 23.1), settled by offsetting receivables it held from the other shareholder. As a result, related provisions of € 34 million which had been recognized, were used to offset the respective receivables, leading to a significant decrease of the provisions for legal proceedings outstanding against the Group, which as at 31 December 2022 amounted to € 28 million (note 35) (31 December 2021: € 64 million).

Furthermore, in the normal course of its business, the Group has been involved in a number of legal proceedings, which are either at still a premature or at an advanced trial instance. The final settlement of these cases may require the lapse of a certain time so that the litigants exhaust the legal remedies provided for by the law. Management, is closely monitoring the developments to the relevant cases and having considered the advice of the Legal Services General Division, does not expect that there will be an outflow of resources and therefore does not acknowledge the need for a provision.

### **43. Operating segment information**

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business activities originated from Greece and other countries in Europe (International).

Greece is further segregated into retail, corporate, global markets & asset management and investment property. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

In more detail, the Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody and clearing services, cash management and trade services and investment banking services including corporate finance, merger and acquisitions advice.
- Global Markets & Asset Management: incorporating financial instruments trading, services to institutional investors, as well as, specialised financial advice and intermediation. In addition, this segment incorporates mutual fund products, institutional asset management and equity brokerage.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania.
- Investment Property: incorporating investment property activities relating to a diversified portfolio of commercial real estate assets.

Other segment of the Group refers mainly to a) property management (including repossessed assets), b) other investing activities (including equities' positions), c) private banking services to medium and high net worth individuals, d) the Group's share of results of Eurolife Insurance group, e) the results related to the Group's transformation projects and initiatives, the notes of Cairo, Pillar and Mexico securitizations, which were retained by the Group, and the Group's share of results of doValue Greece Loans and Credits Claim Management S.A. and f) the effect of the liquidation of "ERB Istanbul Holding A.S." in June 2022 (note 23.1).

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

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



**Notes to the Consolidated Financial Statements**

**43.1 Operating segments**

	31 December 2022						Total € million
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	
Net interest income	437	374	284	(12)	457	11	1,551
Net commission income	91	115	99	0	141	2	448
Other net revenue	324	2	703	183	(6)	(70)	1,136
Total external revenue	853	490	1,087	171	592	(58)	3,135
Inter-segment revenue	23	38	(36)	2	(2)	(24)	-
Total revenue	875	528	1,051	173	589	(82)	3,135
Operating expenses	(409)	(125)	(68)	(39)	(278)	8	(910)
Impairment losses relating to loans and advances to customers	(225)	(18)	-	-	(32)	(17)	(292)
Other impairment losses and provisions (note 12)	(6)	(3)	(18)	(3)	(17)	(62)	(108)
Share of results of associates and joint ventures	(0)	0	(0)	-	-	18	18
Profit/(loss) before tax before restructuring costs	236	383	965	132	262	(135)	1,843
Restructuring costs (note 12)	(24)	(1)	(1)	-	(14)	(62)	(102)
Profit/(loss) before tax	212	381	965	132	248	(197)	1,741
Profit/(loss) before tax attributable to non controlling interests	-	-	-	-	0	(0)	0
Profit/(loss) before tax attributable to shareholders	212	381	965	132	248	(197)	1,741

	31 December 2022						Total € million
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center <sup>(1)</sup> € million	
Segment assets	14,817	16,522	13,088	1,445	21,704	13,881	81,457
Segment liabilities	30,535	12,442	5,568	308	19,736	6,215	74,804

The International segment is further analyzed as follows:

	31 December 2022						Total € million
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million	
Net interest income	215	69	137	34	2	457	
Net commission income	73	22	40	8	(1)	141	
Other net revenue	(5)	1	1	0	(2)	(6)	
Total external revenue	282	92	177	42	(2)	592	
Inter-segment revenue	0	(0)	0	(3)	-	(2)	
Total revenue	283	92	177	39	(2)	589	
Operating expenses	(136)	(63)	(50)	(23)	(5)	(278)	
Impairment losses relating to loans and advances to customers	(37)	(14)	(1)	(0)	20	(32)	
Other impairment losses and provisions	(5)	(4)	(1)	(0)	(7)	(17)	
Share of results of associates and joint ventures	-	-	-	-	0	0	
Profit/(loss) before tax before restructuring costs	105	10	125	16	6	262	
Restructuring costs (note 12)	-	(14)	-	-	-	(14)	
Profit/(loss) before tax	105	(4)	125	16	6	248	
Loss before tax	0	0	-	-	-	0	
Profit/(loss) before tax attributable to non controlling interests	0	0	-	-	-	0	
Profit/(loss) before tax attributable to shareholders	105	(4)	125	16	6	248	

	31 December 2022						Total € million
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million	
Segment assets <sup>(2)</sup>	7,944	2,504	8,793	2,304	159	21,704	
Segment liabilities <sup>(2)</sup>	7,146	2,217	8,031	2,112	230	19,736	

**Notes to the Consolidated Financial Statements**

	31 December 2021 <sup>(3)</sup>						Total € million
	Retail	Corporate	Global Markets & Asset Mngt	Investment Property	International	Other and Elimination center	
	€ million	€ million	€ million	€ million	€ million	€ million	
Net interest income	426	315	217	(21)	375	(0)	1,312
Net commission income	79	75	88	1	117	(2)	358
Other net revenue	1	1	61	131	0	21	215
Total external revenue	507	391	366	110	492	18	1,885
Inter-segment revenue	22	40	(33)	2	(3)	(28)	-
Total revenue	529	431	334	112	489	(10)	1,885
Operating expenses	(412)	(126)	(59)	(38)	(240)	6	(869)
Impairment losses relating to loans and advances to customers	(247)	(94)	-	-	(72)	1	(413)
Other impairment losses and provisions	(5)	(1)	(6)	(3)	(9)	(28)	(51)
Share of results of associates and joint ventures	(0)	0	0	2	(0)	24	26
Profit/(loss) before tax before restructuring costs	(134)	210	269	72	168	(7)	578
Restructuring costs	(7)	(2)	(0)	-	(7)	(10)	(25)
Profit/(loss) before tax	(142)	208	269	72	161	(16)	553
Profit/(loss) before tax attributable to non controlling interests	-	-	-	-	(1)	0	(1)
Profit/(loss) before tax attributable to shareholders	(142)	208	269	72	162	(16)	554

	31 December 2021						Total € million
	Retail	Corporate	Global Markets & Asset Mngt	Investment Property	International	Other and Elimination center <sup>(1)</sup>	
	€ million	€ million	€ million	€ million	€ million	€ million	
Segment assets	14,878	14,696	13,265	1,495	19,870	13,644	77,848
Segment liabilities	29,562	10,869	6,828	356	18,183	6,485	72,283

	31 December 2021 <sup>(3)</sup>						Total € million
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	International	
	€ million	€ million	€ million	€ million	€ million	€ million	
Net interest income	185	53	102	25	10	375	
Net commission income	63	14	33	9	(2)	117	
Other net revenue	(1)	1	1	0	(0)	0	
Total external revenue	247	68	135	34	7	492	
Inter-segment revenue	0	(0)	0	(4)	-	(3)	
Total revenue	247	68	135	31	7	489	
Operating expenses	(118)	(50)	(45)	(21)	(5)	(240)	
Impairment losses relating to loans and advances to customers	(43)	(11)	(4)	0	(15)	(72)	
Other impairment losses and provisions	(3)	(4)	0	(0)	(1)	(9)	
Share of results of associates and joint ventures	-	(0)	-	-	(0)	(0)	
Profit/(loss) before tax	83	3	87	9	(15)	167	
Restructuring costs	-	(5)	-	(1)	-	(7)	
Profit/(loss) before tax	83	(2)	87	8	(15)	161	
Profit/(loss) before tax attributable to non controlling interests	0	(1)	-	-	-	(1)	
Profit/(loss) before tax attributable to shareholders	83	(1)	87	8	(15)	162	

	31 December 2021						Total € million
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	International	
	€ million	€ million	€ million	€ million	€ million	€ million	
Segment assets <sup>(2)</sup>	7,159	2,404	8,027	2,231	159	19,870	
Segment liabilities <sup>(2)</sup>	6,422	2,121	7,341	2,051	358	18,183	

<sup>(1)</sup> Interbank eliminations between International and the other Group's segments are included.

<sup>(2)</sup> Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

<sup>(3)</sup> Comparative information has been adjusted in order to align with current year's presentation.

## Notes to the Consolidated Financial Statements

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### 44. Post balance sheet events

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

- Note 2.1 – Basis of preparation
- Note 4 – Capital Management
- Note 5 – Financial risk management and fair value
- Note 22 – Investment securities
- Note 23.1 – Shares in subsidiaries
- Note 34 - Debt securities in issue
- Note 42 - Contingent liabilities and other commitments
- Note 45 - Related parties

### 45. Related parties

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. As at 31 December 2022, the percentage of Eurobank Holdings' 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 Bank pursuant to the provisions of the Law 3864/2010, as in force, including the amendments under law 4941/2022 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., Eurobank Holdings and the HFSF signed on 23 March 2020 and amended on 3 February 2022. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report of Eurobank Holdings for the year ended 31 December 2022.

In 2023, Eurobank Holdings announced its intention to submit an offer for the buyback of its 52.08 million shares (corresponding to a participation of 1.4%), presently owned by the HFSF, subject to the receipt of the required approvals from the regulator and the General Meeting of the Company's Shareholders.

Fairfax Group, which holds 32.99% of Eurobank Holdings voting rights as of 31 December 2022 (31 December 2021: 33%), is considered to have significant influence over Eurobank Holdings and accordingly over the Bank.

In January 2022, an occupational insurance fund ("Institution for occupational retirement provision-occupational insurance fund Eurobank's Group personnel" henceforth "the Fund") was established as a not-for-profit legal entity under Law 4680/2020, for the benefit of the employees of Eurobank Holdings, the Bank and certain other Greek entities of Eurobank Holdings Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Fund is considered to be related party to the Group.

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

**Notes to the Consolidated Financial Statements**

The outstanding balances of the transactions with (a) Eurobank Holdings, (b) Fairfax group, (c) the KMP and the entities controlled or jointly controlled by KMP and (d) other related parties, as well as the relating income and expenses are as follows:

	31 December 2022				31 December 2021			
	Eurobank Holdings <sup>(1)</sup>	Fairfax Group <sup>(3)(5)</sup>	KMP and Entities controlled or jointly controlled by KMP <sup>(2)</sup>		Eurobank Holdings <sup>(1)</sup>	Fairfax Group <sup>(3)</sup>	KMP and Entities controlled or jointly controlled by KMP <sup>(2)</sup>	
			Other Related Parties <sup>(4)</sup>	Other Related Parties <sup>(4)</sup>			Other Related Parties <sup>(4)</sup>	Other Related Parties <sup>(4)</sup>
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Loans and advances to customers	-	73.45	5.69	0.14	-	0.01	4.95	26.52
Other assets	0.67	0.04	-	87.06	0.32	0.04	0.19	76.03
Due to customers	57.72	34.22	20.98	97.50	63.63	0.24	21.90	80.68
Debt securities in issue	1,277.68	81.98	1.27	102.47	950.17	-	0.20	-
Liabilities								
Other liabilities	3.31	0.13	0.20	10.35	2.07	-	0.32	40.86

  

	Year ended 31 December 2022				Year ended 31 December 2021			
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	(63.16)	(0.69)	0.01	(4.68)	(60.93)	0.21	-	(2.52)
Net banking fee and commission income	(0.93)	0.02	0.11	10.89	(0.90)	-	0.16	14.74
Net trading income	-	-	-	0.01	-	-	-	0.45
Impairment losses relating to loans and advances including relative fees	(1.64)	(0.55)	-	(62.75)	(1.47)	0.02	-	(89.75)
Other operating income/(expenses)	(6.17)	9.21	(15.18)	(10.34)	(5.48)	5.93	(14.99)	(12.46)
Guarantees issued	-	1.97	-	-	-	-	0.01	4.65
Guarantees received	-	-	0.01	-	-	-	0.01	-

<sup>(1)</sup> Includes also Eurobank S.A. fellow subsidiaries. Information about the distribution in kind to Eurobank Holdings in 2021 is presented in note 20.

<sup>(2)</sup> Includes the KMP of Eurobank S.A. Group, the KMP of the parent company and their close family members.

<sup>(3)</sup> The balances with the Group's associate Eurolife FFH Insurance Group Holdings S.A., which is also a member of Fairfax Group are presented in the column other related parties.

<sup>(4)</sup> Other related parties include associates, joint ventures and as of the first half of 2022 the aforementioned Eurobank Group's personnel occupational insurance fund. In particular, as at 31 December 2022 the outstanding balances of transactions with the Fund refer mainly to deposits of € 1 million received from the Fund.

<sup>(5)</sup> As of 24 March 2022, the Bank ceased to have joint control over its former joint venture Grivalia Hospitality S.A. (note 24). In addition, in the third quarter of 2022, Fairfax Group obtained control over Grivalia Hospitality S.A. Hence, as at 31 December 2022, the company is considered to be a related party of the Group.

For the year ended 31 December 2022, there were no material transactions with the HFSF.

For the year ended 31 December 2022, an impairment of € 0.8 million (2021: € 0.2 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounted to € 0.02 million (2021: € 0.4 million).

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 7.35 million (2021: € 7.18 million) and long-term employee benefits of € 1.20 million (2021: € 1.14 million). Additionally, the Group has recognised € 1.94 million expense relating with equity settled share based payments (2021: € 0.52 million) (note 39). Furthermore, as at 31 December 2022, the defined benefit obligation for the KMP amounts to € 1.58 million (31 December 2021: € 1.48 million), while the respective cost for the year through the income statement amounts to € 0.12 million (2021: € 0.12 million) and the other comprehensive income (actuarial gain) amounts to € 0.07 million (2021: € 0.05 million actuarial gain).

## Notes to the Consolidated Financial Statements

### 46. External Auditors

The Group has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Group auditors may provide further to the statutory audit. For any such services to be assigned to the Group's auditors there are specific controlling mechanisms in order for the Bank's Audit Committee to ensure that a) the non-audit services assigned to "KPMG Certified Auditors S.A.", along with the KPMG network (KPMG), have been reviewed and approved as required and b) there is proper balance between audit and permitted non-audit work.

The total fees of the Group's principal independent auditor KPMG, for audit and other services provided are analyzed as follows:

	2022 € million	2021 € million
Statutory audit <sup>(1)</sup>	(2.7)	(2.6)
Tax certificate	(0.4)	(0.4)
Other audit related assignments	(0.8)	(0.9)
Non audit assignments	(0.1)	(0.2)
<b>Total</b>	<b>(4.0)</b>	<b>(4.1)</b>

<sup>(1)</sup> Includes fees for statutory audit of the annual separate and consolidated financial statements.

It is noted that the non-audit assignment fees of "KPMG Certified Auditors S.A." Greece, statutory auditor of the Group, amounted to € 0.07 million.

### 47. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting (AGM) of the Shareholders held on 23 July 2021 for a three years term of office that will expire on 23 July 2024, prolonged until the end of the period the AGM for the year 2024 will take place.

Following the aforementioned AGM decision, the BoD was constituted as a body at the BoD meeting of 23 July 2021, as follows:

G. Zanias	Chairman, Non-Executive Member
G. Chryssikos	Vice Chairman, Non-Executive Member
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
A. Athanasopoulos	Deputy Chief Executive Officer
B.P. Martin	Non-Executive Member
A. Gregoriadi	Non-Executive Independent Member
I. Rouvitha Panou	Non-Executive Independent Member
R. Kakar	Non-Executive Independent Member
J. Mirza	Non-Executive Independent Member
C. Basile	Non-Executive Independent Member
E. Deli	Non-Executive Member (HFSF representative under Law 3864/2010)

Athens, 6 April 2023

**Georgios P. Zanias**  
I.D. No AI - 414343  
CHAIRMAN  
OF THE BOARD OF DIRECTORS

**Fokion C. Karavias**  
I.D. No AI - 677962  
CHIEF EXECUTIVE OFFICER

**Harris V. Kokologiannis**  
I.D. No AN - 582334  
GENERAL MANAGER OF GROUP FINANCE  
CHIEF FINANCIAL OFFICER



KPMG Certified Auditors S.A.  
3 Stratigou Tombra Street  
Aghia Paraskevi  
153 42 Athens, Greece  
Telephone +30 210 6062100  
Fax +30 210 6062111  
Email: info@kpmg.gr

## Independent Auditors' Report

To the Shareholders of  
Eurobank S.A.

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying Financial Statements of Eurobank S.A. (the "Bank") which comprise the Balance Sheet as at 31 December 2022, the Statements of Income, Comprehensive Income, Changes in Equity and Cash Flow for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of Eurobank S.A. as at 31 December 2022 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), as incorporated in Greek legislation. 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 Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants, as incorporated in Greek legislation, and the ethical requirements that are relevant to the audit of the financial statements in Greece, and we have fulfilled our other ethical responsibilities in accordance with the requirements of the applicable legislation. 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 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Impairment allowance on loans and advances at amortised cost including off-balance sheet elements

See Notes 2.2.14, 3.1 and 20 and 21 to the Financial Statements.

Total estimated credit losses as of 31 December 2022 amounted to EUR 1 320 million (2021: EUR 1 580 million).

The key audit matter	How the matter was addressed in our audit
<p>The estimation of expected credit losses (“ECL”) on loans and advances at amortised cost involves significant judgment and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Bank’s estimation of ECL are:</p> <ul style="list-style-type: none"> <li>• Significant Increase in Credit Risk (“SICR”) – The identification of qualitative indicators for identifying a significant increase in credit risk for staging classification is highly judgmental taking also into account the current macroeconomic and geopolitical uncertainty.</li> <li>• Model estimations – Inherently judgmental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). ECL may be inappropriate if certain</li> </ul>	<p>Our audit procedures included, among others:</p> <p>Controls testing:</p> <p>We tested relevant manual, general IT and automated controls over key systems used in the ECL process.</p> <p>Main aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the:</p> <ul style="list-style-type: none"> <li>• Completeness and accuracy of the key inputs into the IFRS 9 impairment models.</li> <li>• Application of the staging criteria.</li> <li>• Model validation.</li> <li>• Authorisation and calculation of management adjustments.</li> </ul> <p>Test of details:</p> <p>Key aspects of our testing included, among others:</p> <ul style="list-style-type: none"> <li>• We performed substantive procedures on a sample basis in order to assess the SICR assessment for corporate and retail portfolios.</li> </ul>



models or underlying assumptions do not accurately predict defaults or recoveries over time or fail to reflect the credit risk of loans and advances to customers. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and subjectivity in the Bank's calculation of the ECL estimate.

- Management adjustments – Adjustments to the model-driven ECL results are raised by management to address any known limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved especially in relation to current macroeconomic and geopolitical uncertainty.
- Macroeconomic Forward Looking Information scenarios – IFRS 9 requires the Bank to measure ECL on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used, the probability weightings associated with the scenarios and the complexity of models used to derive the probability weightings applied to them especially when considering the current uncertain economic environment.
- Individually assessed loans –The estimation of future cash flows, valuation of collateral and probability weighting of scenarios constitute assumptions with high estimation uncertainty.

#### Disclosures in the Financial Statements

The disclosures regarding the Bank's application of IFRS 9 are key to explaining the significant judgements and

- We assessed the appropriateness of management adjustments to the model driven ECL results, by considering the assumptions, reviewing calculations and data used and inspecting the governance around these adjustments.
- We assessed the reasonableness and appropriateness of the macroeconomic variables' forecasts, scenarios, weights, and models applied. Our testing included benchmarking against external sources.
- We performed substantive procedures to assess the completeness and accuracy of critical data input used in the ECL models.
- We reperformed ECL calculations for lending exposures in all stages, with the support of our financial risk specialists and on a sample basis, where appropriate.
- We performed substantive procedures to assess the reasonableness of significant assumptions used in the measurement of impairment of individually assessed credit impaired exposures, including valuation of collaterals where we have used the expertise of real estate valuation specialists as well as assumptions used for estimating future discounted cash flows.

Our financial risk specialists assisted with the:

- Assessment of the Bank's impairment methodologies for compliance with IFRS 9.
- Evaluation of the risk parameter models used as well as reperforming the calculation of certain risk parameters.
- Assessment of available validation reports on risk parameters.
- Assessment of the methodological coherence and mathematical accuracy of management adjustments, where needed.

Assessing disclosures:

We evaluated the adequacy and appropriateness of the disclosures in the Financial Statements that address the uncertainty which exists when determining the ECL. In addition, we assessed

material inputs to the IFRS 9 ECL results as well as to provide transparency of the credit risk exposures of the Bank.	whether the disclosure of the key judgements and assumptions were sufficiently clear and explanatory.
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### Recognition of deferred tax assets

See Note 2.2.17, 3.4 and 14 to the Financial Statements.

Total deferred tax assets as of 31 December 2022 amounted to EUR 4 154 million (2021: EUR 4 414 million).

The key audit matter	How the matter was addressed in our audit
<p>The recognition and measurement of deferred tax assets is considered a key audit matter as it depends on estimates of future profitability, which requires significant judgement and includes the risk of management bias.</p> <p>Significant judgement and especially complex assumptions and method, due to inherent uncertainties relate to the following:</p> <ul style="list-style-type: none"> <li>• The extent that there are probable future taxable profits that will allow the deferred tax asset amount to be recovered in the foreseeable future.</li> <li>• Forecast of future taxable profit, which is mainly impacted by macroeconomic forward looking information.</li> </ul> <p>Disclosures in the Financial Statements</p> <p>The disclosures regarding the Bank's application of the Standards in this area are key to explaining the key judgements surrounding the recoverability of deferred tax assets.</p>	<p>Our audit procedures, included, among others the following:</p> <ul style="list-style-type: none"> <li>• We assessed the design and implementation of controls relevant to the recognition and recoverability of deferred tax assets including the approval of three-year business plan and monitoring of actual results against budgeted.</li> <li>• We evaluated the appropriateness of the assumptions used by management in the approved three-year business plan by comparing the revenue and growth projections to industry trends and ensuring consistency with strategic plans. We also evaluated; the appropriateness of the assumptions used and the reasonableness of projections for the period that lies beyond the approved three-year business plan.</li> <li>• We assessed the accuracy of forecasted future taxable profits by evaluating the accuracy of management's projections of prior year by comparing them to actual results.</li> <li>• We tested the accuracy of the relevant underlying data of the estimate, including the conversion of future accounting profits to taxable profits.</li> <li>• Our tax specialists assisted to confirm the completeness and accuracy of the relevant tax adjustments that produce the taxable results.</li> </ul>

	<p>Assessing disclosures:</p> <p>We evaluated the adequacy and appropriateness of the disclosures in the Financial Statements that address the deferred tax asset recoverability. In addition, we assessed whether the disclosures of the key judgements and assumption were sufficiently clear and explanatory.</p>
<b>Use of IT systems relevant to the financial information</b>	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The Bank's financial reporting processes are dependent to a large extent on information produced by the Bank's Information Technology (IT) systems, and/or automated processes and controls (i.e. calculations, reconciliations) implemented in these systems.</p> <p>The above is a key audit matter as the Bank's financial reporting systems rely heavily on complex information systems that process very large number of transactions. These IT systems function based on the operating effectiveness of internal controls in place to assure the completeness and accuracy as well as the security of the information of the Bank that produce eventually the financial information to be included in the Financial Statements.</p>	<p>We have evaluated in collaboration with our IT Audit specialists the general controls over the IT systems, databases and applications that support the financial reporting of the Bank.</p> <p>For this purpose, we performed procedures as follows:</p> <ul style="list-style-type: none"> <li>• We evaluated the information security resilience of the Bank by evaluating the design of key IT processes and controls over financial reporting.</li> <li>• We evaluated the design of the relevant preventative and detective general IT controls over administration of access to programs and data for the systems in scope of our audit and, we tested the operating effectiveness of these relevant controls.</li> <li>• We evaluated the design of the relevant general IT controls of the Bank over program development, program change management and computer operations for the systems in scope of our audit and, we tested the operating effectiveness of these relevant controls.</li> </ul>

## Other Information

The Board of Directors 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 but does not include the Financial Statements and our Auditors' Report thereon.

Our opinion on the 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 Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 the Board of Directors and Those Charged with Governance for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, 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 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 the Board of Directors either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Audit Committee of the Bank is responsible for overseeing the Bank's financial reporting process.

## Auditor's 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 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 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 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 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 Bank'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 Bank to cease to continue as a going concern.
- 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 fair presentation.

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 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 Additional Report to the Audit Committee

Our audit opinion on the Financial Statements is consistent with the Additional Report to the Audit Committee of the Bank dated 10 April 2023, pursuant to the requirements of article 11 of the Regulation 537/2014 of the European Union (EU).

### 2 Provision of Non-Audit Services

We have not provided to the Bank any prohibited non-audit services referred to in article 5 of Regulation (EU) 537/2014.

The permissible non-audit services that we have provided to the Bank during the year ended 31 December 2022 are disclosed in Note 46 of the accompanying Financial Statements.

### 3 Appointment of Auditors

We were appointed for the first time as Certified Auditors of the Bank in 2020 based on the provisions of article 20 of the Articles of Association of the Bank. From then onwards our appointment has been renewed uninterruptedly for a period of two years based on decisions of the General Shareholders' Meeting.

Athens, 10 April 2023

KPMG Certified Auditors S.A.  
AM SOEL 114

Harry Sirounis, Certified Auditor  
AM SOEL 19071

# FINANCIAL STATEMENTS

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FOR THE YEAR ENDED  
**31 DECEMBER 2022**

8 Othonos Str, Athens 105 57, Greece  
eurobank.gr, Tel.: (+30) 210 333 7000  
General Commercial Registry No: 154558160000



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**Balance Sheet**

	<u>Note</u>	<b>31 December</b>	
		<b>2022</b>	<b>2021</b>
		<u>€ million</u>	<u>€ million</u>
<b>ASSETS</b>			
Cash and balances with central banks	15	9,712	8,373
Due from credit institutions	17	2,177	3,100
Securities held for trading	18	69	50
Derivative financial instruments	19	1,215	1,959
Loans and advances to customers	20	30,619	28,892
Investment securities	22	10,487	8,994
Shares in subsidiaries	23	2,514	1,922
Investments in associates and joint ventures	24	39	102
Property and equipment	25	527	587
Investment property	26	936	984
Intangible assets	27	189	172
Deferred tax assets	14	4,154	4,414
Other assets	28	1,805	1,990
Assets of disposal groups classified as held for sale	29	81	65
<b>Total assets</b>		<b>64,524</b>	<b>61,604</b>
<b>LIABILITIES</b>			
Due to central banks	30	7,927	10,813
Due to credit institutions	31	4,058	2,896
Derivative financial instruments	19	1,696	2,414
Due to customers	32	40,256	37,221
Debt securities in issue	33	3,665	2,590
Other liabilities	34	1,338	1,186
Liabilities of disposal groups classified as held for sale	29	1	37
<b>Total liabilities</b>		<b>58,941</b>	<b>57,157</b>
<b>EQUITY</b>			
Share capital	36	3,941	3,941
Corporate law reserves	37	98	28
Special reserves	37	564	368
Other reserves	37	27	263
Retained earnings/(losses)	37	953	(153)
<b>Total equity</b>		<b>5,583</b>	<b>4,447</b>
<b>Total equity and liabilities</b>		<b>64,524</b>	<b>61,604</b>

Notes on pages 6 to 126 form an integral part of these financial statements

**Income Statement**

	Note	Year ended 31 December	
		2022 € million	2021 € million
Interest income		1,845	1,451
Interest expense		(763)	(513)
<b>Net interest income</b>	6	<b>1,082</b>	938
Banking fee and commission income		366	306
Banking fee and commission expense		(91)	(96)
<b>Net banking fee and commission income</b>	7	<b>275</b>	210
Income from non banking services	8	67	68
Dividend income	9	204	200
Net trading income/(loss)	10	719	(25)
Gains less losses from investment securities	10	0	100
Other income/(expenses)	11	392	28
<b>Operating income</b>		<b>2,739</b>	1,519
Operating expenses	12	(614)	(607)
<b>Profit from operations before impairments, provisions and restructuring costs</b>		<b>2,125</b>	912
Impairment losses relating to loans and advances to customers	21	(173)	(323)
Other impairment losses and provisions	13	(125)	7
Restructuring costs	13	(87)	(17)
<b>Profit before tax</b>		<b>1,740</b>	579
Income tax	14	(352)	(110)
<b>Net profit</b>		<b>1,388</b>	469

Notes on pages 6 to 126 form an integral part of these financial statements

**Statement of Comprehensive Income**

	<b>Year ended 31 December</b>	
	<b>2022</b>	<b>2021</b>
	<b>€ million</b>	<b>€ million</b>
<b>Net profit</b>	<b>1,388</b>	<b>469</b>
<b>Other comprehensive income:</b>		
<b>Items that are or may be reclassified subsequently to profit or loss:</b>		
<b>Cash flow hedges</b>		
- changes in fair value, net of tax	5	36
- transfer to net profit, net of tax	<u>(5)</u>	<u>1</u>
	<b>0</b>	<b>37</b>
<b>Debt securities at FVOCI</b>		
- changes in fair value, net of tax (note 22)	<b>(452)</b>	<b>(79)</b>
- transfer to net profit, net of tax (note 22)	<u>193</u>	<u>3</u>
	<b>(259)</b>	<b>(76)</b>
	<u>(259)</u>	<u>(39)</u>
<b>Items that will not be reclassified to profit or loss:</b>		
- Gains/(losses) from equity securities at FVOCI, net of tax	<b>24</b>	<b>2</b>
- Actuarial gains/ (losses) on post employment benefit obligations, net of tax	<u>1</u>	<u>1</u>
	<b>25</b>	<b>3</b>
	<u>25</u>	<u>3</u>
<b>Other comprehensive income</b>	<b>(234)</b>	<b>(36)</b>
	<u>(234)</u>	<u>(36)</u>
<b>Total comprehensive income</b>	<b>1,154</b>	<b>433</b>
	<u>1,154</u>	<u>433</u>

Notes on pages 6 to 126 form an integral part of these financial statements

**Statement of Changes in Equity**

	<b>Share capital</b> <b>€ million</b>	<b>Reserves and retained earnings</b> <b>€ million</b>	<b>Total</b> <b>€ million</b>
Balance at 1 January 2021	4,052	128	4,180
Net profit	-	469	469
Other comprehensive income	-	(36)	(36)
Total comprehensive income for the year ended 31 December 2021	-	433	433
Distribution in kind through share capital decrease (note 20)	(102)	(16)	(118)
Formation of a corporate law reserve	(9)	9	-
Demerger of Eurobank Ergasias Leasing Single Member S.A. (note 23)	-	(50)	(50)
Share options plan	-	2	2
	<b>(111)</b>	<b>(55)</b>	<b>(166)</b>
Balance at 31 December 2021	<b>3,941</b>	<b>506</b>	<b>4,447</b>
<b>Balance at 1 January 2022</b>	<b>3,941</b>	<b>506</b>	<b>4,447</b>
Net profit	-	1,388	1,388
Other comprehensive income	-	(234)	(234)
Total comprehensive income for the year ended 31 December 2022	-	<b>1,154</b>	<b>1,154</b>
Merger with Hellenic Post Credit S.A. (note 23.1)	-	(22)	(22)
Share options plan (note 38)	-	4	4
	<b>-</b>	<b>(18)</b>	<b>(18)</b>
<b>Balance at 31 December 2022</b>	<b>3,941</b>	<b>1,642</b>	<b>5,583</b>
	Note 36	Note 37	

Notes on pages 6 to 126 form an integral part of these financial statements

**Cash Flow Statement**

	<u>Note</u>	<b>Year ended 31 December</b>	
		<b>2022</b>	<b>2021</b>
		<b>€ million</b>	<b>€ million</b>
<b>Cash flows from operating activities</b>			
<b>Profit before income tax</b>		<b>1,740</b>	579
Adjustments for :			
Impairment losses relating to loans and advances to customers	21	<b>173</b>	323
Other impairment losses, provisions and restructuring costs	13	<b>212</b>	10
Depreciation and amortisation	12	<b>91</b>	85
Other (income)/losses on investment securities	16	<b>(40)</b>	(90)
(Gain)/loss on sale of subsidiaries, associates and joint ventures	11	<b>(36)</b>	(1)
Dividends from subsidiaries, associates and joint ventures	9	<b>(203)</b>	(199)
Valuation of investment property	26	<b>(32)</b>	(33)
Other adjustments	16	<b>(251)</b>	13
		<b>1,654</b>	687
<b>Changes in operating assets and liabilities</b>			
Net (increase)/decrease in cash and balances with central banks		<b>(149)</b>	1
Net (increase)/decrease in securities held for trading		<b>(3)</b>	(28)
Net (increase)/decrease in due from credit institutions		<b>869</b>	296
Net (increase)/decrease in loans and advances to customers		<b>(2,027)</b>	(194)
Net (increase)/decrease in derivative financial instruments		<b>587</b>	94
Net (increase)/decrease in other assets		<b>271</b>	(137)
Net increase/(decrease) in due to central banks and credit institutions		<b>(1,725)</b>	2,341
Net increase/(decrease) in due to customers		<b>3,055</b>	2,696
Net increase/(decrease) in other liabilities		<b>146</b>	(20)
		<b>1,024</b>	5,049
Income tax paid		<b>(4)</b>	(2)
<b>Net cash from/(used in) operating activities</b>		<b>2,674</b>	5,734
<b>Cash flows from investing activities</b>			
Acquisition of fixed and intangible assets	25,26,27	<b>(109)</b>	(94)
Proceeds from sale of fixed and intangible assets	25,26	<b>109</b>	2
(Purchases)/sales and redemptions of investment securities		<b>(2,399)</b>	(2,409)
Acquisition of subsidiaries, associates, joint ventures and participation in capital increases	23,24	<b>(769)</b>	(37)
Proceeds from disposal/liquidation/capital decrease of holdings in subsidiaries, associates and joint ventures	23,24	<b>334</b>	83
Dividends from investment securities, subsidiaries, associates and joint ventures	9	<b>204</b>	200
<b>Net cash from/(used in) investing activities</b>		<b>(2,630)</b>	(2,255)
<b>Cash flows from financing activities</b>			
(Repayments)/proceeds from debt securities in issue	16	<b>1,133</b>	1,036
Repayment of lease liabilities	40	<b>(25)</b>	(25)
<b>Net cash from/(used in) financing activities</b>		<b>1,108</b>	1,011
<b>Net increase in cash and cash equivalents</b>		<b>1,152</b>	4,490
Cash and cash equivalents at beginning of year	16	<b>8,506</b>	4,016
<b>Cash and cash equivalents at end of year</b>	16	<b>9,658</b>	8,506

Notes on pages 6 to 126 form an integral part of these financial statements



## Notes to the Financial Statements

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### 1. General information

Eurobank S.A. (the Bank) is a wholly owned subsidiary of Eurobank Ergasias Services and Holdings S.A. (the “Parent Company”). The Bank, which along with its subsidiaries form the Eurobank S.A. Group (the Group), is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Bank operates mainly in Greece and through its subsidiaries in Central and Southeastern Europe.

These financial statements were approved by the Board of Directors on 6 April 2023. The Independent Auditor’s Report of the Financial Statements is included in the section B.III of the Annual Financial Report.

### 2. Basis of preparation and principal accounting policies

The financial statements of the Bank have been prepared on a going concern basis and in accordance with the principal accounting policies set out below:

#### 2.1 Basis of preparation

The financial statements of the Bank have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as endorsed by the European Union (EU), and in particular with those standards and interpretations, issued and effective or issued and early adopted as at the time of preparing these financial statements.

The financial statements are prepared under the historical cost basis except for the financial assets measured at fair value through other comprehensive income, financial assets and financial liabilities (including derivative instruments) measured at fair-value-through-profit-or-loss and investment property measured at fair value.

The accounting policies for the preparation of the financial statements have been consistently applied to the years 2022 and 2021, after taking into account the amendments in IFRSs as described in section 2.1.1 (a) “New and amended standards adopted by the Bank as of 1 January 2022”. In addition, where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

The preparation of financial statements in accordance with IFRS requires the use of estimates and judgements that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management’s best knowledge of current events and conditions, actual results ultimately may differ from those estimates.

The Bank’s presentation currency is the Euro (€). Except as indicated, financial information presented in Euro has been rounded to the nearest million. The figures presented in the notes may not sum precisely to the totals provided due to rounding.

#### Going concern considerations

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

2022 was marked by the war in Ukraine, which gave rise to a global - but predominantly European - energy crisis, added to the mounting inflationary pressures, and led to widespread economic uncertainty and increased volatility in the global economy and financial markets. Nevertheless, the post-pandemic recovery continued for a second consecutive year in Greece, with its GDP growth overperforming that of most of its EU peers. According to the Hellenic Statistical Authority (ELSTAT) provisional data, the Greek economy expanded by 5.9% on an annual basis in 2022, with the European Commission (EC) estimating the full-year 2022 growth rate at 5.5% and 1.2% in 2023 in its winter economic forecast (February 2023). The inflation rate, as measured by the change in the 12-month average Harmonized Index of Consumer Prices (HICP), increased to 9.3% in 2022 according to ELSTAT, primarily as a result of supply-side shocks (including the hikes in energy, food and other raw material prices, the continued disruptions in the supply chain and the rising nominal wages), alongside the steep post-pandemic recovery of domestic and external demand. The EC expects that the inflation rate will decline to 4.5% in 2023, and further de-escalate to 2.4% in 2024. Moreover, provisional ELSTAT data shows that the average monthly unemployment in 2022 decreased to 12.4%, from 14.8% in 2021, while the Organisation for Economic Co-operation and Development (OECD) in its latest report (January 2023) expects unemployment to decline to 11.5% in 2023. On the fiscal front, the general government primary balance was to post a deficit of 1.6% of GDP in 2022 according to the 2023 Budget (latest outlook point to a primary deficit of ca. 1% of GDP or even lower), and a surplus of 0.7% of GDP in 2023 (2021: deficit of 5%). The gross public debt-to-GDP ratio is expected to decline to 168.9% and 159.3% in 2022 and 2023 respectively (2021: 194.5%). The above forecasts may change in case of potential adverse international developments that could affect energy and other goods prices, interest rates, external and domestic demand, and bring about the need for additional fiscal support measures.

## Notes to the Financial Statements

The Bulgarian economy expanded by 3.4% in 2022 (2021: 7.6%), based on data from the National Statistical Institute of Bulgaria, while inflation averaged at 15.3% in 2022 (2021: 3.3%). According to the EC's winter economic forecasts (February 2023), the real GDP in Bulgaria is expected to grow by 1.4% in 2023, while the HICP is expected at 7.8% in 2023. Respectively, in Cyprus the real GDP growth is forecasted at 5.8% in 2022 and 1.6% in 2023 (2021: 6.6%), while the CPI is estimated at 8.1% in 2022 and 4% in 2023 (2021: 2.3%).

A significant boost to growth in Greece and in other countries of presence is expected from European Union (EU) funding, mainly under the Next Generation EU (NGEU) instrument and the Multiannual Financial Framework (MFF) 2021–2027, EU's long-term budget. 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 NGEU's 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 two regular payments of € 3.6 billion each in April 2022 and January 2023 respectively. Greece has been also allocated about € 40 billion through 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, the Governing Council of the ECB, in line with its strong commitment to its price stability mandate, has proceeded with six rounds of interest rate hikes (in July, September, October, December 2022, February and in March 2023), raising the three key ECB interest rates by 350 basis points in aggregate. Moreover, it approved a new instrument (the "Transmission Protection Instrument" – TPI) aimed at preventing fragmentation in the sovereign bonds market. Finally, following the expiration of the special terms and conditions applying to the TLTRO III (Targeted Longer-Term Refinancing Operations) on 23 June 2022, the ECB will keep assessing how targeted lending operations are contributing to its monetary policy stance.

In 2022, the Greek State proceeded with the issuance of nine bonds of various maturities (5-year, 10-year, 15-year and 20-year) through the Public Debt Management Agency (PDMA), raising a total of € 8.3 billion from international financial markets. On 17 January 2023, the PDMA issued a 10-year bond of € 3.5 billion at a yield of 4.279% and more recently, on 29 March 2023, issued a 5-year bond of € 2.5 billion at a yield of 3.919%. As of end 2022, the cash reserves of the Greek State stood in excess of € 30 billion, and as of early February 2023, its sovereign rating was one notch below investment grade by three of the four External Credit Assessment Institutions (ECAIs) accepted by the Eurosystem (DBRS Morningstar: BB (high); S&P Ratings, Fitch Ratings: BB+).

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russia - Ukraine war and its ramifications on regional and global stability and security, as well as the European and Greek economy, (b) a potential prolongation of the ongoing inflationary wave and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, as well as any potential social and/or political ramifications these may entail, (c) the ongoing and potential upcoming central bank interest rate hikes worldwide, and in the euro area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments, increase volatility in the financial markets and lead economies to slow down or even a temporary recession, (d) the recent banking sector turmoil to continue and expand in the euro area, affecting customers' confidence, with a potential impact on assets under management levels and on liquidity, (e) the impact of a potential curtailment or discontinuation of the government energy support measures on growth, employment and the servicing of household and corporate debt, (f) the persistently large current account deficits and the prospect of them becoming once again a structural feature of the country's growth model, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the effective and timely implementation of the reform agenda required to meet the RRF milestones and targets and to boost productivity, competitiveness, and resilience, (i) a delay in the implementation of planned reforms, projects and the budget's fiscal agenda due to the possibility of the 2023 national elections resulting in an inability or delay to form a government with solid Parliament majority, (j) the geopolitical developments in the near region, (k) the evolution of the pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balances and international trade by prolonging the disruptions in the global supply chain, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment, fiscal balance and sustainable development in the long run.

Materialization of the above risks, 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 Group Management and Board, mindful of the recent banking turmoil across some markets, has done a proactive internal review to re-assure itself of the continued resilience of Eurobank business model to such possible external shocks and is pleased to report that this model is well supported by sound business practices, diversified activities and prudent risk management approaches. The resulting stability of the Group's business operating model is also further well-reflected by, among others, its financial position and performance as analysed below. In this context, the Group is continuously monitoring the developments on the macroeconomic, financial and geopolitical fronts as well as the evolution of its asset quality and liquidity KPIs and has increased its level of readiness,

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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 2023 - 2025.

Eurobank S.A. Group, which comprises the major part of Eurobank Holdings Group, is not separately supervised for capital adequacy purposes. As at 31 December 2022, the Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios of Eurobank Holdings Group, stood at 19.2% (31 December 2021: 16.1%) and 16% (31 December 2021: 13.7%) respectively (note 4 in the consolidated financial statements of Eurobank Holdings). At the same date, the Total CAD and CET1 ratios of the Bank amount to 18.9% (31 December 2021: 15.3%) and 15.1% (31 December 2021: 12.4%) respectively. In January 2023, the European Banking Authority (EBA) launched the 2023 EU-wide stress test exercise which is designed to provide valuable input for assessing the resilience of the European banking sector, including the 4 Greek systemic banks, in the current uncertain and changing macroeconomic environment, covering the period of 2023-2025. The EBA expects to publish the results of the exercise at the end of July 2023 (note 4 in the consolidated financial statements of Eurobank Holdings).

With regards to asset quality, as at 31 December 2022, the Group's NPE stock, following the classification of project "Solar" underlying loan portfolio as held for sale and other initiatives, amounted to € 2.3 billion (Bank: € 1.9 billion) (31 December 2021: € 2.8 billion, Bank: € 2.2 billion), driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%). The Eurobank S.A. Group's net profit attributable to shareholders for the year ended 31 December 2022 amounted to € 1,336 million (2021: € 398 million), while the Bank's after tax result amounted to a profit of € 1,388 million (2021: € 469 million). The debt securities portfolio, which is to a large extent hedged for the interest rate risk, accounts for 16% of total assets mostly invested in EU Sovereign Bonds and on investment grade securities. The Group holds non-significant exposure in Russian or Ukrainian assets and in the banks affected by the recent banking turmoil.

In terms of liquidity, as at 31 December 2022, the Eurobank Holding's Group deposits increased to € 57.2 billion (31 December 2021: € 53.2 billion), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme decreased by € 2.9 billion amounting to € 8.8 billion (Bank: € 7.9 billion) (31 December 2021: € 11.7 billion, Bank: € 10.8 billion) (note 30). During the year, the Bank proceeded with the issuance of a preferred senior note of € 500 million and the Parent Company completed the issuance of a Tier 2 instrument of € 300 million. More recently, in January 2023, the Bank successfully completed the issue of a € 500 million senior preferred note (note 33). The rise in high quality liquid assets of the Eurobank Holding Group led the respective Liquidity Coverage ratio (LCR) to 173% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicated 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). Information on the interest rate and liquidity risk exposures of the Bank is included in notes 5.2.2 and 5.2.3.

### Going concern assessment

The Board of Directors, acknowledging the geopolitical, macroeconomic and financial risks to the economy and the banking system and taking into account the above factors relating to (a) the idiosyncratic growth opportunities in Greece and the region for this and the next years, also underpinned by the mobilisation of the already approved EU funding mainly through the RRF, and (b) the pre-provision income generating capacity, asset quality, capital adequacy and liquidity position for both the Bank and Parent Company's group, has been satisfied that the financial statements of the Bank can be prepared on a going concern basis.

#### **2.1.1 New and amended standards and interpretations**

##### **(a) New and amended standards adopted by the Bank as of 1 January 2022**

The following amendments to standards as issued by the IASB and endorsed by the EU, apply as of 1 January 2022:

##### **IFRS 3, Amendments, Reference to the Conceptual Framework**

The amendments to IFRS 3 "Business Combinations" updated a reference to the current version of Conceptual Framework while added a requirement that, for obligations within the scope of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. In addition, for a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy exists at the acquisition date.

Moreover, the issued amendments added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition in a business combination at the acquisition date.

The adoption of the amendments had no impact on the financial statements.

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### Annual improvement to IFRSs 2018-2020 cycle: IFRS1, IFRS9 and IFRS 16

The improvements introduce changes to several standards. The amendments that are relevant to the Bank's activities are set out below:

The amendment to IFRS 1 *"First-time Adoption of International Financial Reporting Standards"* provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result, the amendment allows entities that have elected to measure their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported in the parent's consolidated financial statements. This amendment also applies to associates and joint ventures that have taken the same IFRS 1 exemption.

The amendment to IFRS 9 *"Financial Instruments"* clarifies which fees should be included in the 10% test for derecognition of financial liabilities. The fees to be included in the assessment are only those paid or received between the borrower (entity) and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

The amendment to IFRS 16 *"Leases"* removes the illustration of the reimbursement of leasehold improvements, in order to avoid any potential confusion about the treatment of lease incentives.

The adoption of the amendments had no impact on the financial statements.

### IAS 37, Amendments, Onerous Contracts – Costs of Fulfilling a Contract

The amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' clarify which costs to include in determining the cost of fulfilling a contract when assessing whether a contract is onerous. In particular, the direct costs of fulfilling a contract include both the incremental costs and an allocation of other costs directly related to fulfilling contracts' activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The adoption of the amendments had no impact on the financial statements.

### (b) New and amended standards not yet adopted by the Bank

A number of new standards and amendments to existing standards are effective after 2022, as they have not yet been endorsed by the EU or have not been early applied by the Bank. Those that may be relevant to the Bank are set out below:

#### IFRS 17, Insurance Contracts (effective 1 January 2023)

IFRS 17, which supersedes IFRS 4 *"Insurance Contracts"* provides a comprehensive and consistent accounting model for insurance contracts. It applies to all types of insurance contracts as well as certain guarantees and financial insurance with discretionary participating features. Financial guarantee contracts are allowed to be within the scope of IFRS 17, if the entity has previously asserted that it regarded them as insurance contracts.

According to IFRS 17 core general model, groups of insurance contracts which are managed together and are subject to similar risks, are measured based on building blocks of discounted, probability-weighted estimates of future cash flows, a risk adjustment and a contractual service margin ("CSM") representing the unearned profit of the contracts. Under the model, estimates are remeasured at each reporting period. A simplified measurement approach may be used if it is expected that doing so a reasonable approximation of the general model is produced, or if the contracts are of short duration.

Revenue is allocated to periods in proportion to the value of expected coverage and other services that the insurer provides during the period, claims are presented when incurred and any investment components i.e. amounts repaid to policyholders even if the insured event does not occur, are not included in revenue and claims. Insurance services results are presented separately from the insurance finance income or expense.

In June 2020, the IASB issued Amendments to IFRS 17 to assist entities in its implementation. The amendments aim to assist entities to transition in order to implement the standard more easily, while they deferred the effective date, so that entities would be required to apply IFRS 17 for annual periods beginning on or after 1 January 2023.

In December 2021, the IASB issued a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

The Bank has not issued contracts within the scope of IFRS 17; therefore, the standard is not expected to impact the financial statements.

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### **IAS 8, Amendments, Definition of Accounting Estimates (effective 1 January 2023)**

The amendments in IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” introduced the definition of accounting estimates and include other amendments to IAS 8 which are intended to help entities distinguish changes in accounting estimates from changes in accounting policies.

The amendments clarify (a) how accounting policies and accounting estimates relate to each other by (i) explaining that accounting estimates are used in applying accounting policies and (ii) making the definition of accounting policies clearer and concise and, (b) that selecting an estimation or valuation technique and choosing the inputs to be used constitutes making an accounting estimate.

The adoption of the amendments is not expected to impact the financial statements.

### **Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (effective 1 January 2023)**

IASB issued amendments to IAS 1 “Presentation of Financial Statements” that require entities to disclose their material accounting policies rather than their significant accounting policies.

According to IASB, accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

Furthermore, the amendments clarify how an entity can identify material accounting policy information, while provide examples of when accounting policy information is likely to be material. The amendments to IAS 1 also clarify that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. To support these amendments the Board has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2 Making Materiality Judgements to accounting policy disclosures, in order to support the amendments to IAS 1.

The adoption of the amendments is not expected to impact the financial statements.

### **IAS 1, Amendments, Classification of Liabilities as Current or Non-Current (effective 1 January 2024, not yet endorsed by EU)**

The amendments, published in January 2020, affect only the presentation of liabilities in the balance sheet and provide clarifications over the definition of the right to defer the settlement of a liability, while they make clear that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. In addition, it is clarified that the assessment for liabilities classification made at the end of the reporting period is not affected by the expectations about whether an entity will exercise its right to defer settlement of a liability. The Board also clarified that when classifying liabilities as current or non-current, an entity can ignore only those conversion options that are recognised as equity.

In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1) with respect to the classification (as current or non-current), presentation and disclosures of liabilities for which an entity’s right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting period. The amendments to IAS 1 specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the financial statements.

The adoption of the amendments is not expected to impact the financial statements.

### **IAS 12, Amendments, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023)**

The amendments clarify that the exemption on initial recognition set out in IAS 12 ‘Income Taxes’ does not apply for transactions such as leases and decommissioning obligations that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. Accordingly, for such transactions an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The adoption of the amendments is not expected to impact the financial statements.

### **IFRS 16, Amendment, Lease Liability in a Sale and Leaseback (effective 1 January 2024, not yet endorsed by EU)**

The amendment requires a seller-lessee to subsequently measure lease liabilities arising in a sale and leaseback transaction in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. Any gains and losses relating to the full or partial termination of a lease continue to be recognised when they occur. The amendment does not change the accounting for leases unrelated to sale and leaseback transactions.



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The adoption of the amendment is not expected to impact the financial statements.

### 2.2 Principal accounting policies

#### 2.2.1 Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures, including investments acquired through common control transactions, are accounted at cost less any impairment losses. Cost is the fair value of the consideration given being the amount of cash or shares issued, or if that cannot be determined reliably, the consideration received together with any directly attributable costs.

As an exception to the above measurement basis, when the Bank transfers an existing Group entity or business sector to a new subsidiary formed for this purpose in a share for share exchange that does not have commercial substance, the Bank's investment in that newly formed subsidiary is recognized at the carrying amount of the transferred entity.

Legal mergers that involve the combination of the Bank with one or more of its subsidiaries are accounted for by using the pooling of interest method (also known as merger accounting) pursuant to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" with reference to the most recent pronouncements of other standard-setting bodies that use a similar conceptual framework and comply with the IFRS general principles, as well as accepted industry practices. Under the pooling of interest method, the Bank incorporates the acquired assets and liabilities of the merged subsidiary at their carrying amounts in the financial statements as of the date of the legal merger without any fair value adjustments. Any difference between the carrying amount of the investment in the merged subsidiary before the legal merger, and the carrying amount of net assets acquired is recognized in the Bank's equity.

Legal mergers that involve the absorption of an entity by the Bank, other than an entity under common control, are accounted for by using the purchase method of accounting pursuant to IFRS 3 for business combinations. The consideration transferred for an acquisition is measured at the fair value of the assets given, equity instruments issued or exchanged and liabilities undertaken at the date of acquisition, including the fair value of assets or liabilities resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed are measured initially at their fair values at the acquisition date. Any previously held interest in the acquiree is remeasured to fair value at the acquisition date with any gain or loss recognized in the income statement.

The excess of the consideration transferred and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets of the entity acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the acquiree, the difference is recognized directly in the income statement.

If the initial accounting for a the acquisition is incomplete by the end of the reporting period in which it occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period to reflect the new information obtained about the facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. The measurement period adjustments, as mentioned above, affect accordingly the amount of goodwill that was initially recognized, while the measurement period cannot exceed one year from the acquisition date.

For acquisitions of entities not meeting the definition of a business, the Bank allocates the consideration to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. Such transactions or events do not give rise to goodwill.

Where necessary, accounting policies of merged subsidiaries or other entities have been changed to ensure consistency with the policies of the Bank.

A listing of the Bank's subsidiaries, associates and joint ventures is set out in notes 23 and 24, respectively.

#### 2.2.2 Foreign currencies

Foreign currency transactions 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 are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the income statement, except when deferred in equity as qualifying cash flow hedges.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at initial recognition, except for non-monetary items denominated in foreign currencies that are measured at fair value which are translated at the rate of

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exchange at the date the fair value is determined. The exchange differences relating to these items are treated as part of the change in fair value and are recognized in the income statement or recorded directly in equity depending on the classification of the non-monetary item.

### **2.2.3 Derivative financial instruments and hedging**

Derivative financial instruments that mainly include foreign exchange contracts, forward currency agreements, currency and interest rate options (both written and purchased), as well as currency and interest rate swaps are initially recognized in the balance sheet at fair value, on the date on which the derivative contracts are entered into, and subsequently are re-measured at their fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Fair values of derivatives are determined based on quoted market prices, including recent market transactions, or by using other valuation techniques, as appropriate. The principles for the fair value measurement of financial instruments, including derivative financial instruments, are described in notes 3.2 and 5.3.

#### *Embedded derivatives*

Embedded derivatives are components of hybrid contracts that also include non-derivative hosts with the effect that some of the cash flows of the combined instruments vary in a way similar to stand-alone derivatives.

Financial assets that contain embedded derivatives are recognised in the balance sheet in their entirety in the appropriate classification category, following the instruments' assessment of their contractual cash flows and their business model as described in note 2.2.10.

On the other hand, derivatives embedded in financial liabilities, are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognized in the income statement.

The use of derivative financial instruments is inherent in the Bank's activities and aims principally at managing risks effectively.

Accordingly, the Bank, as part of its risk management strategy, may enter into transactions with external counterparties to hedge partially or fully interest rate, foreign currency, equity and other exposures that are generated from its activities.

The objectives of hedging with derivative financial instruments include:

- Reduce interest rate exposure that is in excess of the Bank's interest rate limits;
- Manage efficiently interest rate risk by hedging the changes to movements of the benchmark interest rates represented by the prevailing reference rates;
- Reduce variability arising from the fair value changes of derivatives embedded in financial assets;
- Manage future variable cash flows;
- Reduce foreign currency risk or inflation risk;

#### Hedge accounting

The Bank has elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39, until the project of accounting of macro hedging activities is completed by the IASB.

For hedge accounting purposes, the Bank forms a hedging relationship between a hedging instrument or group of hedging instruments and a related item or group of items to be hedged. A hedging instrument is a designated derivative or group of derivatives, or a designated non-derivative financial asset or financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item or group of items.

Specifically, the Bank designates certain derivatives as: (a) hedges of the exposure to changes in fair value of recognized assets or liabilities on a single or portfolio basis or unrecognized firm commitments (fair value hedging), (b) hedges of the exposure to variability in cash flows of recognized assets or liabilities or highly probable forecasted transactions (cash flow hedging).

In order to apply hedge accounting, specified criteria should be met. Accordingly, at the inception of the hedge accounting relationship, the Bank documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions, together with the method that will be used to assess the effectiveness of the hedging relationship. The Bank also documents its assessment, both at inception of the hedge and on an ongoing basis, of whether the derivatives that are used in the hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items and whether the actual results of each hedge are within a range of 80-125%. If a relationship does not



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meet the abovementioned hedge effectiveness criteria, the Bank discontinues hedge accounting prospectively. Similarly, if the hedging derivative expires or is sold, terminated or exercised, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. In addition, the Bank uses other derivatives, not designated in qualifying hedge relationships, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting is not applied. The said derivative instruments are classified along with those held for trading purposes.

The method of recognizing the resulting fair value gain or loss depends on whether the derivatives are designated and qualify as hedging instruments, and if so, the nature of the item being hedged.

Furthermore, the Bank may designate groups of items as hedged items by aggregating recognized assets or liabilities or unrecognized but highly probable transactions of similar risk characteristics that share the exposure for which they are hedged. Although the overall risk exposures may be different for the individual items in the group, the specific risk being hedged is inherent in each of the items in the group.

The Bank has applied the Phase 1 and Phase 2 IBOR reform amendments to IFRS 9, IAS 39 and IFRS 7, that provide temporary reliefs on hedging relationships during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (RFR). Based on the above reliefs, for the purpose of determining whether a forecast transaction is highly probable, or a hedging relationship is expected to be highly effective, the Bank assumes that the benchmark interest rate does not change as a result of the IBOR reform. In addition, the Bank, is not required to discontinue hedge accounting if the hedge falls outside the 80–125% range during the period of uncertainty arising from the reform. Furthermore, in case of hedges where the hedged item or hedged risk is a non-contractually specified benchmark portion of interest rate risk, following the IBOR reform reliefs, it is assumed that the designated risk portion only needs to be separately identifiable at the inception of the hedging relationship and not on a going basis.

The reliefs cease to apply once certain conditions are met i.e. at the earlier of (a) when the uncertainties arising from the IBOR reform are no longer present with respect to the timing and the amount of the benchmark rate-based cash flows of the hedged items or hedging instruments and (b) when the hedging relationships to which the reliefs apply are discontinued.

Finally, the amendments introduce an exception to the existing requirements so that changes in the formal designation and documentation of a hedge accounting relationship or to the method for assessing hedge effectiveness due to modifications required by IBOR reform will not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

### **(i) Fair value hedging**

The Bank applies fair value hedging to hedge exposures primarily to changes in the fair value attributable to interest rate risk with respect to the applicable benchmark rate and currency risk.

#### *Hedged items*

The items that qualify for fair value hedge accounting include financial assets and liabilities measured at amortized cost such as:

- fixed rate investment securities, term deposits and debt securities in issue;
- portfolios of floating-rate loans and investment securities with embedded interest rate options (such as purchased interest rate floors);
- portfolios of fixed rate amortizing loans (macro hedging) including securitized notes issued and held by the Bank,

as well as fixed rate investment securities classified as FVOCI.

#### *Hedge effectiveness assessment*

The Bank uses the dollar-offset method at inception (prospective measurement) and on an ongoing basis (retrospective measurement), in order to assess the effectiveness of fair value hedges on a single or portfolio basis. This is a quantitative method that involves the comparison of the change in the fair value of the hedging instrument with the change in the fair value of the hedged item attributable to the hedged risk. The above comparison constitutes the dollar-offset ratio and should be within the range of 80% -125% for the hedge to be highly effective. Even if a hedge is not expected to be highly effective in a particular period, hedge accounting is not precluded if effectiveness is expected to remain sufficiently high over the life of the hedge.

The Bank may also use the hypothetical derivative method, an approach to the dollar offset method, mainly applied in portfolio hedges that carry embedded derivatives, where the hedged risk is modelled through hypothetical derivatives, which replicate the embedded derivative. The fair value of the hypothetical derivative is used as a proxy for the net present value of the hedged future cash flows against which changes in value of the actual hedging instrument are compared to assess effectiveness and measure ineffectiveness. Hedge ineffectiveness may arise in case of potential differences in the critical terms between the hedged item and

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the hedging instrument such as maturity, interest rate reset frequency and discount curves as well as differences between expected and actual cash flows.

In addition, for hedging relationships where the critical terms of the hedged item match the ones of the hedging instrument such as coupon, maturity, and payment frequency, it is presumed that by construction, effectiveness is expected to be within the range of 80% to 125%.

### *Fair value hedging adjustments and discontinuation of hedge accounting*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, under net trading income together with the changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk (fair value hedging adjustments). Fair value hedging adjustments to the hedged items measured at amortised cost are recorded as part of their carrying value in the balance sheet, with the exception of hedging adjustments for portfolios of fixed rate assets in the context of macro-hedging (see below).

The Bank discontinues hedge accounting prospectively in case the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the qualifying criteria for hedge accounting, or designation is revoked. In such cases, any adjustment to the carrying amount of the hedged item, for which the effective interest method is applied, is amortized to profit or loss over the remaining period to maturity with amortization commencing no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement.

### *Portfolio hedging of interest rate risk (macro-hedging)*

With reference to portfolio hedging of interest rate risk, a dynamic hedging strategy is applied according to which the Bank voluntarily designates and de-designates the hedge relationship on a monthly basis. The Bank determines the designated hedged amount by identifying portfolios of homogenous fixed rate assets based on their contractual interest rates, maturity and other risk characteristics. Assets within the identified portfolios are allocated into repricing time periods based on their repricing/maturity dates or interest payment dates with assumptions made for expected prepayments and capital repayments. The hedging instruments are groups of interest rate swaps replicating in aggregate the amortization profile of the assets and designated appropriately to their repricing time periods. Following the above allocation into time buckets, the designated hedged principal and the resulting percentage of the asset portfolio hedged (hedge ratio) for each time bucket are determined.

The dollar-offset method also applies to portfolio hedging of interest rate risk and hedge effectiveness is measured on a monthly basis. For prospective effectiveness measurement, the dollar-offset method involves a comparison of the sensitivity of fair value to a change of 1 basis point in interest rates (Point Value - PV01) between the hedging instruments and the hedged assets. A PV01 offset within the threshold of 80% to 125% demonstrates that the hedge is expected to be highly effective. Retrospective effectiveness is measured by comparing fair value changes of the designated portion of the portfolio of fixed-rate assets attributable to the hedged risk, against the fair value changes of the derivatives, to ensure that they are within an 80% to 125% range.

Fair Value hedging adjustments do not affect the carrying amount of the hedged assets pool, but instead they form part of loans and advances to customers balance sheet line. Considering the designation and de-designation process for a portfolio hedging of interest rate risk is performed on a monthly basis, the hedging adjustments begin amortization on the month they occur over the expiration of the designated time periods on a straight line basis.

Furthermore, the pool of hedging instruments is managed dynamically and therefore when new derivatives are added in the pool of hedging instruments, they are included in the next period's hedge assessment and consequently the change in fair value in the month of their inception affects the P&L. Similarly, when existing swaps are de-designated, either to improve expected hedge effectiveness or to be liquidated, the respective change in fair value from de-designation up to the next designation or liquidation date, affects the P&L.

### ***(ii) Cash flow hedging***

The Bank applies cash flow hedging to hedge exposures to variability in cash flows primarily attributable to the interest rate risk and currency risk associated with a recognized asset or liability or a highly probable forecast transaction.

The items that qualify for cash flow hedging include recognized assets and liabilities such as variable rate deposits or loans measured at amortized cost, variable rate debt securities in issue and foreign currency variable rate loans. The interest rate risk with respect to the applicable benchmark rate may be hedged using interest rate swaps and cross currency swaps. The foreign currency risk may be hedged using currency forwards and currency swaps.

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Furthermore, cash flow hedging is used for hedging highly probable forecast transactions such as the anticipated future rollover of short-term deposits or repos measured at amortized cost. Specifically, the forecast variable interest payments of a series of anticipated rollovers of these financial liabilities are aggregated and hedged as a group with respect to changes in the benchmark interest rates, eliminating cash flow variability. In addition, cash flow hedging applies to hedges of currency risk arising from probable forecasted sales of financial assets or settlement of financial liabilities in foreign currency.

If the hedged item is documented as a forecast transaction, the Bank assesses and verifies that there is a high probability of the transaction occurring.

In order to assess the effectiveness of cash flow hedges of interest rate risk, the Bank uses regression analysis which demonstrates that there is high historical and expected future correlation between the interest rate risk designated as being hedged and the interest rate risk of the hedging instrument. For assessing the effectiveness of cash flow hedges of currency risk, the Bank uses the dollar-offset method as it is described in section (i) above.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income whereas the ineffective portion is recognized in the income statement under net trading income.

Amounts accumulated in equity are recycled to the income statement in the periods in which the hedged item will affect profit or loss (for example, when the forecast sale that is hedged takes place).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss existing in equity at that time remains in equity until the forecast transaction affects the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

### ***(iii) Derivatives not designated as hedging instruments for hedge accounting purposes***

Changes in the fair value of derivative financial instruments that are entered into for trading purposes or as economic hedges of assets, liabilities or net positions in accordance with the Bank's hedging objectives that may not qualify for hedge accounting are recognized in the income statement.

The fair values of derivative instruments held for trading, including those entered into as economic hedges, and hedge accounting purposes are disclosed in note 19.

### **2.2.4 Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Bank currently has a legally enforceable right to set off the recognized amounts and intends either to settle them on a net basis, or to realize the asset and settle the liability simultaneously.

### **2.2.5 Income statement**

#### ***(i) Interest income and expense***

Interest income and expense are recognized in the income statement for all interest bearing financial instruments on an accrual basis, using the effective interest rate (EIR) method. 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 gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR for financial instruments other than purchased or originated credit-impaired, the Bank estimates future cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses. For purchased or originated credit impaired (POCI) financial assets, the Bank calculates the credit-adjusted EIR, which is the interest rate that upon the original recognition of the POCI financial asset discounts the estimated future cash flows (including expected credit losses) to the fair value of the POCI asset.

The amortized cost of a financial asset or liability is the amount at which it is measured upon initial recognition minus principal repayments, plus or minus cumulative amortization using the EIR (as described above) and for financial assets it is adjusted for the expected credit loss allowance. The gross carrying amount of a financial asset is its amortized cost before adjusting for ECL allowance.

The EIR calculation includes fees and points paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or liability.

The Bank calculates interest income and expense by applying the EIR to the gross carrying amount of non-impaired financial assets (exposures in Stage 1 and 2) and to the amortized cost of financial liabilities respectively.

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For financial assets that have become credit-impaired subsequent to initial recognition (exposures in Stage 3), the Bank calculates interest income by applying the effective interest rate to the amortized cost of the financial asset (i.e. gross carrying amount adjusted for the expected credit loss allowance). If the asset is no longer credit-impaired, then the EIR is applied again to the gross carrying amount with the exception of POCI assets for which interest income does not revert to gross basis calculation. For inflation-linked instruments the Bank recognizes interest income and expense by adjusting the effective interest rate on each reporting period due to changes in expected future cash flows, incorporating changes in inflation expectations over the term of the instruments. The adjusted effective interest rate is applied in order to calculate the new gross carrying amount on each reporting period.

The changes to the basis for determining the financial instruments' contractual cash flows, required in the context of IBOR reform, are accounted for as an update to the instruments' EIR.

Interest income and expense are presented separately in the income statement for all interest bearing financial instruments within net interest income.

### ***(ii) Fees and commissions***

Fee and commission received or paid that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and commission income such as account servicing and asset management fees (including performance based fees) is recognised over time as the related services are being provided to the customer, to the extent that it is highly probable that a significant reversal of the revenue amount recognized will not occur. Transaction-based fees such as foreign exchange transactions, imports-exports, remittances, bank charges and brokerage activities are recognised at the point in time when the transaction takes place. Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

In the case of a contract with a customer that results in the recognition of a financial instrument in the Bank's financial statements which may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15, the Bank first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and subsequently applies IFRS 15 to the residual part.

## **2.2.6 Property, equipment and Investment property**

### ***(i) Property and equipment***

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is recognized in the asset's carrying amount only when it is probable that future economic benefits will flow to the Bank and the cost of the asset can be measured reliably. All other repair and maintenance costs are recognized in the income statement as incurred.

Depreciation is calculated using the straight-line method to write down the cost of property and equipment, to their residual values over their estimated useful life as follows:

- Land: no depreciation;
- Freehold buildings: 40-50 years and up to 70 years (for specific strategic properties constructed or heavily renovated according to the best practices and guidelines of sustainable construction and renovation, using resilient materials and designs);
- Leasehold improvements: over the lease term or the useful life of the asset if shorter;
- Computer hardware and related integral software: 4-10 years;
- Other furniture and equipment: 4-20 years; and
- Motor vehicles: 5-7 years.

### ***(ii) Investment property***

Property held for rental yields and/or capital appreciation that is not occupied by the Bank is classified as investment property.

Investment property is measured initially at its cost, including related transaction costs. Under fair value model of IAS 40 "Investment property" after initial recognition, investment property is carried at fair value as determined by independent certified valuers, with any change therein recognized in income statement. Investment property under construction is measured at fair value only if it can be measured reliably.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Bank and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized to the income statement during the financial period in which they are incurred.

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Investment property is derecognised when disposed or when it is permanently withdrawn from use and there is no future economic benefit expected from its disposal. Any arising gain or loss (calculated as the difference between the net proceeds from disposal and the carrying amount of the asset) is recognized in income statement.

If an investment property becomes owner-occupied, it is reclassified as property and equipment and its fair value at the date of reclassification becomes its deemed cost. If an item of property and equipment becomes an investment property because its use has changed, any resulting decrease between the carrying amount and the fair value of this item at the date of transfer is recognized in income statement while any resulting increase, to the extent that the increase reverses previous impairment loss for that property, is recognized in income statement while any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity.

If a repossessed asset becomes investment property, any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognized in income statement.

Reclassifications among own used, repossessed assets and investment properties may occur when there is a change in the use of such properties. Additionally, an investment property may be reclassified to 'non-current assets held for sale' category to the extent that the criteria described in note 2.2.25 are met.

### **2.2.7 Intangible assets**

#### ***(i) Goodwill***

Goodwill arising on legal mergers that involve the absorption of an entity by the Bank, other than an entity under common control, represents the excess of the aggregate of the fair value of the consideration transferred and the acquisition date fair value of any previously held equity interest in the acquiree over the fair value of the Bank's share of net identifiable assets and contingent liabilities acquired. Goodwill arising is included in 'intangible assets' and is measured at cost less accumulated impairment losses.

#### ***(ii) Computer software***

Costs associated with the maintenance of existing computer software programs are expensed as incurred. Development costs associated with the production of identifiable assets controlled by the Bank are recognized as intangible assets when they are expected to generate economic benefits and can be measured reliably. Internally generated computer software assets are amortized using the straight-line method over 4 years, except for core systems whose useful life may extend up to 20 years.

#### ***(iii) Other intangible assets***

Other intangible assets are assets that are separable or arise from contractual or other legal rights and are amortized over their estimated useful lives. These include intangible assets acquired in business combinations.

Intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

### **2.2.8 Impairment of subsidiaries, associates and joint ventures**

The Bank assesses as at each reporting date whether there is any indication that its investments in subsidiaries, associates and joint ventures may be impaired by considering both external and internal sources of information, such as the net assets compared to the carrying value of each entity, as well as forward looking developments in the economy sector in which they operate. In addition, the collection of dividends from subsidiaries, associates and joint ventures is also a potential trigger for impairment that may indicate that the respective investments are impaired. When dividend is received from the Bank's subsidiaries, associates or joint ventures, it is also examined if that dividend exceeds the total comprehensive income of the subsidiary, associate or joint venture in the period the dividend is declared, to determine whether an indication of impairment exists.

If any such indication of impairment exists, the Bank estimates the recoverable amount of the investment, being the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognized in profit or loss when the recoverable amount of the investment is less than its carrying amount.

Investments in subsidiaries, associates and joint ventures, for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

### **2.2.9 Impairment of non-financial assets**

#### ***(i) Goodwill***

Goodwill arising on legal mergers that involve the absorption of an entity by the Bank, other than an entity under common control, is not amortized but tested for impairment annually or more frequently if there are any indications that impairment may have

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occurred. The Bank's impairment test is performed each year end. The Bank considers external information such as prevailing economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalization being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

For the purpose of impairment testing, goodwill is allocated to each Cash Generating Unit (CGU) or groups of CGUs that are expected to benefit from the synergies of the merger. Each unit or group of units to which the goodwill is allocated represents the lowest level within the Bank at which goodwill is monitored for internal management purposes. The Bank monitors goodwill either at the separate CGU or group of CGUs consistent with the internal monitoring of operating segments.

The Bank impairment model compares the carrying value of a CGU or group of CGUs with its recoverable amount. The carrying value of a CGU is based on the assets and liabilities of each CGU. The recoverable amount is determined on the basis of the value-in-use which is the present value of the future cash flows expected to be derived from the CGU or group of CGUs. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU and the countries where the CGUs operate.

An impairment loss arises if the carrying amount of an asset or CGU exceeds its recoverable amount, and is recognized in the income statement. Impairment losses are not subsequently reversed. Gains and losses on the disposal of an operation within that CGU include the carrying amount of goodwill relating to the operation disposed of.

### ***(ii) Other non-financial assets***

Other non-financial assets, including property and equipment and other intangible assets, are assessed for indications of impairment at each reporting date by considering both external and internal sources of information such as a significant reduction in the asset's value and evidence that the economic performance of the asset is or will be worse than expected. When events or changes in circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows, where applicable. Non-financial assets, other than goodwill, for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

## **2.2.10 Financial assets**

### ***Financial assets - Classification and measurement***

The Bank classifies financial assets based on the business model for managing those assets and their contractual cash flow characteristics. Accordingly, financial assets are classified into one of the following measurement categories: amortized cost, fair value through other comprehensive income or fair value through profit or loss.

Purchases and sales of financial assets are recognized on trade date, which is the date the Bank commits to purchase or sell the assets. Loans originated by the Bank are recognized when cash is advanced to the borrowers.

### ***Financial Assets measured at Amortized Cost ('AC')***

The Bank classifies and measures a financial asset at AC only if both of the following conditions are met and is not designated as at FVTPL:

- (a) The financial asset is held within a business model whose objective is to collect contractual cash flows (hold-to-collect business model) and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognized initially at fair value plus or minus direct and incremental transaction costs and fees received that are attributable to the acquisition of these assets, and are subsequently measured at amortized cost, using the effective interest rate (EIR) method (as described in note 2.2.5 above).

Interest income, realized gains and losses on derecognition, and changes in expected credit losses from assets classified at AC, are included in the income statement.



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### *Financial Assets measured at Fair Value through Other Comprehensive Income ('FVOCI')*

The Bank classifies and measures a financial asset at FVOCI only if both of the following conditions are met and is not designated as at FVTPL:

- (a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold-to-collect-and-sell business model) and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

Financial assets that meet these criteria are debt instruments and are measured initially at fair value, plus or minus direct and incremental transaction costs that are attributable to the acquisition of these assets.

Subsequent to initial recognition, FVOCI debt instruments are re-measured at fair value through OCI, except for interest income, related foreign exchange gains or losses and expected credit losses, which are recognized in the income statement. Cumulative gains and losses previously recognized in OCI are transferred from OCI to the income statement when the debt instrument is derecognised.

### *Equity Instruments designated at FVOCI*

The Bank may make an irrevocable election to designate an equity instrument at FVOCI. This designation, if elected, is made at initial recognition and on an instrument by instrument basis. Gains and losses on these instruments, including when derecognised, are recorded in OCI and are not subsequently reclassified to the income statement. Dividends received are recorded in the income statement.

### *Financial Assets measured at Fair Value through Profit and Loss ("FVTPL")*

The Bank classifies and measures all other financial assets that are not classified at AC or FVOCI, at FVTPL. Accordingly, this measurement category includes debt instruments such as loans and debt securities that are held within the hold-to-collect (HTC) or hold-to-collect-and-sell models (HTCS), but fail the SPPI assessment, equities that are not designated at FVOCI and financial assets held for trading. Derivative financial instruments are measured at FVTPL with changes in fair value recognized in the income statement, unless they are designated as effective hedging instruments where hedge accounting requirements under IAS 39 apply.

Furthermore, a financial asset that meets the above conditions to be classified at AC or FVOCI, may be irrevocably designated by the Bank at FVTPL at initial recognition, if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets measured at FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in the income statement.

### *Business model and contractual characteristics assessment*

The business model assessment determines how the Bank manages a group of assets to generate cash flows. That is, whether the Bank's objective is solely to collect contractual cash flows from the asset, to realize cash flows from the sale of assets, or both to collect contractual cash flows and cash flows from the sale of assets. In addition, the business model is determined after aggregating the financial assets into groups (business lines) which are managed similarly rather than at an individual instrument's level.

The business model is determined by the Bank's key management personnel consistently with the operating model, considering how financial assets are managed in order to generate cash flows, the objectives and how performance of each portfolio is monitored and reported and any available information on past sales and on future sales' strategy, where applicable.

Accordingly, in making the above assessment, the Bank will consider a number of factors including the risks associated with the performance of the business model and how those risks are evaluated and managed, the related personnel compensation, and the frequency, volume and reasons of past sales, as well as expectations about future sales activity.

### *Types of business models*

The Bank's business models fall into three categories, which are indicative of the key strategies used to generate returns.

The hold-to-collect (HTC) business model has the objective to hold the financial assets in order to collect contractual cash flows. Sales within this model are monitored and may be performed for reasons which are not inconsistent with this business model. More specifically, sales of financial assets due to credit deterioration, as well as, sales close to the maturity are considered consistent with the objective of hold-to-collect contractual cash flows regardless of value and frequency. Sales for other reasons may be consistent with the HTC model such as liquidity needs in any stress case scenario or sales made to manage high concentration level of credit risk. Such sales are monitored and assessed depending on frequency and value to conclude whether they are consistent with the HTC model. Debt instruments classified within this business model include bonds, due from banks and loans and advances to customers

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including securitized notes issued by special purpose entities established by the Bank and recognized in its balance sheet, which are measured at amortized cost, subject to meeting the SPPI assessment criteria.

The hold-to-collect-and-sell business model (HTC&S) has the objective both to collect contractual cash flows and sell the assets. Activities such as liquidity management, interest yield and duration are consistent with this business model, while sales of assets are integral to achieving the objectives of this business model. Debt instruments classified within this business model include investment securities which are measured at FVOCI, subject to meeting the SPPI assessment criteria.

Other business models include financial assets which are managed and evaluated on a fair value basis as well as portfolios that are held for trading. This is a residual category for financial assets not meeting the criteria of the business models of HTC or HTC&S, while the collection of contractual cash flows may be incidental to achieving the business models' objective.

The Bank's business models are reassessed at least annually or earlier, if there is a sales' assessment trigger or if there are any changes in the Bank's strategy and main activities, as evidenced by the Bank's business plan, budget and NPE strategy.

### *Cash flow characteristics assessment*

For a financial instrument to be measured at AC or FVOCI, its contractual terms must give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

For the purpose of the SPPI assessment, the Bank considers the existence of various features, including among others, contractually linked terms, prepayment terms, deferred interest-free payments, extension and equity conversion options and terms that introduce leverage including index linked payments, features that change contractual cash flows based on the borrower meeting certain contractually specified environmental, social and governance (ESG) targets. Moreover, for the securitized notes issued by special purpose entities and held by the Bank, the cash flow characteristics of the notes and the underlying pool of financial assets as well as the credit risk inherent in each securitization's tranche compared to the credit risk of all of the underlying pool of financial assets, are considered.

In case of special lending arrangements such as non-recourse loans, in its assessment of the SPPI criterion, the Bank considers various factors such as the nature of the borrower and its business, the pricing of the loans, whether it participates in the economic performance of the underlying asset and the extent to which the collateral represents all or a substantial portion of the borrower's assets. Moreover, for non-recourse loans, the Bank takes into consideration the borrower's adequacy of loss absorbing capital by assessing jointly the criteria of equity sufficiency, Loan to Value ratio (LTV), the Average Debt Service Coverage ratio (ADSCR) as well as the existence of corporate and personal guarantees.

In certain cases when the time value of money element is modified in that the financial asset's interest rate is periodically reset but the reset frequency does not match the tenor of the interest rate or when a financial asset's interest rate is periodically reset to an average of particular short-term and long-term interest rates, a quantitative assessment is performed (the "Benchmark Test") in order to determine whether the contractual cash flows are SPPI.

In particular, the Bank assesses the contractual cash flows of the "real instrument", whose interest rate is reset with a frequency that does not match the tenor of the interest rate, and those of the "benchmark instrument", which are identical in all respects except that the tenor of the interest rate matches exactly the interest period. If the undiscounted cash flows of the former are significantly different from the benchmark cash flows due to the modified time value of money element, the financial asset does not meet the SPPI criterion. In its assessment, the Bank considers both the effect of the modified time value of money element in each reporting period and cumulatively over the life of the instrument. This is done, as far as the lifetime of the instrument is concerned, by comparing the cumulative projected undiscounted cash flows of the real and the benchmark instrument, and for each quarterly reporting period, by comparing the projected undiscounted cash flows of the two instruments for that quarterly reporting period, based on predefined thresholds.

In addition, for the purposes of the SPPI assessment, if a contractual feature could have an effect that is de-minimis on the contractual cash flows of the financial asset, it does not affect its classification. Moreover, a contractual feature is considered as not genuine by



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the Bank, if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur. In such a case, it does not affect the instrument's classification.

The Bank performs the SPPI assessment for its lending exposures on a product basis for the retail and part of the wholesale portfolio where contracts are of standardized form, whereas for the remaining wholesale portfolio, securitized notes issued by special purpose entities, either established by the Bank or third parties, and held by the Bank, and debt securities the assessment is performed on an individual basis.

### ***Derecognition of financial assets***

The Bank derecognizes a financial asset when its contractual cash flows expire, or the rights to receive those cash flows are transferred in an outright sale in which substantially all risks and rewards of ownership have been transferred. In addition, a financial asset is derecognized even if rights to receive cash flows are retained but at the same time the Bank assumes an obligation to pay the received cash flows without a material delay (pass through agreement) or when substantially all the risks and rewards are neither transferred nor retained but the Bank has transferred control of the asset. Control is transferred if, and only if, the transferee has the practical ability to sell the asset in its entirety to unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

The main transactions that are subject to the above de-recognition rules are securitization transactions, repurchase agreements and stock lending transactions. In the case of securitization transactions, in order to assess the application of the above mentioned de-recognition principles, the Bank considers the structure of each securitization transaction including its exposure to the more subordinated tranches of the notes issued and/or credit enhancements provided to the special purpose entities, as well as the securitization's contractual terms that may indicate that the Bank retains control of the underlying assets. In the case of repurchase transactions and stock lending, the assets transferred are not derecognised since the terms of the transaction entail the retention of all their risks and rewards.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognized in OCI for financial assets at FVOCI, is recognized in income statement, except for cumulative gains or losses of FVOCI equity instruments which are not reclassified from OCI to income statement at the date of derecognition.

### ***Modification of financial assets that may result in derecognition***

In addition, derecognition of financial asset arises when its contractual cash flows are modified and the modification is considered substantial enough so that the original asset is derecognized and a new one is recognised. The Bank records the modified asset as a 'new' financial asset at fair value plus any eligible transaction costs and the difference with the carrying amount of the existing one is recorded in the income statement as derecognition gain or loss.

The Bank may modify the contractual terms of a lending exposure either as a concession granted to a client facing or that is about to face financial difficulties or due to other commercial reasons such as changes in market conditions, competition or customer retention.

Modifications that may result in derecognition include:

- change in borrower,
- change in the currency that the lending exposure is denominated,
- debt consolidation features where two or more consumer unsecured lending contracts are consolidated into a single new secured lending agreement,
- the removal or addition of conversion features and/or profit sharing mechanisms and similar terms which are relevant to the SPPI assessment;

In addition, the Bank may occasionally enter, in the context of loans' modifications, into debt-for-equity transactions. These are transactions where the terms of a lending exposure are renegotiated and as a result, the borrower issues equity instruments (voting or no voting) in order to extinguish part or all of its financial liability to the Bank. Such transactions may include also exercise of conversion rights embedded into convertible or exchangeable bonds and enforcement of shares held as collateral.

In debt-for-equity transactions, the modified loan is derecognized while the equity instruments received in exchange are recognized at their fair value, with any resulting gain or loss recognized in the Bank's income statement.

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### 2.2.11 Reclassifications of financial assets

The Bank reclassifies a financial asset only when it changes its business model for managing financial assets. Generally, a change in the business model is expected to be rare and occurs when the Bank either begins or ceases to perform an activity that is significant to its operations; for example, when a business line is acquired, disposed of or terminated. In the rare event when there is a change to the existing business models, the updated assessment is approved by the Bank's competent Committees and the amendment is reflected appropriately in the Bank's budget and business plan.

Changes in intention related to particular financial assets (even in circumstances of significant changes in market conditions), the temporary disappearance of a particular market for financial assets or a transfer of financial assets between parts of the Bank with different business models, are not considered by the Bank changes in business model.

The reclassification is applied prospectively from the reclassification date, therefore previously recognized gains, losses (including impairment losses) or interest are not restated.

### 2.2.12 Financial liabilities

#### *Financial liabilities - Classification and measurement*

The Bank classifies its financial liabilities in the following categories: financial liabilities measured at amortized cost and financial liabilities measured at fair-value-through-profit-or-loss (FVTPL).

Financial liabilities at fair-value-through-profit-or-loss comprise two sub categories: financial liabilities held for trading and financial liabilities designated at fair-value-through-profit-or-loss upon initial recognition.

Financial liabilities held for trading, which include short positions of debt securities (sold but not yet purchased), are liabilities that the Bank incurs principally for the purpose of repurchasing in the near term for short term profit or in the context of economic hedging strategies of groups of assets and/or liabilities or net positions for which hedge accounting is not applied.

The Bank may, at initial recognition, irrevocably designate financial liabilities at fair-value-through-profit-or-loss when one of the following criteria is met:

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial liability contains one or more embedded derivatives as components of a hybrid contract which significantly modify the cash flows that otherwise would be required by the contract.

Financial liabilities held for trading or designated at FVTPL are initially recognized at fair value. Changes in fair value are recognized in the income statement, except for changes in fair value attributable to changes in the Bank's own credit risk, which are recognised in OCI and are not subsequently reclassified to the income statement upon derecognition of the liabilities. However, if such treatment creates or enlarges an accounting mismatch in the income statement, all gains or losses of this financial liability, including the effects of changes in the credit risk, are recognized in the income statement.

#### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability of the Bank is replaced by another from the same counterparty on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as an extinguishment of the original liability and the recognition of a new liability and any difference arising is recognized in the income statement.

The Bank considers the terms to be substantially different, if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Similarly, when the Bank repurchases any debt instruments issued by the Bank, it accounts for such transactions as an extinguishment of debt.

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### 2.2.13 Fair value measurement of financial instruments

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

When available, the Bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Bank uses other valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The Bank has elected to use mid-market pricing as a practical expedient for fair value measurements within a bid-ask spread.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price, i.e. the fair value of the consideration given or received unless the Bank determines that the fair value at initial recognition differs from the transaction price. In this case, if the fair value is evidenced by a quoted price in an active market for an identical asset or liability (i.e. Level 1 input) or based on a valuation technique that uses only data from observable markets, a day one gain or loss is recognized in the income statement. On the other hand, if the fair value is evidenced by a valuation technique that uses unobservable inputs, the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price (day one gain or loss). Subsequently the deferred gain or loss is amortized on an appropriate basis over the life of the instrument or released earlier if a quoted price in an active market or observable market data become available or the financial instrument is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole.

For assets and liabilities that are measured at fair value on a recurring basis, the Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected.

### 2.2.14 Impairment of financial assets

The Bank recognizes allowance for expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC and FVOCI, including loans, securitized notes issued by special purpose entities established by the Bank, lease receivables, debt securities, financial guarantee contracts, and loan commitments. No ECL are recognized on equity investments. ECL are a probability-weighted average estimate of credit losses that reflects the time value of money. Upon initial recognition of the financial instruments in scope of the impairment policy, the Bank records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument. If upon initial recognition, the financial asset meets the definition of purchased or originated credit impaired (POCI), the loss allowance is based on the change in the ECL over the life of the asset.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. For all other financial assets subject to impairment, the general three-stage approach applies. Accordingly, ECL are recognized using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – When there is no significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12-month ECL is recorded. The 12-month ECL represent a portion of lifetime losses, that result from default events that are possible within the next 12 months after the reporting date and is equal to the expected cash shortfalls over the life of the instrument or group of instruments, due to loss events probable within the next 12 months. Not credit-impaired financial assets that are either newly originated or purchased, as well as assets recognized following a substantial modification accounted for as a derecognition, are classified initially in Stage 1.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. Lifetime ECL represent the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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- POCI - Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. They are not subject to stage allocation and are always measured on the basis of lifetime expected credit losses. Accordingly, ECL are only recognized to the extent that there is a subsequent change in the assets' lifetime expected credit losses. Any subsequent favorable change to their expected cash flows is recognized as impairment gain in the income statement even if the resulting expected cash flows exceed the estimated cash flows at initial recognition. Apart from purchased assets, POCI assets may also include financial instruments that are considered new assets, following a substantial modification accounted for as a derecognition (see section 2.2.10).

### *Definition of default*

To determine the risk of default, the Bank applies a default definition for accounting purposes, which is consistent with the European Banking Authority (EBA) definition for non-performing exposure and regulatory definition of default as applied by the Bank on 1 January 2021 (refer to note 5.2.1.2 (a)). The accounting definition of default is also consistent with the one used for internal credit risk management purposes.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or unpaid amounts, above specified materiality thresholds, for more than 90 consecutive days.
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Bank would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organization.
- For POCI financial assets, a purchase or origination at a deep discount that reflects incurred credit losses is considered a detrimental event. The Bank assesses the deep discount criterion following a principle-based approach with the aim to incorporate all reasonable and supportable information which reflects market conditions that exist at the time of the assessment.

For debt securities, the Bank determines the risk of default using an internal credit rating scale. The Bank considers debt securities as credit impaired if the internal rating of the issuer/counterparty corresponds to a rating equivalent to "C" (Moody's rating scale) or the external rating of the issuer/counterparty at the reporting date is equivalent to "C" (Moody's rating scale) and the internal rating is not available.

### *Significant increase in credit risk (SICR) and staging allocation*

Determining whether a loss allowance should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in credit risk (SICR) of the financial assets, issued loan commitments and financial guarantee contracts, since initial recognition.

At each reporting date, the Bank performs an assessment as to whether the risk of a default occurring over the remaining expected lifetime of the exposure has increased significantly from the expected risk of a default estimated at origination for that point in time.

The assessment for SICR is performed using both qualitative and quantitative criteria based on reasonable and supportable information that is available without undue cost or effort including forward looking information and macroeconomic scenarios as well as historical experience. Furthermore, regardless of the outcome of the SICR assessment based on the above indicators, the credit risk of a financial asset is deemed to have increased significantly when contractual payments are more than 30 days past due.

As a primary criterion for SICR assessment, the Bank compares the residual lifetime probability of default (PD) at each reporting date to the residual lifetime PD for the same point in time which was expected at the origination.

The Bank may also consider as a SICR indicator when the residual lifetime PD at each reporting date exceeds certain predetermined values. The criterion may be applied in order to capture cases where the relative PD comparison does not result to the identification of SICR although the absolute value of PD is at levels which are considered high based on the Bank's risk appetite framework.

For a financial asset's risk, a threshold may be applied, normally reflected through the asset's forecasted PD, below which it is considered that no significant increase in credit risk compared to the asset's expected PD at origination date has taken place. In such a case the asset is classified at Stage 1 irrespectively of whether other criteria would trigger its classification at Stage 2. This criterion primarily applies to debt securities.

Internal credit risk rating (on a borrower basis) is also used as a basis for the identification of SICR with regards to lending exposures of the Wholesale portfolio. Specifically, the Bank takes into consideration the changes of internal ratings by a certain number of

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notches. In addition, a watchlist status is also considered by the Bank as a trigger for SICR identification. Internal credit risk rating models include borrower specific information as well as, forward-looking information regarding the prospects of the industry in which it operates.

For securitized notes issued by special purpose entities established by the Bank, the SICR assessment is performed by considering the performance of the underlying assets, where the level of their expected cash flows is compared to the carrying amount of the securitized notes. In addition, the assessment of SICR for debt securities is performed on an individual basis based on the number of notches downgrade in the internal credit rating scale since the origination date.

Forbearance measures as monitored by the Bank are considered as a SICR indicator and thus the exposures are allocated into Stage 2 upon forbearance, unless they are considered credit-impaired or the net present value of their cash flows before and after the restructuring exceed the threshold of 1%, in which cases they are classified as stage 3. Furthermore, regardless of the outcome of the SICR assessment based on the above indicators, the credit risk of a financial asset is deemed to have increased significantly when contractual payments are more than 30 days past due.

Furthermore, Management may apply temporary collective adjustments when determining whether credit risk has increased significantly since initial recognition on exposures that share the same credit risk characteristics to reflect macro-economic or other factors which are not adequately addressed by the current credit risk models. These factors may depend on information such as the type of the exposure, counterparty's specific information and the characteristics of the financial instrument, while their application requires the application of significant judgment.

### *Transfers from Stage 2 to Stage 1*

A financial asset, which is classified to Stage 2 due to Significant Increase in Credit Risk (SICR), is reclassified to Stage 1, as long as it does not meet anymore any of the Stage 2 Criteria.

Where forbearance measures have been applied, the Bank uses a probation period of two years, in order to fulfill the requirements for a transfer back to Stage 1. If at the end of that period the borrowers have made regular payments of a significant aggregate amount, there are no past due amounts over 30 days and the loans are neither credit impaired, nor any other SICR criteria are met, they exit forborne status and are classified as stage 1.

### *Transfers from Stage 3 to Stage 2*

A financial asset is transferred from Stage 3 to Stage 2, when the criteria based on which the financial asset was characterized as credit impaired are no longer valid and the applicable probation period for the assets' return in non impaired status, ranging from three to twelve months, has passed.

### *Criteria for grouping of exposures based on shared credit risk characteristics*

The assessment of loss allowance is performed either on an individual basis or on a collective basis for groups of similar items with homogeneous credit risk characteristics. The Bank applies the same principles for assessing SICR since initial recognition when estimating ECL on a collective or on an individual basis.

The Bank segments its lending exposures on the basis of shared credit risk characteristics for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default.

The shared credit risk characteristics used for the segmentation of exposures include several elements such as: instrument type, portfolio type, asset class, product type, industry, originating entity, credit risk rating, remaining term to maturity, geographical location of the borrower, value of collateral to the financial asset, forbearance status and days in arrears.

The Bank identifies individually significant exposures and performs the ECL measurement based on borrower specific information for both retail and wholesale portfolios. This measurement is performed at a borrower level, hence the criteria are defined at this level, while both qualitative and quantitative factors are taken into consideration including forward looking information.

For the remaining retail and wholesale exposures, ECL are measured on a collective basis. This incorporates borrower specific information, collective historical experience of losses and forward-looking information. For debt securities and securitized notes issued by special purpose entities established by the Bank, the measurement of impairment losses is performed on an individual basis.

### *Measurement of Expected Credit Losses*

The measurement of ECL is an unbiased probability-weighted average estimate of credit losses that reflects the time value of money, determined by evaluating a range of possible outcomes. A credit loss is the difference between the cash flows that are due to the

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Bank in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive (i.e. cash shortfalls) discounted at the original effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions are considered. For undrawn commitments, ECL are calculated as the present value of the difference between the contractual cash flows due if the commitment was drawn and the cash flows expected to be received, while for financial guarantees ECL are measured as the expected payments to reimburse the holder less any amounts that the Bank expects to receive.

The Bank estimates expected cash shortfalls, which reflect the cash flows expected from all possible sources, including collateral, guarantees and other credit enhancements that are part of the contractual terms and are not recognized separately. In case of a collateralized financial instrument, the estimated expected cash flows related to the collateral reflect the amount and timing of cash flows that are expected from liquidation less the discounted costs of obtaining and selling the collateral, irrespective of whether liquidation is probable.

ECL are calculated over the maximum contractual period over which the Bank is exposed to credit risk, which is determined based on the substantive terms of the instrument, or in case of revolving credit facilities, by taking into consideration factors such as the Bank's expected credit risk management actions to mitigate credit risk and past practice.

Receivables from customers arising from the Bank's activities other than lending, are presented under Other Assets and are typically short term. Therefore, considering that usually there is no significant financing component, the loss allowance for such financial assets is measured at an amount equal to the lifetime expected credit losses under the simplified approach.

### *ECL Key Inputs*

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

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

The PD represents the likelihood of default assessed on the prevailing economic conditions at the reporting date, adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default, over a given time horizon.

The Bank uses Point in Time (PiT) PDs in order to remove any bias towards historical data thus aiming to reflect management's view of the future as at the reporting date, incorporating relevant forward looking information including macroeconomic scenarios. Two types of PD are used for calculating ECL:

- 12-month PD, which is the estimated probability of default occurring within the next 12 months (or over the remaining life of the financial asset if this is less than 12 months). It is used to calculate 12-month ECL for Stage 1 exposures.
- Lifetime PD, which is the estimated probability of a default occurring over the remaining life of the financial asset. It is used to calculate lifetime ECL for Stage 2, Stage 3 and POCI exposures.

For debt securities, PDs are obtained by an international rating agency using risk methodologies that maximize the use of objective non-judgmental variables and market data. The Bank assigns internal credit ratings to each issuer/counterparty based on these PDs. In case of counterparties for which no information is available, the Bank assigns PDs which are derived from internal models.

The Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest and expected drawdowns on committed facilities. The EAD includes both on and off balance sheet exposures. The on balance sheet exposure corresponds to the total amount that has been withdrawn and is due to be paid, which includes the outstanding principal, accrued interest and any past due amounts. The off balance sheet exposure represents the credit that is available to be withdrawn, in excess of the on balance sheet exposure.

Furthermore, the CCF factor is used to convert the amount of a credit facility and other off-balance sheet amounts to an EAD amount. It is a modelled assumption which represents a proportion of any undrawn exposure that is expected to be drawn prior to a default event occurring.



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In addition, the prepayment rate is an estimate of early prepayments on loan exposure in excess of the contractual repayment according to the repayment schedule and is expressed as a percentage applied to the EAD at each period, reducing the latter amount accordingly.

LGD represents the Bank's expectation of the extent of loss on a defaulted exposure and it is the difference between the contractual cash flows due and those that the Bank expects to receive including any amounts from collateral liquidation. LGD varies by type of counterparty, type and seniority of claim, availability of collateral or other credit support, and is usually expressed as a percentage of EAD. The Bank distinguishes its loan portfolios into two broad categories i.e. secured and unsecured. The Bank estimates the LGD component using cure rates that reflect cash recoveries, estimated proceeds from collateral liquidation, estimates for timing realization, realization costs, etc. Where the LGD's component values are dependent on macro – economic data, such types of dependencies are reflected by incorporating forward looking information, such as forecasted price indices into the respective models. The estimation of the aforementioned component values within LGD reflects available historical data which cover a reasonable period, i.e. a full economic cycle.

For debt securities, the LGD is typically based on historical data derived mainly from rating agencies' studies but may also be determined considering the existing and expected liabilities structure of the obligor and macroeconomic environment.

Furthermore, the seniority of the debt security, any potential collaterals by the obligor or any other type of coverage is taken into account for the calculation.

### *Forward-looking information*

The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk consider information about reasonable and supportable forecasts of future events and macroeconomic conditions. The estimation and application of forward-looking information requires significant judgment.

The Bank uses, at a minimum, three macroeconomic scenarios (i.e. base, adverse and optimistic) to achieve the objective of measuring ECL in a way that reflects an unbiased and probability weighted outcome. The baseline scenario represents the most likely scenario and is aligned with the information used by the Bank for strategic planning and budgeting purposes.

The scenarios are reflected in the risk parameters, and, namely 12-month PD, Lifetime PD and LGD, hence 3 sets of each of these parameters are used, in line with the scenarios developed.

The Bank then proceeds to the calculation of weights for each scenario, which represent the probability of occurrence for each of these scenarios. These weights are applied on the 3 sets of calculations of the parameters in order to produce a single scenario weighted risk parameter value which is subsequently used in both SICR assessment and ECL measurement. ECL calculation incorporates forward-looking macroeconomic variables, including GDP growth rates, house price indices, unemployment rates, interest rates, inflation, etc. In order to capture material non – linearities in the ECL model, in the case of individually significant exposures, the Bank considers the relevance of forward looking information to each specific group of borrowers primarily on the basis of the business sector they belong and other drivers of credit risk (if any). As such, different scenario weights are determined per groups of borrowers with the objective of achieving an unbiased ECL amount which incorporates all relevant and supportable information.

### *Modified Financial Assets*

In cases where the contractual cash flows of a financial asset have been modified and the modification is considered substantial enough (for the triggers of derecognition, refer to Derecognition of Financial assets in section 2.2.9 above), the modification date is considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining whether a significant increase in credit risk has occurred. Such a modified asset is typically classified as Stage 1 for ECL measurement purposes. However, in some circumstances following a modification that results in derecognition of the original financial asset, there may be evidence that the new financial asset is credit-impaired at initial recognition, and thus, the financial asset is recognized as an originated credit-impaired financial asset (POCI).

In cases where the contractual cash flows of a financial asset have been modified and the modification is not considered substantial enough, the Bank recalculates the gross carrying amount of the financial asset and recognizes the difference as a modification gain or loss in the income statement and determines if the financial asset's credit risk has increased significantly since initial recognition by comparing the risk of a default occurring at initial recognition based on the original unmodified contractual terms and the risk of a default occurring at the reporting date, based on the modified contractual terms.



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### *Presentation of impairment allowance*

For financial assets measured at amortized cost, impairment allowance is recognized as a loss allowance reducing the gross carrying amount of the financial assets in the balance sheet. For debt instruments measured at FVOCI, impairment allowance is recognized in other comprehensive income and does not reduce the carrying amount of the debt instruments in the balance sheet. For off-balance sheet financial items arising from lending activities, impairment allowance is presented in Other Liabilities. The respective ECL for the above financial items is recognised within impairment losses.

### *Write-off of financial assets*

Where the Bank has no reasonable expectations of recovering a financial asset either in its entirety or a portion of it, the gross carrying amount of that instrument is reduced directly, partially or in full, against the impairment allowance. The amount written-off is considered as derecognized. Subsequent recoveries of amounts previously written off decrease the amount of the impairment losses in the income statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

## **2.2.15 Sale and repurchase agreements, securities lending and borrowing**

### ***(i) Sale and repurchase agreements***

Securities sold subject to repurchase agreements (repos) continue to be recorded in the Bank's Balance Sheet as the Bank retains substantially all risks and rewards of ownership, while the counterparty liability is included in amounts due to other banks or due to customers, as appropriate and measured at amortized cost. Securities purchased under agreements to resell (reverse repos) are recorded as loans and advances to other banks or customers, as appropriate and measured at amortized cost. The difference between the sale and repurchase price in case of repos and the purchase and resale price in case of reverse repos is recognized as interest and accrued over the period of the repo or reverse repo agreements using the effective interest method.

### ***(ii) Securities lending and borrowing***

Securities lent to counterparties against the receipt of a fee continue to be recognized in the financial statements. Securities borrowed are recognized as trading liabilities when sold to third parties and measured at fair value with any gains or losses included in the income statement.

## **2.2.16 Leases**

The Bank enters into leases either as a lessee or as a lessor. At inception of a contract, the Bank assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### ***(i) Accounting for leases as lessee***

When the Bank becomes the lessee in a lease arrangement, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement of the lease term when the Bank acquires control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property and equipment and investment property. Lease liabilities are measured based on the present value of the future lease payments over the lease term, discounted using an incremental borrowing rate. The interest expense on lease liabilities is presented within net interest income.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Bank's estimate of the amount expected to be payable under a residual value guarantee or if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The RoU asset is initially recorded at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within operating expenses.

When a lease contains extension or termination options that the Bank considers reasonably certain to be exercised, the expected future lease payments or costs of early termination are included within the lease payments used to calculate the lease liability.

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The Bank has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

With respect to the rent concessions that were a direct consequence of the COVID-19 pandemic, the Bank has applied COVID-19-Related Rent Concessions - Amendment to IFRS 16, which provided a practical expedient allowing the Bank not to assess whether eligible rent concessions were lease modifications.

### ***(ii) Accounting for leases as lessor***

At inception date of the lease, the Bank, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on whether the lease transfers substantially all of the risks and rewards incidental to the ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Bank considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

#### *Finance leases*

At commencement date, the Bank derecognizes the carrying amount of the underlying assets held under finance lease, recognizes a receivable at an amount equal to the net investment in the lease and recognizes, in income statement, any profit or loss from the derecognition of the asset and the recognition of the net investment. The net investment in the lease is calculated as the present value of the future lease payments in the same way as for the lessee.

After commencement date, the Bank recognizes finance income over the lease term, based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. The Bank also recognizes income from variable payments that are not included in the net investment in the lease. After lease commencement, the net investment in a lease is not remeasured unless the lease is modified or the lease term is revised.

#### *Operating leases*

The Bank continues to recognize the underlying asset and does not recognize a net investment in the lease on the balance sheet or initial profit (if any) on the income statement.

The Bank recognizes lease payments from the lessees as income on a straight-line basis or another systematic basis considered as appropriate. Also it recognizes costs, including depreciation, incurred in earning the lease income as an expense. The Bank adds initial direct costs incurred in obtaining an operating lease to the carrying amount of the underlying asset and recognizes those costs as an expense over the lease term on the same basis as the lease income.

#### ***Subleases***

The Bank, acting as a lessee, may enter into arrangements to sublease a leased asset to a third party while the original lease contract is in effect. The Bank acts as both the lessee and lessor of the same underlying asset. The sublease is a separate lease agreement, in which the intermediate lessor classifies the sublease as a finance lease or an operating lease as follows:

- if the head lease is a short-term lease, the sublease is classified as an operating lease; or
- otherwise, the sublease is classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset.

### **2.2.17 Income tax**

Income tax consists of current and deferred tax.

#### ***(i) Current income tax***

Income tax payable on profits, based on the applicable tax law and the tax rate enacted at the reporting date, is recognized as an expense in the period in which profits arise.

#### ***(ii) Deferred tax***

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The principal temporary differences arise from impairment/valuation and accounting write-offs relating to loans, Private Sector Initiative (PSI+) tax related losses, losses from disposals and crystallized write-offs of loans, depreciation of property and equipment, fair value adjustment of investment property,

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pension and other retirement benefit obligations, and revaluation of certain financial assets and liabilities, including derivative financial instruments.

Deferred tax assets are recognized where it is probable that future taxable profit will be available against which the temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profit will be available. The Bank recognises a previously unrecognised deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred tax related to debt securities at FVOCI and cash flow hedges is recognized to other comprehensive income and is subsequently recognized in the income statement together with the deferred gain or loss.

The deferred tax asset on income tax losses carried forward is recognized as an asset when it is probable that future taxable profits will be available against which these losses can be utilized.

### ***(iii) Uncertain tax positions***

The Bank determines and assesses all material tax positions taken, including all, if any, significant uncertain positions, in all tax years that are still subject to assessment (or when the litigation is in progress) by relevant tax authorities. In evaluating tax positions, the Bank examines all supporting evidence (Ministry of Finance circulars, individual rulings, case law, past administrative practices, ad hoc tax/legal opinions etc.) to the extent they are applicable to the facts and circumstances of the particular Bank's case/ transaction.

In addition, judgments concerning the recognition of a provision against the possibility of losing some of the tax positions are highly dependent on advice received from internal/ external legal counselors. For uncertain tax positions with a high level of uncertainty, the Bank recognizes, on a transaction by transaction basis, or together as a group, depending on which approach better predicts the resolution of the uncertainty using an expected value (probability-weighted average) approach: (a) a provision against tax receivable which has been booked for the amount of income tax already paid but further pursued in courts or (b) a liability for the amount which is expected to be paid to the tax authorities. The Bank presents in its balance sheet all uncertain tax balances as current or deferred tax assets or liabilities.

The Bank as a general rule has opted to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. Further information in respect of the Annual Tax Certificate and the related tax legislation, is provided in note 14.

## **2.2.18 Employee benefits**

### ***(i) Short term benefits***

Short term employee benefits are those expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services and are expensed as these services are provided.

### ***(ii) Pension obligations***

The Bank provides a number of defined contribution pension plans where annual contributions are invested and allocated to specific asset categories. Eligible employees are entitled to the overall performance of the investment. The Bank's contributions are recognized as employee benefit expense in the year in which they are paid.

### ***(iii) Standard legal staff retirement indemnity obligations (SLSRI) and termination benefits***

The Bank operates unfunded defined benefit plans under the regulatory framework. In accordance with the local labor legislation, the Bank provides for staff retirement indemnity obligation for employees which are entitled to a lump sum payment based on the number of years of service, as of the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits, and the level of remuneration at the date of retirement, if they remain in the employment of the Bank until normal retirement age. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Bank's SLSRI obligations are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

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Interest on the staff retirement indemnity obligations and service cost, consisting of current service cost, past service cost and gains or losses on settlement are recognized in the income statement. In calculating the SLSRI obligation, the Bank also considers potential separations before normal retirement based on the terms of previous voluntary exit schemes.

Termination benefits are payable when employment is terminated by the Bank before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits (including those in the context of the Voluntary Exit Schemes implemented by the Bank). The Bank recognizes termination benefits at the earlier of the following dates: (a) when the Bank can no longer withdraw the offer of those benefits; and (b) when the Bank recognizes costs for a restructuring that involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Termination benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

### **(iv) Performance-based cash payments**

The Bank's Management awards high performing employees with bonuses in cash, from time to time, on a discretionary basis. Cash payments requiring only Management approval are recognized as employee benefit expenses on an accrual basis. Cash payments requiring General Meeting approval as distribution of profits to staff are recognized as employee benefit expense in the accounting period that they are approved by the Bank's shareholders.

### **(v) Share-based payments**

The Management of the parent company of the Bank (Eurobank Ergasias Services and Holdings S.A.) awards employees of the Bank with bonuses in the form of shares and share options on a discretionary basis and after taking into account the current legal framework. Such awards are treated as equity-settled, share-based payment transactions by the Bank.

Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

The fair value of the share options granted is recognized as an employee benefit expense over the vesting period, with an equal credit in equity, i.e. no impact on the Bank's equity. The amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date.

The fair value of the share options at grant date is determined by using an adjusted option pricing model which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options. The expected volatility is measured at the grant date of the options and is based on the historical volatility of the share price.

For share-based payment awards with non-vesting conditions, the fair value of the share-based payment at grant date also reflects such conditions and there is no true-up for differences between expected and actual outcomes.

When the options are exercised and new shares are issued, the proceeds received net of any directly attributable transaction costs are credited to share capital (par value) and share premium of the parent company.

### **2.2.19 Repossessed properties**

Land and buildings repossessed through an auction process to recover impaired loans are, except where otherwise stated, included in 'Other Assets'. Assets acquired from an auction process are held temporarily for liquidation and are valued at the lower of cost and net realizable value, which is the estimated selling price, in the ordinary course of business, less costs necessary to make the sale.

In cases where the Bank makes use of repossessed properties as part of its operations, they may be reclassified to own occupied or investment properties, as appropriate.

Any gains or losses on liquidation are included in the income statement.

### **2.2.20 Related party transactions**

Related parties of the Bank include:

- (a) an entity that has control over the Bank and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
- (b) an entity that has significant influence over the Bank and entities controlled by this entity,
- (c) members of key management personnel of the Bank, their close family members and entities controlled or jointly controlled by the abovementioned persons;
- (d) associates and joint ventures of the Bank;

## Notes to the Financial Statements

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- (e) subsidiaries;
- (f) post-employment benefit plans established for the benefit of the Bank's employees.

Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

### 2.2.21 Provisions

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

The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at each reporting date, taking into account the risks and uncertainties surrounding the amount of such expenditure.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If, subsequently, it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

### 2.2.22 Share capital

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

Dividend distribution on shares is recognized as a deduction in the Bank's equity when approved by the General Meeting of shareholders and the required regulatory approvals, if any, are obtained. Interim dividends are recognized as a deduction in the Bank's equity when approved by the Board of Directors.

Intercompany non-cash distributions that constitute transactions between entities under common control are recorded in the Company's equity by reference to the book value of the assets distributed.

Where the Bank purchases own shares (treasury shares), the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received is included in shareholders' equity.

### 2.2.23 Hybrid capital

Hybrid capital issued by the Bank is classified as equity when there is no contractual obligation to deliver to the holder cash or another financial asset.

Incremental costs directly attributable to the issue of new hybrid capital are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on hybrid capital is recognized as a deduction in the Bank's equity on the date it is due.

Where hybrid capital, issued by the Bank, is repurchased, the consideration paid including any directly attributable incremental costs (net of income taxes), is deducted from shareholders' equity. Where such securities are subsequently called or sold, any consideration received is included in shareholders' equity.

### 2.2.24 Financial guarantees and commitments to extend credit

#### *Financial guarantees*

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantees granted by the Bank to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities, are initially recognized at fair value, being the premium received. Subsequent to initial recognition, such guarantees are measured at the higher of the amount of the ECL allowance, and the amount initially recognised less any cumulative amortization of the fee earned, where appropriate.

Financial guarantees purchased by the Bank that are considered as integral to the contractual terms of the guaranteed instrument are not accounted for separately and the cash flows from the guarantee are taken into account in the measurement of the guaranteed instrument's expected credit losses, whereas any fees paid or transaction costs incurred for the acquisition of the financial guarantee are considered as part of the guaranteed asset's effective interest rate.

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On the other hand, financial guarantees purchased that are not considered as integral to the contractual terms of the guaranteed instruments are accounted for separately where a reimbursement asset is recognized and included in Other Assets once it is virtually certain that, under the terms and conditions of the guarantee, the Bank will be reimbursed for the credit loss incurred. The changes in the carrying amount of the above reimbursement asset arising from financial guarantees, entered into to mitigate the credit risk of lending exposures measured at amortized cost, are recognized under 'Impairment losses' in the Bank's income statement.

### *Commitments to extend credit*

Commitments represent off-balance sheet items where the Bank commits, over the duration of the agreement, to provide a loan with pre-specified terms to the customer. Such contractual commitments represent commitments to extend credit and standby letters and they are part of the normal lending activities of the Bank, for which an ECL allowance is recognised under IFRS 9.

ECL allowance for off-balance sheet exposures (financial guarantees granted and commitments) is included within Other Liabilities.

### **2.2.25 Non-current assets classified as held for sale and discontinued operations**

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For a non-current asset to be classified as held for sale, it is available for immediate sale in its present condition, subject to terms that are usual and customary for sales of such assets, and the sale is considered to be highly probable. In such cases, management is committed to the sale and actively markets the property for sale at a price that is reasonable in relation to the current fair value. The sale is also expected to qualify for recognition as a completed sale within one year from the date of classification. Before their classification as held for sale, assets are remeasured in accordance with the respective accounting standard.

Assets held for sale are subsequently remeasured at the lower of their carrying amount and fair value less cost to sell. Any loss arising from the above measurement is recorded in profit or loss and can be reversed in the future. When the loss relates to a disposal group, it is allocated to the assets within that disposal group.

The Bank presents discontinued operations in a separate line in the income statement if a component of the Bank's operations has been disposed of or is classified as held for sale and:

- (a) Represents a separate major line of business or geographical area of operations;
- (b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Upon classification of a component of the Bank's operations as a discontinued operation, the Bank restates prior periods in the income statement.

### **2.2.26 Cash and cash equivalents**

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions that are all carried at amortised cost and other short-term highly liquid investments with original maturities of three months or less that are held for trading.

### **2.2.27 Government grants**

Government grants are transfers of resources to the Bank by a government entity such as government, government agencies and similar bodies whether local, national or international, in return for compliance with certain past or future conditions related to the Bank's operating activities.

Government grants are recognized when there is reasonable assurance that the grant will be received and the Bank will comply with the conditions attached to it. The grants are recognized in the income statement on a systematic basis to match the way that the Bank recognizes the expenses for which the grants are intended to compensate. In case of subsequent changes in the Bank's expectations of meeting the conditions attached to the government grants, the effect of such changes is recognised in income statement.

### **2.2.28 Fiduciary activities**

The Bank provides custody, trustee, corporate administration, investment management and advisory services to third parties that result in the holding or investing of assets on behalf of its clients. This involves the Bank making allocation, purchase and sale decisions in relation to a wide range of financial instruments. The Bank receives fee income for providing these services. Those assets that are held in a fiduciary capacity are not assets of the Bank and are not recognized in the financial statements. In addition, the Bank does not guarantee these investments and as a result it is not exposed to any credit risk in relation to them.



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### 3. Critical accounting estimates and judgments in applying accounting policies

In the process of applying the Bank's accounting policies, Management makes various judgments, estimates and assumptions that may affect the reported amounts of assets and liabilities, revenues and expenses recognized in the financial statements within the next financial year and the accompanying disclosures. Estimates and judgments are continually evaluated and are based on current conditions, historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are recognized prospectively. The most significant areas in which the Bank makes judgments, estimates and assumptions in applying its accounting policies are set out below:

#### 3.1 Impairment losses on loans and advances to customers

In 2022, the geopolitical and economic upheaval caused by the Russian invasion in Ukraine, along with the persistent - albeit decelerating - inflationary pressures, high energy prices and rising borrowing costs affected negatively the global economic environment, worsened the macroeconomic outlook of the European economies, which are now confronted with a slowdown in growth and, accordingly, exacerbated economic uncertainty in the regions that the Bank operates. In this volatile environment, the Greek economy has exhibited notable resilience, mainly driven by the increase in consumption, export of services, strong performance in tourism and further acceleration of new investments supported by the RRF funds, which is expected to continue, at a slower pace though (note 2).

On the back of the overall economic uncertainty mentioned above, the Bank continued its robust performance, as evidenced by the level of its credit quality indicators at year end 2022 that outperformed the expected levels in terms of NPE ratio and NPE coverage, while it remains cautious towards the risks that may eventually affect vulnerable corporate borrowers (like those that operate in the food industry, the energy sector, the supply of raw materials for the construction sector etc.) and erode the disposable income and the repayment capacity of retail customers. In this context, in the fourth quarter of 2022, the Bank revised the key macroeconomic variables incorporated in the IFRS 9 expected credit losses' models, in order to reflect, to the extent possible, the uncertainties surrounding the economic environment. Furthermore, the Bank enhanced the use of industry specific variables for corporate portfolio as well as the monitoring framework of vulnerable corporate borrowers and incorporated inflation and interest rates movements in the retail borrowers' debt capacity assessment, so as to better capture the impact of the macro indicators on the performance of its loan portfolios.

#### Expected Credit Loss (ECL) measurement

The ECL measurement requires Management to apply judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in significant changes to the timing and amount of allowance for credit loss to be recognized.

The Bank's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. In addition, temporary adjustments may be required to capture new developments and information available, which are not reflected yet in the ECL calculation through the risk models.

The elements of the ECL models that are considered significant accounting judgments and estimates include:

#### *Determination of a significant increase of credit risk*

IFRS 9 does not include a definition of what constitutes a significant increase in credit risk (SICR). An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the financial instrument. The Bank assesses whether a SICR has occurred since initial recognition based on qualitative and quantitative reasonable and supportable forward-looking information that includes significant management judgment (note 2.2.14). More stringent criteria could significantly increase the number of instruments migrating to stage 2.

#### Retail lending

For retail lending exposures the primary criterion is the change in the residual cumulative lifetime Probability of Default (PD) above specified thresholds. These thresholds are set and vary per portfolio, modification status (modified/non-modified), product type as well as per origination PD level. In general, thresholds for lower origination PDs are higher than those assessed for higher origination PDs.



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As at 31 December 2022 and 2021, the range of lifetime PD thresholds based on the above segmentation, that triggers the allocation to stage 2 for Greece's retail exposures are set out below:

Retail exposures	Range of SICR thresholds
Mortgage	30%-50%
Home Equity	10%-80%
SBB	10%-65%
Consumer	60%-100%

### Wholesale lending

For wholesale lending exposures, the origination PD curves and the residual lifetime PD curves at each reporting date are mapped to credit rating bands. Accordingly, SICR thresholds are based on the comparison of the origination and reporting date credit ratings, whereby rating downgrades represent changes in residual lifetime PD. Similar to retail exposures, the Bank segments the wholesale lending exposures based on asset class, loan type and credit rating at origination. In addition, for securitized notes issued by special purpose entities established by the Bank, the SICR assessment is performed by considering the performance of the underlying assets.

As at 31 December 2022 and 2021, the credit rating deterioration thresholds per rating bands for Greece's wholesale lending exposures that trigger allocation to stage 2 are set out below. In particular, as per the Bank's SICR policy, any downgrade to rating band 6 or high-risk rating bands (7,8 or 9) is considered as SICR event to all corporate lending portfolios:

Wholesale internal rating bands	Minimum SICR threshold range
1	Five notches
2	Four notches
3	Three notches
4	Two notches
5-8	One notch

### Determination of scenarios, scenario weights and macroeconomic factors

To achieve the objective of measuring ECL, the Bank evaluates a range of possible outcomes in line with the requirements of IFRS 9 through the application of a minimum three macroeconomic scenarios, i.e. baseline, adverse and optimistic, in a way that reflects an unbiased and probability weighted outcome. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors. As at 31 December 2022 and 2021, the probability weights for the above mentioned scenarios applied by the Bank in the ECL measurement calculations are 50% for the baseline scenario and 25% for the adverse and optimistic scenarios.

The key assumptions underlying in each macroeconomic scenario are provided below:

#### Baseline scenario

Baseline scenario assumes no escalation of the war in Ukraine, no change in EU sanctions against Russia and monetary policy trajectory as well as stability related to the political cycle. Core inflation for Greece is assumed to gradually de-escalate, increase in post-Covid 19 employment is assumed to contribute to lower unemployment path, real estate prices continue their upward trend, while short-term prospects are supported by the: (a) strong tourist season expected, (b) Recovery and Resilience Facility, Multiannual Financial Framework and European Investment Bank funds, (c) ample liquidity (deposits and state cash buffer) and (d) fiscal measures adopted to cushion energy. In the Eurozone front, the ECB is expected to pause its monetary policy tightening in the first quarter of 2023.

#### Optimistic scenario

The optimistic scenario assumes quicker recovery in 2022 and 2023, compared to the baseline scenario, as a result of: (a) higher than expected tourism revenues, (b) no negative developments with respect to the energy crisis (energy prices remain unchanged compared to the baseline scenario), and (c) no escalation of the war in Ukraine. In addition, it assumes quick resolution of political uncertainty, formation of a stable government with no need for a third round of elections and no negative surprises from the flow of EU funds.

#### Adverse scenario

The adverse scenario assumes a prolongation and escalation of the war and economic sanctions, which leads to a larger supply shock, manifested in higher oil prices, and increase in domestic uncertainty as a result of the political cycle / elections. Therefore, higher and more persistent inflation (and subsequent erosion of incomes), more protracted postponement of investment, lower external

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demand but also more fiscal support measures, capped by the fiscal space of the country are expected. Also, negative developments are assumed on the RRF and structural reforms fronts, while uncertainty around the Eurozone growth outlook intensifies.

### Forward-looking information

The Bank ensures that impairment estimates and macroeconomic forecasts, as provided by Economic Analysis & Financial Markets Research Division, applicable for business and regulatory purposes are fully consistent. Accordingly, the IFRS 9 baseline scenario applied in the ECL calculation coincides with the one used for ICAAP and business planning purposes. In addition, relevant experience gained from the stress tests imposed by the regulator, has been taken into account in the process of developing the macroeconomic scenarios, as well as, impairments for stress testing purposes have been forecasted in line with IFRS 9 ECL methodology.

In terms of macroeconomic assumptions, the Bank assesses a number of indicators in projecting the risk parameters, namely Residential and Commercial Property Price Indices, unemployment, Gross Domestic Product (GDP), Greek Government Bond (GGB) spread over Euribor and inflation as well as interest and FX rates.

The arithmetic averages of the scenarios' probability-weighted annual forecasts for the next four year period following the reporting date, used in the ECL measurement of Greek lending portfolios for the year ended 31 December 2022 and 2021, are set in the following table:

Key macroeconomic indicator	31 December 2022	31 December 2021
	Average (2023-2026) annual forecast	Average (2022-2025) annual forecast
Gross Domestic Product growth	2.10%	3.27%
Unemployment rate	10.76%	12.60%
Residential property prices' index	3.71%	5.55%
Commercial property prices' index	3.46%	5.75%
Inflation rate	3.10%	1.57%

Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables for the forecast horizon would have a significant effect on the ECL amount. The Bank independently validates all models and underlying methodologies used in the ECL measurement through competent resources, who are independent of the model development process.

### Development of ECL models, including the various formulas, choice of inputs and interdependencies

For the purposes of ECL measurement the Bank performs the necessary model parameterization based on observed point-in-time data on a granularity of monthly intervals. The ECL calculations are based on input parameters, i.e. exposure at default (EAD), PDs, loss given default (LGD), credit conversion factors (CCFs) etc. incorporating Management's view of the future. The Bank also determines the links between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs.

Furthermore, the PDs are unbiased rather than conservative and incorporate relevant forward looking information including macroeconomic scenarios. The forecasting risk parameters models incorporate a number of macroeconomic variables, such as GDP, unemployment etc. and portfolio specific variables such as seasonal flag etc., which are used as independent variables for optimum predictive capability. In 2022, the Bank proceeded with the recalibration of its PD models, by introducing industry specific macro variables in corporate borrowers and applying interest rate and inflation scalars in the estimation of retail customers' debt to income ratio. More specifically, in the latter case, the borrowers' instalments were estimated with the use of the projected interest rates, while the income model, also took into account the projected inflation on top of the projected GDP and unemployment ratio.

The ECL models are based on logistic regressions and run under the different macroeconomic scenarios and relevant changes and shocks in the macro environment reflected accordingly in a non-linear manner.

### Segmentation of financial assets when their ECL is assessed on a collective basis

The Bank segments its exposures on the basis of shared credit risk characteristics upon initial recognition for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default. On subsequent periods, the Bank re-evaluates the grouping of its exposures at least on an annual basis, in order to ensure that the groups remain homogeneous in terms of their

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response to the identified shared credit risk characteristics. Re-segmentation reflects management’s perception in respect to the change of credit risk associated with the particular exposures compared to initial recognition.

*Modeling and Management overlays / adjustments*

A number of sophisticated models have been developed or modified to calculate ECL, while temporary management adjustments may be required to capture new developments and information available, which are not yet reflected in the ECL calculation through the risk models. Accordingly, considering the macroeconomic conditions and geopolitical backdrop linked to the war in Ukraine, Management incorporates in ECL calculations an estimation of potentially non modeled risks arising from its corporate lending portfolios, representing 4% of ECL stock. Management adjustments reflect in 2022 the sensitivity of the macroeconomic variability in the risk profile of debtors. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. The models are governed by the Bank’s validation framework, which aim to ensure independent verification, and are approved by the Board Risk Committee (BRC).

*Sensitivity analysis on lending portfolios*

The sensitivity analysis when performed on certain key parameters can provide meaningful information only for portfolios where the risk parameters have a significant impact on the overall credit risk of a lending portfolio, particularly where such sensitivities are also used for internal credit risk management purposes. Otherwise, a sensitivity analysis on certain combinations of some risk parameters may not produce meaningful results, as in reality there are interdependencies between the various economic inputs, rendering any changes in the parameters, changes correlated in other factors.

The sensitivity analysis presented in the tables below assumes a favorable and an adverse shift in the scenario weighting, compared to the one applied in the ECL measurement. As at 31 December 2022, considering that the prevailing macroeconomic conditions, as reflected in the three scenarios incorporated in the IFRS9 weighted probability scenario, have resulted in the widening of the differences of the macro variables’ levels among the scenarios, the Bank rebalanced the scenario weighting used in the ECL sensitivity analysis in order to reflect a reasonable potential change of key macroeconomic indicators. Accordingly, the favorable shift assumes an increase in the weighting of the optimistic scenario at 50% and a stable weighting of the baseline scenario at 50%, while the adverse shift assumes an increase in the weighting of the adverse scenario at 50% and a stable weighting of the baseline scenario at 50%. Correspondingly, at year-end 2021, the favorable swift assumed an increase in the weighting of the optimistic scenario at 75% and a decrease in the weighting of the baseline scenario at 25%, while the adverse swift assumed an increase in the weighting of the adverse scenario at 75% and a decrease in the weighting of the baseline scenario at 25% compared to the scenario weighting applied by the Bank in ECL measurement.

The tables below present the estimated effect in the Bank’s ECL measurement (including off-balance sheet items) per stage, upon potential reasonable combined changes of forecasts in key macroeconomic indicators over the next 5 years (2023-2027 and 2022-2026, respectively):

As at 31 December 2022				As at 31 December 2021			
Sensitivity scenario				Sensitivity scenario			
Key macroeconomic indicators	Combined change %			Key macroeconomic indicators	Combined change %		
	Positive change	Adverse change			Positive change	Adverse change	
GDP growth	41%	-41%	change of annual forecasts	GDP growth	20%	-20%	change of annual forecasts
Unemployment Rate	-11%	11%	change of annual forecasts	Unemployment Rate	-11%	11%	change of annual forecasts
Inflation rate	-2%	2%	change of annual forecasts	Inflation rate	1%	-1%	change of annual forecasts
Property indices (RRE/CRE)	4%	-4%	change of index adjusted real estate collateral market values	Property indices (RRE/CRE)	3%	-3%	change of index adjusted real estate collateral market values

Estimated effect per stage as at 31 December 2022								
	Positive change				Adverse change			
	12-month	Lifetime	Lifetime	Total	12-month	Lifetime	Lifetime	Total
	ECL - Stage 1	ECL - Stage 2	ECL credit-impaired	31 December 2022	ECL - Stage 1	ECL - Stage 2	ECL credit-impaired	31 December 2022
Impact in € million	(9)	(32)	(17)	(58)	6	38	18	62
Impact in % allowance	-6.85	-10.36	-1.55	-3.76	4.94	12.19	1.65	4.05

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	Estimated effect per stage as at 31 December 2021							
	Positive change				Adverse change			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit- impaired	Total 31 December 2021	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit- impaired	Total 31 December 2021
<b>Impact in € million</b>	(8)	(22)	(11)	(41)	5	27	16	48
<b>Impact in % allowance</b>	-5.99	-7.95	-0.70	-2.15	3.21	9.77	1.07	2.50

The Bank updates and reviews the reasonability and performs back-testing of the main assumptions used in its methodology assessment for SICR and ECL measurement, at least on an annual basis or earlier, based on facts and circumstances. In this context, experienced and dedicated staff within the Bank's Risk Management function monitor the risk parameters applied for the estimation of ECL. Furthermore, as part of the well-defined governance framework, any revisions to the methodology used are approved by the Bank competent committees and ultimately the Board Risk Committee (BRC).

### 3.2 Fair value of financial instruments

The fair value of financial instruments is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

The fair value of financial instruments that are not quoted in an active market are determined by using other valuation techniques that include the use of valuation models. In addition, for financial instruments that trade infrequently and have little price transparency, fair value is less objective and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument. In these cases, the fair values are estimated from observable data in respect of similar financial instruments or using other valuation techniques.

The valuation models used include present value methods and other models based mainly on observable inputs and to a lesser extent to non-observable inputs, in order to maintain the reliability of the fair value measurement.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used, and are calibrated to ensure that outputs reflect actual data and comparative market prices. The main assumptions and estimates, considered by management when applying a valuation model include:

- the likelihood and expected timing of future cash flows;
- the selection of the appropriate discount rate, which is based on an assessment of what a market participant would regard as an appropriate spread of the rate over the risk-free rate; and
- judgment to determine what model to use in order to calculate fair value.

To the extent practicable, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require the Management to make estimates to reflect uncertainties in fair values resulting from the lack of market data inputs. Inputs into valuations based on unobservable data are inherently uncertain because there is little or no current market data available. However, in most cases there will be some historical data on which to base a fair value measurement and consequently even when unobservable inputs are used, fair values will use some market observable inputs.

Information in respect of the fair valuation of the Bank's financial assets and liabilities is provided in note 5.3.

### 3.3 Classification of financial instruments

The Bank applies significant judgment in assessing the classification of its financial instruments and especially, in the below areas:

#### *Business model assessment*

Judgment is exercised in order to determine the appropriate level at which to assess the business model. In assessing the business model of financial instruments, these are aggregated into groups (business lines) based on their characteristics, and the way they are managed in order to achieve the Bank's business objectives. In general, the assessment is performed at the business unit level for lending exposures including securitized notes issued by special purpose entities established by the Bank and based on the measurement category for debt securities. However, further disaggregation may be performed by business strategy/ region, etc.

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In assessing the business model for financial instruments, the Bank performs a past sales evaluation of the financial instruments and assesses their expected evolution in the future. Judgment is exercised in determining the effect of sales to a “hold to collect” business model depending on their objective and their acceptable level and frequency.

### *Contractual cash flow characteristics test (SPPI test)*

The Bank performs the SPPI assessment of lending exposures and debt securities by considering all the features which might potentially lead to SPPI failure. Judgment is applied by the responsible business units when considering whether certain contractual features significantly affect future cash flows. Accordingly, for non-recourse financial assets, the Bank assesses jointly criteria such as the adequacy of equity, LTV (Loan-to-Value) and DSCR (Debt-Service-Coverage-Ratio) ratios as well as the existence of corporate and personal guarantees. For the securitized notes issued by special purpose entities, either established by the Bank or third parties, and held by the Bank, the cash flow characteristics of the notes and the underlying pool of financial assets as well as the credit risk inherent in each securitization’s tranche compared to the credit risk of all of the underlying pool of financial assets, are assessed. Furthermore, in order to assess whether any variability in the cash flows is introduced by the modified time value of money element, the Bank performs a quantitative assessment (as described in note 2.2.10). Moreover, the Bank evaluates certain cases on whether the existence of performance-related terms exposes the Bank to asset risk rather to the borrower's credit risk.

The Bank has established a robust framework to perform the necessary assessments in accordance with Bank’s policies in order to ensure appropriate classification of financial instruments, including reviews by experienced staff for lending exposures and debt securities.

### **3.4 Income tax**

The Bank is subject to income tax and estimates are required in determining the liability for income tax. The Bank recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. 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 in the period in which such determination is made. Further information in relation to the above is provided in note 14.

In addition, the Bank recognizes deferred tax assets to the extent that it is probable that sufficient taxable profit will be available against which unused tax losses and deductible temporary differences can be utilized. Recognition therefore involves judgment regarding the Bank’s future financial performance in which the deferred tax asset has been recognized. Particularly, in order to determine the amount of deferred tax assets that can be recognized, significant management judgments are required regarding the likely timing and level of future taxable profits. In making this evaluation, the Bank has considered all available evidence, including management’s projections of future taxable income and the tax legislation.

The most significant judgment exercised by Management relates to the recognition of deferred tax assets in respect of losses realized in Greece. In the event that, the Bank assesses that it would not be able to recover any portion of the recognized deferred tax assets in the future, the unrecoverable portion would impact the deferred tax balances in the period in which such judgment is made.

Further information in respect of the deferred tax assets recognized by the Bank and the assessment for their recoverability is provided in note 14.

### **3.5 Retirement benefit obligations**

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions, such as the discount rate and future salary increases. Any change in these assumptions impacts the carrying amount of the pension obligations.

The Bank determines the appropriate discount rate used to calculate the present value of the estimated retirement obligations, at the end of each year based on interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated average term to maturity of the retirement benefit obligations. The salary rate increase assumption is based on future inflation estimates reflecting also the Bank's reward structure and expected market conditions.

Other assumptions for pension obligations, such as future inflation estimates, are based in part on current and expected market conditions.

For information in respect of the sensitivity analysis of the Bank’s retirement benefit obligations to reasonably possible, at the time of preparation of these financial statements, changes in the abovementioned key actuarial assumptions, refer to note 35.

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### 3.6 Investment properties

Investment property is carried at fair value, as determined by external, independent and certified valuers on an annual basis, or more frequently if deemed appropriate upon assessment of any relevant circumstances.

The main factors underlying the determination of fair value are related with rental income from current leases and assumptions about rental income from future leases in the light of current market conditions, including CPI indexation, future vacancy rates and periods, discount rates or rates of return, terminal values as well as the level of future maintenance and other operating costs.

Additionally, where the fair value is determined based on market prices of comparable transactions those prices are subject to appropriate adjustments, in order to reflect current economic conditions and Management's best estimate regarding the future trend of properties market based on advice received from its independent external valuers.

Further information in respect of the fair valuation of the Bank's investment properties is provided in note 26.

### 3.7 Provisions and contingent liabilities

The Bank recognizes provisions when it has a present legal or constructive obligation, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of its amount.

A provision is not recognized and a contingent liability is disclosed when it is not probable that an outflow of resources will be required to settle the obligation, when the amount of the obligation cannot be measured reliably or in case that the obligation is considered possible and is subject to the occurrence or non-occurrence of one or more uncertain future events.

Considering the subjectivity and uncertainty inherent in the determination of the probability and amount of the abovementioned outflows, the Bank takes into account a number of factors such as legal advice, the stage of the matter and historical evidence from similar cases. In the case of an offer made within the context of the Bank's voluntary exit scheme, the number of employees expected to accept the abovementioned offer along with their age cluster is a significant factor affecting the measurement of the outflow for the termination benefits.

Further information in relation to the Bank's provisions and contingent liabilities is provided in notes 34 and 41.

### 3.8 Share-based payments

The Parent Company of the Bank (Eurobank Ergasias Services and Holdings S.A.) grants shares and share options to its employees as a common feature of employee remuneration. IFRS 2 requires the recognition of an expense for those shares and share options at their fair value on the grant date (equity-settled plans). For shares granted to employees, the fair value is measured directly at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. For share options granted to employees, in many cases market prices are not available because the options granted are subject to terms and conditions that do not apply to traded options. If this is the case, the Bank estimates the fair value of the equity instruments granted using a valuation technique, which is consistent with generally accepted valuation methodologies.

The valuation method and the inputs used to measure the share options granted to employees of the Bank are presented in note 38.

### 3.9 Leases

The Bank, as a lessee, determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised.

The Bank applies judgement in evaluating whether it is reasonably certain or not to exercise an option to renew or terminate the lease, by considering all relevant factors and economic aspects that create an economic incentive. The Bank reassesses the lease term if there is a significant event or change in circumstances that is within its control that affects its ability to exercise or not to exercise the option to renew or to terminate, such as significant leasehold improvements or significant customization of the leased asset.

In measuring lease liabilities, the Bank uses the lessees' incremental borrowing rate ('IBR') when it cannot readily determine the interest rate implicit in the lease. The IBR is the rate of interest that the Bank would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Therefore, estimation is required when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Bank estimates the IBR using observable inputs (such as government bond yields) as a starting point when available, and performs certain additional entity-specific



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adjustments, such as credit spread adjustments or adjustments to reflect the lease terms and conditions. For the Bank, the IBR is derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields.

### 3.10 Other accounting estimates and judgments

Information in respect of other estimates and judgments that are made by the Bank is provided in notes 20 and 29.

## 4. Capital Management

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

	31 December 2022 € million	31 December 2021 € million
Total equity	5,583	4,447
Add: Adjustment due to IFRS 9 transitional arrangements	214	420
Less: Other regulatory adjustments	(330)	(771)
<b>Common Equity Tier 1 Capital</b>	<b>5,467</b>	<b>4,096</b>
<b>Total Tier 1 Capital</b>	<b>5,467</b>	<b>4,096</b>
Tier 2 capital-subordinated debt	1,250	950
Add: Other regulatory adjustments	117	-
<b>Total Regulatory Capital</b>	<b>6,834</b>	<b>5,046</b>
<b>Risk Weighted Assets</b>	<b>36,108</b>	<b>32,983</b>
<b>Ratios:</b>	<b>%</b>	<b>%</b>
Common Equity Tier 1	15.1	12.4
Tier 1	15.1	12.4
Total Capital Adequacy Ratio	18.9	15.3

Notes:

a) The profit of € 1,388 million for the year ended 31 December 2022 (31 December 2021: profit of € 469 million) has been included in the calculation of the above capital ratios.

b) The Bank has elected to apply the phase-in approach for mitigating the impact of IFRS 9 transition on the regulatory capital, according to the Regulation (EU) 2017/2395 (providing a 5-year transition period to recognize the impact of IFRS 9 adoption) and the Regulation 2020/873 (CRR quick fix – see below). The transition effect is included in the regulatory capital as of the first quarter of each year.

c) As of 31 March 2022, the Bank is applying the temporary treatment specified in Article 468 of the CRR, amended by the Regulation (EU) 2020/873, therefore the Bank's phased in own funds and capital ratios reflect the 60% of unrealised losses for the period 1.1.2020 to 31.12.2022, accounted for as fair value changes of debt instruments measured at fair value through other comprehensive income, corresponding to specific debt exposures, as provided for in the said article. The Bank's Common Equity Tier 1 and Total Capital Adequacy ratios, as if the temporary treatment of the aforementioned unrealised losses had not been applied, would be 14.9% and 18.7% respectively.

d) The Bank's CET1 as at 31 December 2022, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the aforementioned IFRS 9 transitional arrangements, would be 14.4% (31 December 2021: 11.7%).

e) The pro-forma Common Equity Tier 1 and Total Capital Adequacy ratios as at 31 December 2022 with the completion of Project "Solar" (note 20) would be 15.1% and 18.8%, respectively.

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

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system.



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According to the 2021 SREP decision, for 2022, the Bank was required to meet on an individual basis a Common Equity Tier 1 Ratio of at least 7.78% and a Total Capital Adequacy Ratio of at least 11.28% (Overall Capital Requirement or OCR) including Combined Buffer Requirement of 3.28%, which is covered with CET1 capital and sits on top of the Total SREP Capital Requirement (TSCR). The ECB's relief measures for capital requirements, to address the effects of Covid-19 ended at 31 December 2022.

The breakdown of the Bank's CET1 and Total Capital requirements is presented below:

	<b>31 December 2022</b>	
	<b>CET1 Capital Requirements</b>	<b>Total Capital Requirements</b>
<b>Minimum regulatory requirement</b>	<b>4.50%</b>	<b>8.00%</b>
Pillar 2 Requirement (P2R) <sup>(1)</sup>	-	-
<b>Total SREP Capital Requirement (TSCR)</b>	<b>4.50%</b>	<b>8.00%</b>
<b>Combined Buffer Requirement (CBR)</b>		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.03%	0.03%
Other systemic institutions buffer (O-SII)	0.75%	0.75%
<b>Overall Capital Requirement (OCR)</b>	<b>7.78%</b>	<b>11.28%</b>

<sup>(1)</sup> As of 1<sup>st</sup> of March 2022, the P2R is not applicable for the Bank.

According to the 2022 SREP decision, for the first quarter of 2023, the Bank is required to meet on an individual basis a Common Equity Tier 1 Ratio of at least 8.04% and a Total Capital Adequacy Ratio of at least 11.54% (Overall Capital Requirements or OCR) including Combined Buffer Requirement of 3.54% (Capital conservation buffer of 2.50%, Countercyclical capital buffer of 0.04% and Other Systemically Important Institution (O-SII) buffer of 1.00% which will apply at Eurobank S.A. individual level from 2023 onwards).

Furthermore, the Regulation 2020/873 (CRR quick fix) provides, among others, for the extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new provisions for expected losses that they have recognized in 2020 and 2021 for their financial assets, which have not been defaulted. Accordingly, the relief applied for 2022 is 75%, for 2023 50% and for 2024 25%.

Further disclosures regarding capital adequacy in accordance with the Regulation 575/2013 are provided in the Pillar 3 Report of Eurobank S.A. for the year ended 31 December 2022 in the Bank's website.

### Minimum Requirements for Eligible Own Funds and Eligible Liabilities (MREL)

Under the Directive 2014/59 (Bank Recovery and Resolution Directive), as in force, which was transposed into the Greek legislation pursuant to Law 4335/2015 as in force, European banks are required to meet the minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board (SRB) has determined Eurobank S.A. as Eurobank Holdings' Group resolution entity and a Single Point of Entry (SPE) strategy for resolution purposes.

Information about the Bank's MREL on a consolidated basis is included in the consolidated financial statements Eurobank S.A. for the year ended 31 December 2022.

### Post balance sheet event

#### 2023 EU – wide stress test

In January 2023, the European Banking Authority (EBA) launched the 2023 EU-wide stress test exercise which is designed to provide valuable input for assessing the resilience of the European banking sector in the current uncertain and changing macroeconomic environment. This exercise is coordinated by the EBA in cooperation with the ECB and national supervisory authorities and is conducted according to the EBA's methodology. Eurobank Holdings Group is participating in the EBA-led stress test.

Further information about the 2023 EU-wide stress test is included in the consolidated financial statements of Eurobank Holdings for the year ended 31 December 2022.

## 5. Financial risk management and fair value

### 5.1 Use of financial instruments

By their nature the Bank's activities are principally related to the use of financial instruments including derivatives. The Bank accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins

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by investing these funds in high quality assets. The Bank seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Bank also seeks to raise its interest margins by obtaining above average margins, net of provisions, through lending to commercial and retail borrowers within a range of credit standing. Such exposures include both on-balance sheet loans and advances and off-balance sheet guarantees and other commitments such as letters of credit.

The Bank also trades in financial instruments where it takes positions in traded and over the counter financial instruments, including derivatives, to take advantage of short-term market movements in the equity and bond markets and in currency and interest rates.

### **5.2 Financial risk factors**

Due to its activities, the Bank is exposed to several financial risks, such as credit risk, market risk (including currency, interest rate, spread, equity and volatility risk), liquidity and operational risks. The Bank's overall risk management strategy seeks to minimize any potential adverse effects on its financial performance, financial position and cash flows.

#### **Risk Management objectives and policies**

The Group acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Group's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set in a manner that enable the Group to identify and deal with the risks associated with those changes. The Bank's structure, internal processes and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Group's Management considers effective risk management as a top priority, as well as a major competitive advantage, for the organization. As such, the Group has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the requirements of the European Central Bank (ECB) and of the Single Resolution Board (SRB), the guidelines of the European Banking Authority (EBA) and the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for all material risks it is exposed to, both in Greece and in each country of its international operations. The risk management policies implemented by the Bank and its subsidiaries are reviewed mainly annually.

The Group Risk and Capital Strategy, outlines the Group's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk governance framework, strategic objectives and key management initiatives for the improvement of the risk management framework in place.

The maximum amount of risk which the Group is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Group's Risk Appetite Framework. The objectives are to support the Group's business growth, balance a strong capital position with higher returns on equity and to ensure the Group's adherence to regulatory requirements.

The risk appetite that is clearly communicated throughout the Group, determines risk culture and forms the basis on which risk policies and risk limits are established at Group and regional level. Within the context of its Risk Appetite Framework, the Bank has further enhanced the risk identification process and the risk materiality assessment methodology.

The identification and the assessment of all risks is the cornerstone for the effective Risk Management. The Bank aiming to ensure a collective view on the risks linked to the execution of its strategy, acknowledges the new developments at an early stage and assesses the potential impact. In this context, the Bank has recognized climate change risk as a material risk and based on its supervisory guidelines, is in the process of continuing adapting its policies and methodologies for identifying and monitoring the relevant risks (note 5.2.5).

#### ***Board Risk Committee (BRC)***

The Board Risk Committee (BRC) is a committee of the BoD and its task is to assist the BoD to ensure that the Group has a well-defined risk and capital strategy in line with its business plan and in line with regulatory requirements and an adequate and robust risk appetite framework.

The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Group has developed a risk management framework with appropriate methodologies, modelling tools and data sources, as

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well as sufficient and competent staff to identify, assess, monitor and mitigate risks. Moreover, BRC is conferred with certain approval authorities.

The BRC consists of five (5) non-executive directors, meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances if it is needed.

### ***Management Risk Committee***

The Management Risk Committee (MRC) is a management committee established by the CEO and its main responsibility of the MRC is to oversee the risk management framework of the Group. As part of its responsibilities, the MRC facilitates reporting to the BRC on the range of risk-related topics under its purview. The MRC supports the Group Chief Risk Officer to identify material risks, to promptly escalate them to the BRC and to ensure that the necessary policies and procedures are in place to prudently manage risks and to comply with regulatory requirements.

### ***Group Risk Management General Division***

The Group's Risk Management General Division which is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for the identification, assessment, monitoring, measurement and management of the risks that the Group is exposed to. It comprises of the Group Credit General Division (GCGD), the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRCACS), the Group Market and Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector (GORS), the Group Model Validation and Governance Sector (GMVGS), the Group Risk Management Strategy Planning and Operations Division (GRMSPO), the Supervisory Relations and Resolution Planning Sector (SRRPS), the Group Climate Risk Division (GCRD) and the Risk Analytics Division (RAD).

### **Non-Performing Exposures (NPEs) management**

The Bank, following the strategic partnership with doValue S.p.A. and the successful transition to the new operating model for the management of NPEs, realizes the NPE Strategy Plan through its implementation by doValue Greece for the assigned portfolio and the successful securitization transactions.

### ***Troubled Assets Committee***

The Troubled Assets Committee (TAC) is established according to the regulatory provisions and its main purpose is to act as an independent body, closely monitoring the Bank's troubled assets portfolio and the execution of its NPE Management Strategy.

### ***Remedial and Servicing Strategy (RSS)***

Eurobank, established Remedial Servicing & Strategy Sector (RSS) with the mandate to devise the NPE reduction plan, to closely monitor the overall performance of the NPE portfolio as well as the relationship of the Bank with doValue Greece. Furthermore, following Eurobank's commitments against the significant risk transfer (SRT) monitoring regulatory requirements pertaining to Bank's concluded transactions, RSS has a pivotal role in ensuring that relevant process is performed smoothly and in a timely manner and that any shortcomings are appropriately resolved, while providing any required clarifications or additional material required by the regulatory authorities.

The Head of RSS reports to the General Manager of Group Strategy. In this context, RSS has been assigned inter alia with the following responsibilities:

- Develop and actively monitor the NPE targets and reduction plan
- Set the strategic principles, priorities, policy framework and KPIs under which doValue Greece is servicing the portfolio
- Closely monitor the execution of the approved strategies, as well as all contractual provisions under the relevant contractual agreements for Eurobank's portfolio assigned to doValue Greece including the securitized portfolio of ERB Recovery DAC
- Monitoring of the performance of the senior notes of the securitizations in collaboration with Group Risk so as to ensure compliance to significant risk transfer (SRT) and to the Hellenic Asset Protection Scheme (HAPS)
- Budget and monitor the Bank's expenses and revenues associated with the assigned portfolio
- Cooperate closely with doValue Greece on a daily basis in achieving the Group's objectives
- Maintain supervisory dialogue

### ***NPE Operational targets***

In line with the regulatory framework and Single Supervisory Mechanism's (SSM) requirements for Non-Performing Exposures' (NPE) management, in March 2023, the Group submitted its NPE Management Strategy for 2023-2025, along with the annual NPE stock

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targets at both Bank and Group level. The plan envisages the decrease of the Group's NPE ratio at 5.2% at the end of 2023 and at 4.5% in 2025.

### 5.2.1 Credit Risk

Credit risk is the risk that a counterparty will be unable to fulfill its payment obligations in full when due. Credit risk is also related with country risk and settlement risk, specified below:

- a) Country risk is the risk of losses arising from cross-border lending and investment activities and refers to the uncertainty associated with exposure in a particular country. This uncertainty may relate to a number of factors including the risk of losses following nationalization, expropriation, debt restructuring and foreign exchange rates' movement.
- b) Settlement risk is the risk arising when payments are settled, for example for trades in financial instruments, including derivatives and currency transactions. The risk arises when the Bank remits payments before it can ascertain that the counterparties' payments have been received.

Credit risk arises principally from the wholesale and retail lending activities of the Bank, as well as from credit enhancements provided, such as financial guarantees and letters of credit. The Bank is also exposed to credit risk arising from other activities such as investments in debt securities, trading, capital markets and settlement activities. Taking into account that credit risk is the primary risk the Bank is exposed to, it is very closely managed and monitored by specialised risk units, reporting to the GCRO.

#### (a) Credit approval process

The credit approval and credit review processes are centralized both in Greece and in the International operations. The segregation of duties ensures independence among executives responsible for the customer relationship, the approval process and the loan disbursement, as well as monitoring of the loan during its lifecycle.

#### Credit Committees

The credit approval process in Corporate Banking is centralized through establishment of Credit Committees with escalating Credit Approval Levels. Main Committees of the Bank are considered to be the following:

- Credit Committees (Central and Local) authorized to approve new financing, renewals or amendments for domestic groups in the existing credit limits, in accordance with their credit approval authority, depending on total limit amount and customer risk category (i.e. high, medium or low), as well as the value and type of security;
- Special Handling Credit Committees authorized to approve credit requests and take actions for distressed clients;
- International Credit Committees (Regional and Country) established for the wholesale borrowers of the Group's international bank subsidiaries, authorized to approve new limits, renewals or amendments to existing limits, in accordance with their credit approval authority, depending on total customer exposure and risk category (i.e. high, medium or low), as well as the value and type of security; and
- International Special Handling Committees established for handling distressed wholesale borrowers of the Group's international bank subsidiaries.

The Credit Committees meet on a weekly basis or more frequently, if needed.

#### Group Credit General Division (GCGD)

Within an environment of increased risk requirements, Group Credit General Division's (GCGD) mission is to safeguard the Banks' asset side, by evaluating credit risk and making recommendations, so that borrower's credit exposure is acceptable and within the approved Risk Appetite Framework. GCGD is headed by the Group Chief Credit Officer (GCCO) with direct reporting to the Group Chief Risk Officer (GCRO).

GCGD operations are comprised of two functions, i.e. the Corporate Credit Risk, including both the domestic and the foreign underwriting activities (the latter only for Global Clients and material exposures of International Subsidiaries), and Retail Credit Risk respectively, covering the underwriting needs of the SBB portfolio and the Household Lending (mortgage, consumer loans, auto-moto loans and credit cards).

#### 1. Corporate Credit Risk

- (a) Domestic and Greek related portfolio: the underwriting function includes the review of credit requests originating from Corporate Units handling large and medium scale corporate entities of every risk category and specialised lending units such as Shipping and Structured Finance (Commercial Real Estate, Hotels & Leisure, Project Finance, M&A Financing) and Private Banking. Major tasks of the respective workstream and involved credit units pertain to the following:
  - Evaluation of credit applications and issuance of an independent Risk Opinion, which includes:

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- (i) assessment of the customer credit profile based on the qualitative and quantitative risk factors identified (market, operational, structural and financial)
  - (ii) recommendations for the formulation of bankable, well-secured and well-controlled transactions (credit facility), as well as
  - (iii) review and confirmation of the ratings of each separate borrower to reflect the risks acknowledged.
  - Participation with voting right in all credit committees as per the Credit Approval procedures.
  - Active participation in the regulatory audits and major internal projects of the Bank, providing at the same time credit related knowledge, expertise and support to other divisions.
  - Preparation of specialised reports to Management on a regular basis, with regards to the Top 25 largest, in terms of total exposure, borrower Groups, statistics on the new approved financings and leveraged transactions.
- (b) International Subsidiaries' portfolio: The GCGD through its specialized International Credit Sector (ICS) is responsible to actively participate in the design, implementation and review of the credit underwriting function for the wholesale portfolio of the International Subsidiaries covering Bulgaria, Cyprus, Serbia, the ex-Romania portfolio (Perimeter B) and portion of the loan portfolio of Luxemburg (and London). Moreover, the respective unit's tasks and responsibilities are highlighted below:
- Participation with voting right in all International Committees (Regional and Special Handling) and Country Risk Committees (CRCs);
  - Participation in the sessions of Special Handling Monitoring Committees for Bulgaria and Serbia which monitor and decide on the strategy of problematic corporate relationships with loan outstanding exceeding a certain threshold, that is jointly set by ICS and Country TAG;
  - Advice on best practices to the Credit Risk Units of International Subsidiaries

GCGD is also responsible for the preparation of all credit committees' agendas, distribution of the respective material and maintenance of the respective Credit Committees' minutes.

### 2. Retail Credit Risk

The scope of the Retail Banking Credit Risk & Underwriting Sector is the assessment of credit applications submitted by Retail Business Units, in relation to Borrowers of the retail credit portfolio (SBB loans and Household loans) based on thresholds, for which an assessment by GCGD is required as per the provisions of the relevant Credit Approval Procedures. The main tasks of Retail Credit Risk function are outlined below:

- Assess credit requests in alignment with the credit risk assessment criteria and methodology provided in the appropriate Credit Policy Manual
- Analyze and evaluate risk factors depending on the type of credit request
- Prepare an independent Credit Opinion presenting the official GCGD opinion on the credit application and confirm, where required, the Borrower Rating for each Borrower in its portfolio ensuring that the risks identified are fully reflected in the Rating
- Participate with voting rights in the credit committees as per the credit approval process, according to the Approval Levels defined in the CPM
- Transfer of credit knowledge and expertise, as well as support to Network officers regarding credit matters.

#### (b) Credit risk monitoring

##### **Group Credit Control Sector**

The Group Credit Control Sector (GCCS) monitors and assesses the quality of all of the Group's loan portfolios and operates independently from the business units of the Bank. The GCCS reports directly to the GCRO.

The main responsibilities of the GCCS are to:

- supervise, support and maintain the credit rating and impairment systems used to assess the wholesale lending customers;
- monitor and review the performance of all of the Group's loan portfolios;
- supervise and control the foreign subsidiaries' credit risk management units;
- monitor on a regular basis and report on a quarterly basis to the Board of Directors and the BRC of risk exposures, along with accompanying analyses;
- monitor and evaluate the efficiency of adopted strategies and proposed solutions in terms of dealing with Non Performing Exposures (NPEs) and the achievement of targets for NPEs reduction, as communicated and agreed with the Supervisory Authorities;

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- conduct field reviews and prepare written reports to the Management on the quality of all of the Group's loan portfolios and adherence with EBA prevailing regulations;
- monitor the proper EBA classifications in accordance with the relevant provisions and guidelines;
- participate in the approval of new credit policies and new loan products;
- participate in the Troubled Asset Committee;
- attend meetings of Credit Committees and Special Handling Committees, without voting right;
- formulate the Group's credit impairment policy and measure the provisions of the Greek loan portfolios along with the relevant reporting to Management;
- regularly review the adequacy of provisions of all of the Group's loan portfolios;
- formulate, in collaboration with the responsible lending Units the credit policy manuals for performing borrowers;
- provide guidance and monitor the process of designing and reviewing credit policies before approved by Management.
- monitor the proper application of Real Estate collaterals' valuation, as per the Banks' Collateral Valuation policy and procedures;
- monitor the supervisory, regulatory developments, emerging trends and best practices within its purview in order to keep Management abreast and propose required actions.

### **Group Credit Risk Capital Adequacy Control Sector**

The Group Credit Risk Capital Adequacy Control Sector develops and maintains the credit risk assessment models for the loans portfolio of the Group, performs capital adequacy calculations and assessment for the loan portfolios of the group, conducts internal & external stress test exercises as well as forecasting of risk parameters. The Sector reports directly to the GCRO.

Specifically, the main responsibilities of the Group Credit Risk Capital Adequacy Control Sector are to:

- control, measure and monitor the capital requirements arising from the Bank's loan portfolio along with the relevant reporting to Management and regulators (ECB/SSM);
- manage the models development, implementation, monitoring of the internal risk based models and IFRS9 models of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) for evaluating credit risk;
- measure and monitor the risk parameters (PD, LGD, EAD) for the purposes of internal capital adequacy assessment, as well as, the estimation of risk related parameters (such as forecast 12-m PD, forecast lifetime PD) for impairment calculation purposes;
- review the grouping of lending exposures and ensuring their homogeneity in accordance with the Group's IFRS accounting policies
- re-assess and re-develop if required, the significant increase in credit risk (SICR) thresholds under IFRS 9 standard;
- prepare monthly capital adequacy calculations (Pillar 1) and relevant management, as well as, regulatory reports (COREPs, SREP) on a quarterly basis;
- participate in the preparation of the business plan, the NPE targets plan and the recovery plan of the Group in relation to asset quality and capital requirements for the loan book (projected impairments and RWAs), as well as participate in the relevant committees;
- perform stress tests, both internal and external (EBA/SSM), and maintain the credit risk stress testing infrastructure;
- coordinate the stress testing exercises for the loan portfolios at Group Level;
- prepare the credit risk analyses for Internal Capital Adequacy Assessment (ICAAP)/ Pillar 2 purposes;
- prepare the Basel Pillar 3 disclosures for credit risk;
- regularly report to the GCRO, to the Management Risk Committee and to the Board Risk Committee on: risk models performance, risk parameters (PD, LGD, EAD), forbearance reporting, vintage analysis and default / redefault statistics;
- guide, monitor and supervise the Credit Risk divisions of the subsidiaries on modelling, credit stress testing and other credit risk related regulatory issues.
- monitor and guide Group's international subsidiaries on credit risk related ICAAP, stress testing and other regulatory credit risk related issues, based on Group standards. Review of local credit risk stress test exercises;
- support the business units in the use of credit risk models in business decisions, for funding purposes, in the capital impact assessment of strategic initiatives and the development and usage of risk related metrics such as risk adjusted pricing, Risk Adjusted Return on Capital (RAROC) etc.; and
- assist Remedial Servicing Strategy Sector in the risk assessment and risk impact of various programs and products.

### **Group Model Validation and Governance Sector**

The Group Model Validation and Governance Sector was established in September 2018, with key mandates:

- the establishment of a comprehensive model governance and validation framework, and
- the independent validation of the technical and operational completeness of all models used by the Group and their parameters, as well as their compliance with the provisions of the regulatory framework.



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In more detail, the tasks of the Sector are outlined as follows:

- Prepare and update the Group's Models Framework (to include model definition, roles involved per model, model classification principles and methodology, model validation principles, materiality classifications and thresholds, models' registry governance, etc.);
- Establish and update the Group's Models Registry;
- Review models' classification, in accordance with the methodology provided in the Group Models Framework;
- Prepare and update the Group Models Validation Framework, while providing support to Group's subsidiaries in its implementation;
- Monitor changes in ECB guidelines on models' validation;
- Propose and escalate for approval the quantitative thresholds, in order to assess the results of the validation tests;
- Conduct model validation tests in alignment with the Group Model Validation Framework and regulatory requirements;
- Prepare detailed reports of the model valuation results according to the specific requirements of the model validated, if any, which are communicated to BRC on an annual basis along with any related proposed remediation plan;
- Disseminate models' validation test results within the Group's BRC or MRC following reporting to Group CRO, as appropriate;
- Prepare action plan for remediation actions, if any, as a result of the model validation tests implemented, and escalate the plan for its approval by the appropriate Management Authority;
- Participate in the approval process of new models for assessing ratings' system accuracy and suitability; and
- Monitor industry practices on the development and use of models as well as related ECB guidelines and restrictions.

### **Group Market and Counterparty Risk Sector**

Group Market and Counterparty Risk Sector (GMCRS) is responsible for the measurement, monitoring and periodic reporting of the Group's exposure to counterparty risk (issuer risk and market driven counterparty risk), which is the risk of loss due to the customer's failure to meet its contractual obligations in the context of treasury positions, such as debt securities, derivatives, repos, reverse repos, interbank placings, etc.

In addition, GMCRS monitors, controls and regularly reports country limits, exposures and escalates breaches to the Management and to Committees. GMCRS uses a comprehensive methodology approved by the BRC, for determining the acceptable country risk level, including the countries in which the Group has a strategic presence.

The Group sets limits on the level of counterparty risk that are based mainly on the counterparty's credit rating, as provided by international rating agencies, the product type and the maturity of the transaction (e.g. control limits on net open derivative positions by both amount and term, sovereign bonds exposure, corporate securities, asset backed securities etc.).

GMCRS maintains and updates the limits' monitoring systems and ensures the correctness and compliance of all financial institutions limits with the Bank's policies as approved by the Group's relevant bodies.

The utilization of the abovementioned limits, any excess of them, as well as the aggregate exposure per Group's entity, counterparty and product type are monitored by GMCRS on a daily basis. Risk mitigation contracts are taken into account for the calculation of the final exposure.

Also, GMCRS ensures that the exposure arising from counterparties complies with the approved country limits framework. The GMCRS's exposure measurement and reporting tool is also available to the Group's subsidiaries treasury divisions, thus enabling them to monitor each counterparty's exposure and the limit availability.

Additionally, for the banks' corporate bond portfolio, GMCRS measures and monitors daily the total notional limits, the sectoral concentration and the maximum size per issuer. It uses a measurement tool for monitoring any downgrades and any idiosyncratic spread widening from purchase and any breach is communicated to the Management and to the relevant Committees.

GMCRS implements the market's best practices and safeguards the compliance of all involved parties to limits' policies and procedures. To this direction, for various units and International subsidiaries, GMCRS provides support and guidance for implementation of the limits' guidelines and policies.

Furthermore, GMCRS prepares specialized reports for the Management/Committees along with regular reporting that includes the exposure to the Hellenic Republic and a report that is based on the calculation of the Lifetime Expected Losses for the exposure towards the Hellenic Republic (HR).

### **(c) Credit related commitments**

The primary purpose of credit related commitments is to ensure that funds are available to a customer as agreed. Financial guarantee contracts carry the same credit risk as loans since they represent irrevocable assurances that the Bank will make payments in the



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event that a customer cannot meet its obligations to third parties. Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are secured by the underlying shipment of goods to which they relate and therefore carry less risk than a loan. Commitments to extend credit represent contractual commitments to provide credit under pre-specified terms and conditions (note 41) in the form of loans, guarantees or letters of credit for which the Bank usually receives a commitment fee. Such commitments are irrevocable over the life of the facility or revocable only in response to a material adverse effect.

### (d) Concentration risk

The Bank structures the levels of credit risk it undertakes by placing exposure limits by borrower, or groups of borrowers, and by industry segments. The exposure to each borrower is further restricted by sub-limits covering on and off-balance sheet exposures, and daily delivery risk limits in relation to trading items such as forward foreign exchange contracts.

Such risks are monitored on a revolving basis and are subject to an annual or more frequent review. Risk concentrations are monitored regularly and reported to the BRC. Such reports include the 25 largest exposures, major watch list and problematic customers, industry analysis, analysis by rating/risk class, by delinquency bucket, and loan portfolios by country.

### (e) Rating systems

#### Rating of wholesale lending exposures

The Bank has decided upon the differentiation of rating models for wholesale lending activities, in order to reflect appropriately the risks arising from customers with different characteristics. Accordingly, the Bank employs the following rating models for the wholesale portfolio:

- Moody's Risk Analyst model ("MRA" or "Fundamental Analysis"- "FA") is used to assess the risk of borrowers for Corporate Lending.
- Internal Credit Rating model ("ICR") is used for those customers that cannot be rated by MRA.
- Transactional Rating model ("TR") has been developed in order to assess the risk of transactions taking into consideration their collaterals/guarantees.
- Slotting rating models are employed in view of assessing the risk of specialized exposures, which are part of the Specialized Lending corporate portfolio.
- Finally, an assessment of the borrowers' viability and the identification of impairment triggers is performed using the "Unlikely to Pay" ("UTP") / impairment test.

MRA, ICR, Slotting and "UTP" functions are supported by the CreditLens ("CL") computing platform provided by an external provider (Moody's Analytics), while the TR is internally developed and is being supported by the core applications of the Bank.

MRA follows the Moody's fundamental analysis (FA) approach. The FA models belong to a family of models defined as Knowledge Based Systems and rely on a probabilistic reasoning approach. They use quantitative and qualitative information of individual obligors in order to assess their creditworthiness and determine their credit rating. In particular, MRA takes into account the company's balance sheets, profit & loss accounts and cash flow statements to calculate key ratios. Its ratio analysis includes assessments of each ratio's trend across multiple periods, both in terms of the slope and volatility of the trend. It also compares the value of the ratio for the most recent period with the quartile values for a comparable peer group. Moreover, MRA is supplied with a commonly used set of qualitative factors relating to the quality of the company's management, the standing of the company, including the company's transaction behavior towards the Bank, and the perceived riskiness of the industry. MRA is used for the assessment of all legal entities with full accountancy tax books irrespective of their legal form and is calibrated on the Greek corporate environment.

The MRA is not employed for certain types of entities that use different accounting methods to prepare their financial statements, such as Insurance companies and brokerage firms. Moreover, entities such as start-ups that have not produced financial information for at least two annual accounting periods are not rated with MRA. In such cases, the Internal Credit Rating ("ICR") is utilized, which is a scorecard consisting of a set of factors grouped into 3 main sections corresponding to particular areas of analysis: Financial Information, Qualitative Criteria, and Behavior Analysis. In addition, the Bank performs an overall assessment of wholesale customers, based both on their rating (MRA or ICR) and the collaterals and guarantees regularly at every credit assessment.

In 2021, in combination with the application of the new Definition of Default the Bank calibrated its MRA and ICR models, which were approved by the regulatory authorities.

With reference to Specialized Lending portfolio (for which the Bank is using Slotting rating models) and in line with European Banking Authority (EBA) definitions, it comprises types of exposures towards entities specifically created to finance or operate physical assets, where the primary source of income and repayment of the obligation lies directly with the assets being financed. Accordingly, three of its product lines that are included in the Specialized Lending exposure class: Project Finance (assessed with the Project Finance

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Scorecard), Commercial Real Estate (assessed with the CRE investor & CRE Developer Scorecards) and Object Finance (assessed with the Object Finance Scorecard tailored for the Shipping portfolio).

In addition, the Bank has developed an Unlikely to Pay/Impairment test. Unlikelihood to pay refers to circumstances when a Borrower is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or of the days past due (i.e. to exposures less than 90 dpd). The impairment test, which is performed to all borrowers during every credit assessment is implemented in the CL platform and includes clearly defined indicators of unlikelihood to pay (UTP). These indicators are separated in “Hard” and “Soft” UTP triggers.

- Hard UTP indicators lead directly to a recognition of non-performing (automatic NPE classification), as in most cases these events, by their very nature, directly fulfil the definition of UTP and there is little room for interpretation.
- Soft UTP triggers when applied, do not automatically mean that an exposure is non-performing, but that a thorough assessment should be performed (assessment prior to NPE classification).

The Bank has further enhanced its wholesale credit risk assessment models linking risk parameters estimation with macro-economic factors allowing the forecasting of rating transitions under different macroeconomic scenarios (base, adverse and optimistic).

The rating systems described above are an integral part of the wholesale banking decision-making and risk management processes:

- the credit approval or rejection, both at the origination and review process;
- the allocation of competence levels for credit approval;
- risk-adjusted pricing;
- the calculation of Economic Value Added (EVA) and internal capital allocation; and
- the impairment calculation (staging criteria and subsequent ECL estimation of forecasted risk parameters).

### Rating of retail lending exposures

The Bank assigns credit scores to its retail customers using a number of statistically-based models both at the origination and on ongoing basis through behavioral scorecards. These models have been developed to predict, on the basis of available information, the probability of default, the loss given default and the exposure at default. They cover the entire spectrum of retail products (credit cards, consumer lending, unsecured revolving credits, car loans, personal loans, mortgages and small business loans).

The Bank’s models were developed based on historical data and credit bureau data. Behavioral scorecards are calculated automatically on a monthly basis, thus ensuring that the credit risk assessment is up to date.

The models are applied in the credit approval process, the credit limits management, as well as the collection process for the prioritization of the accounts in terms of handling. Furthermore, the models are often used for the risk segmentation of the customers and the risk based pricing of particular segments or new products introduced as well as in the calculation of the Economic Value Added (EVA) and Risk Adjusted Return on Capital (RaRoC) measures.

The rating systems employed by the Bank meets the requirements of the Basel III-Internal Ratings Based (IRB) approach. The Bank is IRB certified since 2008 for the Greek portfolios, both wholesale and retail (as detailed in Basel III, Pillar 3 disclosures available at the Bank’s website).

In the context of IFRS 9 implementation, the Bank has further enhanced its retail credit risk assessment models linking risk parameters estimation with macro-economic factors allowing their forecasting over one year and lifetime horizon under different macroeconomic scenarios (base, adverse and optimistic) and supporting the staging analysis and allocation to risk classes under homogeneous pools.

The Group Credit Risk Capital Adequacy Control Sector monitors the capacity of rating models and scoring systems to classify customers according to risk, as well as to predict the probability of default and loss given default and exposure at default on an ongoing basis. The Group Models Validation and Governance Sector implements the Bank’s validation policy which complies with international best practices and regulatory requirements. The Bank verifies the validity of the rating models and scoring systems on an annual basis and the validation includes both quantitative and qualitative aspects. The validation procedures are documented, and regularly reviewed and reported to the BRC.

The Group’s Internal Audit Division also independently reviews the validation process in wholesale and retail rating systems annually.

### **(f) Credit risk mitigation**

A key component of the Bank’s business strategy is to reduce risk by utilizing various risk mitigating techniques. The most important risk mitigating means are collaterals’ pledges, guarantees and master netting arrangements.

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### Types of collateral commonly accepted by the Bank

The Bank has internal policies in place which set out the following types of collateral that are usually accepted in a credit relationship:

- residential real estate, commercial real estate (offices, shopping malls, etc.), industrial buildings and land;
- receivables (trade debtors) and post dated cheques;
- securities, including listed shares and bonds;
- deposits;
- guarantees and letters of support;
- insurance policies; and
- equipment, mainly, vehicles and vessels.

A specific coverage ratio is pre-requisite, upon the credit relationship's approval and on ongoing basis, for each collateral type, as specified in the Bank's credit policy.

For exposures, other than loans to customers (i.e. reverse repos, derivatives), the Bank accepts as collateral only cash or liquid bonds.

### Valuation principles of collaterals

In defining the maximum collateral ratio for loans, the Bank considers all relevant information available, including the collaterals' specific characteristics, if market participants would take those into account when pricing the relevant assets. The valuation and hence eligibility is based on the following factors:

- the collateral's fair value, i.e. the exit price that would be received to sell the asset in an orderly transaction under current market conditions;
- the fair value reflects market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it;
- a reduction in the collateral's value is considered if the type, location or condition (such as deterioration and obsolescence) of the asset indicate so; and
- no collateral value is assigned if a pledge is not legally enforceable.

The Bank performs collaterals' valuation in accordance with its processes and policies. With the exception of special cases (e.g. syndicated loans), the real estate collaterals of all units are valued by Cerved Property Services S.A. ("CPS") who is the successor of the Bank's former subsidiary, Eurobank Property Services S.A. CPS is regulated by the Royal Institute of Chartered Surveyors and employs internal or external qualified appraisers based on predefined criteria (qualifications and expertise). All appraisals take into account factors such as the region, age and marketability of the property, and are further reviewed and countersigned by experienced staff. The valuation methodology employed is based on International Valuation Standards (IVS), while quality controls are in place, such as reviewing mechanisms, independent sample reviews by independent well established valuation companies.

In order to monitor the valuation of residential property held as collateral, the Bank uses the Residential Property Index of the Bank of Greece. The index has been created by the Real Estate Market Analysis Section of BoG using detailed information collected from all Credit Institutions and Real Estate Investment Companies (REIC) operating in Greece. The Residential Property Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

For commercial real estates, the Bank uses the Commercial Real Estate Index developed by CPS. This index is derived through a combination of CPS & BoG CRE indices and it is based on internationally accepted methodology. It constitutes a tool for the statistical monitoring of possible changes of the values of the commercial properties as well as for the trends in the particular market. It is updated on an annual basis. The Commercial Real Estate Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

To ensure the quality of the post-dated cheques accepted as collateral, the Bank has developed a pre-screening system, which takes into account a number of criteria and risk parameters, so as to evaluate their eligibility. Furthermore, the post-dated cheques' valuation is monitored through the use of advanced statistical reports and through the review of detailed information regarding the recoverability of cheques, referrals and bounced cheques, per issuer broken down.

### Collateral policy and documentation

Regarding collaterals, Bank's policy emphasizes the need that collaterals and relevant processes are timely and prudently executed, in order to ensure that collaterals and relevant documentation are legally enforceable at any time. The Bank holds the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

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### Guarantees

The guarantees used as credit risk mitigation by the Bank are largely issued by the government. The Hellenic Development Bank (HDB) and similar funds, banks and insurance companies are also significant guarantors of credit risk.

### Management of repossessed properties

The objective of the repossessed assets' management is to minimize the time cycle of the asset's disposal and to maximize the recovery of the capital engaged.

To this end, the management of repossessed assets aims at improving rental and other income from the exploitation of such assets, and at the same time reducing the respective holding and maintenance costs. Additionally, the Bank is actively engaged in identifying suitable potential buyers for its portfolio of repossessed assets (including specialized funds involved in acquiring specific portfolios of properties repossessed), both in Greece and abroad, in order to reduce its stock of properties with a time horizon of 3-5 years.

Repossessed assets are closely monitored based on technical and legal due diligence reports, so that their market value is accurately reported and updated in accordance with market trends.

### Counterparty risk

The Bank mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

In the case of derivatives, the Bank makes use of International Swaps and Derivatives Association (ISDA) contracts, which limit the exposure via the application of netting, and Credit Support Annex (CSAs), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements (GMRAs) are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimizing the exposure.

Following the European Market Infrastructure Regulation (EMIR), the Bank performs centrally cleared transactions for eligible derivative contracts through an EU authorized European central counterparty (CCP), recorded in trade repositories. The use of CCP increases market transparency and reduces counterparty credit and operational risks inherent in derivatives markets.

The Bank uses a comprehensive collateral management system for the monitoring of ISDA, CSAs and GMRAs, i.e. the daily valuation of the derivatives and the market value of the securities are used for the calculation of each counterparty's exposure. The collateral which should be posted or requested by the relevant counterparty is calculated daily.

With this system, the Bank monitors and controls the collateral flow in case of derivatives and repos, independently of the counterparty. The effect of any market movement that increases the Bank's exposure is reported and the Bank proceeds to collateral call accordingly.

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### 5.2.1.1 Maximum exposure to credit risk before collateral held

	31 December 2022		31 December 2021	
	€ million		€ million	
<b>Credit risk exposures relating to on-balance sheet assets are as follows:</b>				
Due from credit institutions	2,177		3,100	
Less: Impairment allowance	(0)	<b>2,177</b>	-	3,100
Debt securities held for trading		<b>69</b>		50
Derivative financial instruments		<b>1,215</b>		1,959
Loans and advances to customers at amortised cost:				
- Wholesale lending <sup>(1)</sup>	19,010		17,248	
- Mortgage lending	8,224		8,419	
- Consumer lending	1,687		1,607	
- Small business lending	3,165		3,175	
Less: Impairment allowance	(1,320)	<b>30,766</b>	(1,580)	28,869
Fair value changes of loans in portfolio hedging of interest rate risk		<b>(163)</b>		-
Loans and advances to customers measured at FVTPL		<b>16</b>		23
Investment securities:				
- Debt securities measured at amortised cost	7,779		3,938	
Less: Impairment allowance	(22)	<b>7,757</b>	(6)	3,932
Debt securities measured at FVOCI		<b>2,556</b>		4,980
Investment securities at FVTPL		<b>174</b>		82
Other financial assets <sup>(2)</sup>	162		185	
Less: Impairment allowance	(17)	<b>145</b>	(20)	165
<b>Credit risk exposures relating to off-balance sheet items (note 41):</b>				
- Loan commitments		<b>5,821</b>		3,358
- Financial guarantee contracts and other commitments		<b>3,219</b>		2,569
<b>Total</b>		<b>53,751</b>		<b>49,087</b>

<sup>(1)</sup> Includes loans to public sector.

<sup>(2)</sup> Refers to financial assets subject to IFRS 9 impairment requirements, which are recognised within other assets.

The above table represents the Bank's maximum credit risk exposure as at 31 December 2022 and 31 December 2021 respectively, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the Bank's financial statements.

For on-balance sheet assets, the exposures set out above are based on the carrying amounts as reported in the balance sheet. For off-balance sheet items, the maximum exposure is the nominal amount that the Bank may be required to pay if the financial guarantee contracts and other commitments are called upon and the loan commitments are drawn down. Off-balance sheet loan commitments presented above, include revocable commitments to extend credit of € 2.6 billion (31 December 2021: € 2.4 billion) that are subject to ECL measurement.

### 5.2.1.2 Loans and advances to customers

The section below provides an overview of the Bank's exposure to credit risk arising from its customer lending portfolios, in line with the guidelines set by the Hellenic Capital Markets Commission and the Bank of Greece (BoG) released on 30 September 2013, as updated by the Bank in order to comply with the revised IFRS 7 'Financial Instruments: Disclosures', following the adoption of IFRS 9 from 2018. In addition, the types of the Bank's forbearance programs are in line with the BoG's Executive Committee Act 42/30.05.2014 and its amendments.

#### (a) Credit quality of loans and advances to customers

Loans and advances to customers carried at amortised cost are classified depending on how ECL is measured.

Accordingly, loans reported as non-impaired include loans for which a '12-month ECL allowance' is recognized as they exhibit no significant increase in credit risk since initial recognition and loans for which a 'Lifetime ECL allowance' is recognized as they exhibit a significant increase in credit risk since initial recognition but are not considered to be in default.

Credit impaired loans category includes loans that are considered to be in default, for which a loss allowance equal to a 'Lifetime ECL' is recognized, and loans classified as 'Purchased or originated credit impaired' (POCI) which are always measured on the basis of a

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'Lifetime ECL'. From 1 January 2021 onwards, the Bank applies a default definition for accounting purposes, which is consistent with the European Banking Authority (EBA) definition for non-performing exposure and regulatory definition of default.

Loans and advances to customers carried at FVTPL are not subject to ECL measurement and therefore are not included in the quantitative information provided in the below sections for loans and advances measured at amortised cost, except where indicated.

The Bank's accounting policy for impairment of financial assets is set out in note 2.2.14.

### ***Quantitative information***

The following quantitative analysis presents information about the total gross carrying amount of loans and advances including securitization notes issued by special purpose entities established by the Bank and the nominal amount of credit related commitments, that are classified as non-impaired (stage 1 and stage 2) and those classified as credit-impaired (stage 3 and POCI). It also presents the impairment allowance recognized in respect of all loans and advances and credit related commitments, analyzed into individually or collectively assessed, based on how the respective impairment allowance has been calculated, the carrying amount of loans and advances, as well as the value of collateral held to mitigate credit risk which is capped to the respective gross loan amount. In particular, the following four tables for 2022 and 2021 provide:

- a summary of the credit quality of lending exposures and credit related commitments, presenting product line, stage allocation, respective impairment allowance and collateral held
- the classification of lending exposures and credit related commitments into the internal credit rating categories,
- the movement of the gross carrying amounts for loans and advances to customers by product line and stage,
- the ageing analysis of credit impaired (Stage 3 and POCI) loans and advances to customers

Public Sector lending exposures include exposures to the central government, local authorities, state-linked companies and entities controlled and fully or partially owned by the state, excluding public and private companies with commercial activity. For credit risk management purposes, exposures to Public Sector are incorporated in wholesale lending.

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The following tables present summary information about the credit quality (stage analysis, impairment allowance and collateral held per product line) of loans and advances to customers carried at amortised cost and credit related commitments. In addition, they include the fair value changes of loans in portfolio hedging of interest rate risk and the loans and advances to customers carried at FVTPL for the purpose of reconciliation with the total carrying amount of loan and advances to customers:

	31 December 2022										
	Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>				Total gross carrying amount/nominal exposure € million	Impairment allowance				Carrying amount € million	Value of collateral € million
	12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million	Individually assessed € million	Collectively assessed € million		Lifetime ECL - Stage 3 and POCI <sup>(1)</sup>		Individually assessed € million	Collectively assessed € million		
					12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million					
<b>Retail Lending</b>	<b>8,465</b>	<b>3,582</b>	<b>51</b>	<b>978</b>	<b>13,076</b>	<b>(56)</b>	<b>(248)</b>	<b>(28)</b>	<b>(486)</b>	<b>12,257</b>	<b>9,070</b>
- Mortgage	5,048	2,708	17	451	8,224	(19)	(155)	(13)	(164)	7,873	
Value of collateral	4,773	2,266	10	364							7,414
- Consumer	754	177	0	126	1,057	(16)	(23)	(0)	(102)	916	
Value of collateral	0	0	-	2							3
- Credit card	543	51	0	36	630	(5)	(5)	(0)	(33)	587	
Value of collateral	-	-	-	-							-
- Small business	2,120	646	34	365	3,165	(16)	(65)	(15)	(187)	2,882	
Value of collateral	952	488	21	192							1,653
<b>Wholesale Lending</b>	<b>17,278</b>	<b>875</b>	<b>670</b>	<b>162</b>	<b>18,985</b>	<b>(51)</b>	<b>(62)</b>	<b>(290)</b>	<b>(98)</b>	<b>18,484</b>	<b>10,765</b>
- Large corporate	11,106	482	219	14	11,821	(32)	(23)	(121)	(9)	11,636	
Value of collateral	4,475	273	112	7							4,867
- SMEs	1,554	393	451	149	2,547	(19)	(39)	(169)	(90)	2,231	
Value of collateral	627	262	311	80							1,280
- Securitized notes <sup>(2)</sup>	4,618	-	-	-	4,618	(0)	-	-	-	4,618	
Value of collateral	4,618	-	-	-							4,618
<b>Public Sector</b>	<b>25</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>25</b>	<b>(0)</b>	<b>-</b>	<b>-</b>	<b>(0)</b>	<b>24</b>	<b>0</b>
- Greece	25	-	-	0	25	(0)	-	-	(0)	24	
Value of collateral	0	-	-	0							0
- Other countries	-	-	-	-	-	-	-	-	-	-	
Value of collateral	-	-	-	-							-
<b>Fair value changes of loans in portfolio hedging of interest rate risk</b>										(163)	
<b>Loans and advances to customers at FVTPL</b>										16	16
<b>Total</b>	<b>25,768</b>	<b>4,457</b>	<b>721</b>	<b>1,140</b>	<b>32,086</b>	<b>(108)</b>	<b>(310)</b>	<b>(318)</b>	<b>(584)</b>	<b>30,619</b>	<b>19,851</b>
<b>Total value of collateral</b>	<b>15,446</b>	<b>3,290</b>	<b>455</b>	<b>644</b>							
<b>Credit related commitments</b>	<b>8,589</b>	<b>191</b>	<b>44</b>	<b>216</b>	<b>9,039</b>	<b>(16)</b>	<b>(2)</b>	<b>(33)</b>	<b>(170)</b>		
Loan commitments	5,710	109	2	-	5,821	(11)	(1)	(1)	-		
Financial guarantee contracts and other commitments	2,879	82	42	216	3,219	(5)	(2)	(32)	(170)		
Value of collateral	770	24	18	5							



## Notes to the Financial Statements

	31 December 2021											
						Impairment allowance						
	Lifetime ECL - Stage 3				Total gross carrying amount/nominal exposure € million	Lifetime ECL - Stage 3					Carrying amount € million	Value of collateral € million
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Individually assessed € million	Collectively assessed € million		12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Individually assessed € million	Collectively assessed € million	Collectively assessed € million		
Retail Lending	8,753	3,446	53	949	13,201	(77)	(211)	(26)	(422)	12,465	9,159	
- Mortgage	5,372	2,640	16	391	8,419	(16)	(133)	(9)	(113)	8,148		
Value of collateral	4,975	2,157	11	306							7,449	
- Consumer	795	125	0	135	1,055	(20)	(18)	(0)	(98)	919		
Value of collateral	0	0	-	3							3	
- Credit card	490	24	0	38	552	(6)	(6)	(0)	(34)	506		
Value of collateral	-	-	-	-							-	
- Small business	2,096	657	37	385	3,175	(35)	(54)	(17)	(177)	2,892		
Value of collateral	1,017	488	21	181							1,707	
Wholesale Lending	14,883	923	1,140	269	17,215	(53)	(66)	(593)	(128)	16,375	10,182	
- Large corporate	8,086	436	451	20	8,993	(31)	(35)	(232)	(11)	8,684		
Value of collateral	3,115	224	186	6							3,531	
- SMEs	2,015	487	689	249	3,440	(22)	(31)	(361)	(117)	2,909		
Value of collateral	1,055	306	389	119							1,869	
-Securitized notes <sup>(2)</sup>	4,782	-	-	-	4,782	(0)	-	-	-	4,782		
Value of collateral	4,782	-	-	-							4,782	
Public Sector	30	2	-	1	33	(1)	(0)	-	(1)	31	2	
- Greece	30	2	-	1	33	(1)	(0)	-	(1)	31		
Value of collateral	1	1	-	0	-	-	-	-	-	-	2	
Loans and advances to customers at FVTPL										23	23	
Total	23,666	4,371	1,193	1,219	30,449	(131)	(277)	(619)	(551)	28,894	19,366	
Total value of collateral	14,945	3,176	607	615								
Credit related commitments	5,192	290	65	380	5,927	(11)	(4)	(35)	(290)			
Loan commitments	3,167	168	23	-	3,358	(7)	(1)	(1)	-			
Financial guarantee contracts and other commitments	2,025	122	42	380	2,569	(4)	(3)	(34)	(290)			
Value of collateral	914	38	19	7								

<sup>(1)</sup> As at 31 December 2022, total gross carrying amount of credit impaired loans includes POCI loans of € 8 million which carry an immaterial impairment allowance.

<sup>(2)</sup> It refers to the senior notes of the Pillar, Cairo and Mexico securitizations that are collateralized by the underlying pool of loans held by the respective securitization vehicles (note 20). The amount of the securitized loan portfolios has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).

## Notes to the Financial Statements

The Bank assesses the credit quality of its loans and advances to customers and credit related commitments that are subject to ECL using internal credit rating systems for the wholesale portfolio, which are based on a variety of quantitative and qualitative factors, while the credit quality of the retail portfolio is based on the allocation of risk classes into homogenous pools.

The following tables present the distribution of the gross carrying amount of loans and advances and the nominal exposure of credit related commitments based on the credit quality classification categories and stage allocation:

Internal credit rating	31 December 2022				31 December 2021			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 and POCI € million	Total gross carrying amount € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	Total gross carrying amount € million
<b>Retail Lending</b>								
- Mortgage								
PD<2.5%	4,758	1,166	-	5,924	4,301	415	-	4,716
2.5%<=PD<4%	231	283	-	514	520	463	-	983
4%<=PD<10%	24	426	-	450	485	1,127	-	1,612
10%<=PD<16%	19	519	-	537	37	275	-	312
16%<=PD<99.99%	16	315	-	330	29	360	-	389
100%	-	-	468	468	-	-	407	407
- Consumer								
PD<2.5%	8	7	-	15	14	13	-	27
2.5%<=PD<4%	331	32	-	363	281	19	-	300
4%<=PD<10%	380	122	-	502	470	75	-	545
10%<=PD<16%	31	5	-	36	30	4	-	34
16%<=PD<99.99%	4	11	-	15	0	14	-	14
100%	-	-	126	126	-	-	135	135
- Credit card								
PD<2.5%	285	3	-	288	283	1	-	284
2.5%<=PD<4%	258	40	-	298	207	17	-	224
4%<=PD<10%	-	-	-	-	-	-	-	-
10%<=PD<16%	-	-	-	-	-	-	-	-
16%<=PD<99.99%	-	9	-	9	-	6	-	6
100%	-	-	36	36	-	-	38	38
- Small business								
PD<2.5%	1,194	28	-	1,222	1,327	18	-	1,345
2.5%<=PD<4%	468	62	-	530	177	11	-	188
4%<=PD<10%	271	39	-	310	356	77	-	433
10%<=PD<16%	47	161	-	208	78	131	-	209
16%<=PD<99.99%	141	356	-	497	158	420	-	578
100%	-	-	398	398	-	-	422	422
<b>Wholesale Lending</b>								
- Large corporate								
Strong	8,494	-	-	8,494	5,391	-	-	5,391
Satisfactory	2,487	317	-	2,804	2,575	232	-	2,807
Watch list	124	165	-	290	120	204	-	324
Impaired (Defaulted)	-	-	233	233	-	-	471	471
- SMEs								
Strong	488	0	-	488	603	0	-	603
Satisfactory	873	143	-	1,016	1,142	99	-	1,241
Watch list	194	250	-	444	270	388	-	658
Impaired (Defaulted)	-	-	599	599	-	-	938	938
-Securitized notes								
Strong	4,618	-	-	4,618	4,782	-	-	4,782
<b>Public Sector</b>								
All countries								
Strong	25	-	-	25	21	-	-	21
Satisfactory	-	-	-	-	3	-	-	3
Watch list	-	-	-	-	6	2	-	8
Impaired (Defaulted)	-	-	0	0	-	-	1	1
<b>Total</b>	<b>25,768</b>	<b>4,457</b>	<b>1,861</b>	<b>32,086</b>	<b>23,666</b>	<b>4,371</b>	<b>2,412</b>	<b>30,449</b>

**Notes to the Financial Statements**

Internal credit rating	31 December 2022				31 December 2021			
	12-month ECL- Stage 1	Lifetime ECL - Stage 2	Lifetime ECL- Stage 3 and POCI	Total nominal amount	12-month ECL- Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	Total nominal amount
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
<b>Credit Related Commitments</b>								
<b>Retail Lending</b>								
Loan commitments								
PD<2.5%	1,073	11	-	1,084	1,140	3	-	1,143
2.5%<=PD<4%	1,013	62	-	1,075	813	44	-	857
4%<=PD<10%	419	23	-	442	314	88	-	402
10%<=PD<16%	33	1	-	34	38	10	-	48
16%<=PD<99.99%	-	7	-	7	-	1	-	1
100%	-	-	-	-	-	-	-	-
Financial guarantee contracts and other commitments								
PD<2.5%	63	0	-	63	75	-	-	75
2.5%<=PD<4%	75	1	-	75	36	-	-	36
4%<=PD<10%	21	-	-	21	9	-	-	9
10%<=PD<16%	-	-	-	-	-	-	-	-
16%<=PD<99.99%	-	-	-	-	-	-	-	-
100%	-	-	1	1	-	-	1	1
<b>Wholesale Lending</b>								
Loan commitments								
Strong	2,410	-	-	2,410	498	-	-	498
Satisfactory	757	5	-	762	328	20	-	348
Watch list	6	-	-	6	36	2	-	38
Impaired (Defaulted)	-	-	2	2	-	-	23	23
Financial guarantee contracts and other commitments								
Strong	2,005	-	-	2,005	1,321	-	-	1,321
Satisfactory	674	36	-	710	552	46	-	598
Watch list	41	46	-	87	32	76	-	108
Impaired (Defaulted)	-	-	256	256	-	-	421	421
<b>Total</b>	<b>8,589</b>	<b>191</b>	<b>259</b>	<b>9,039</b>	<b>5,192</b>	<b>290</b>	<b>445</b>	<b>5,927</b>

The table below depicts the internal credit rating bands (MRA rating scale or equivalent) for the wholesale portfolio that correspond to the credit quality classification categories presented in the above tables:

Wholesale Lending		
Credit Quality classification categories	Internal Credit Rating	Internal Credit Rating
	Large Corporate	SMEs
Strong	1-4	1-3
Satisfactory	5-6	4-6
Watch list	7-9	7-9
Impaired (Defaulted)	10	10

## Notes to the Financial Statements

The following tables present the movement of the gross carrying amounts for loans and advances to customers by product line and stage and is calculated by reference to the opening and closing balances for the reporting years from 1 January 2022 to 31 December 2022 and 1 January 2021 to 31 December 2021:

	31 December 2022												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Gross carrying amount at 1 January</b>	<b>14,913</b>	<b>925</b>	<b>1,410</b>	<b>5,372</b>	<b>2,640</b>	<b>407</b>	<b>1,285</b>	<b>149</b>	<b>173</b>	<b>2,096</b>	<b>657</b>	<b>422</b>	<b>30,448</b>
New loans and advances originated or purchased	5,465	-	8	310	-	-	303	-	-	486	-	-	6,573
Arising from merger (note 23.1)	-	-	-	-	-	-	75	10	94	-	-	-	180
Transfers between stages													
-to 12-month ECL	268	(268)	(0)	298	(287)	(12)	45	(38)	(7)	117	(106)	(11)	-
-to lifetime ECL	(451)	465	(15)	(444)	545	(101)	(155)	177	(22)	(127)	177	(50)	-
-to lifetime ECL credit-impaired loans	(18)	(54)	72	(57)	(146)	203	(46)	(25)	71	(34)	(71)	105	-
Loans and advances derecognised / reclassified as held for sale during the year	-	(0)	(271)	-	-	-	-	-	-	-	-	(1)	(272)
Amounts written-off <sup>(1)</sup>	-	-	(84)	-	-	(7)	-	-	(126)	-	-	(44)	(262)
Repayments	(3,025)	(194)	(289)	(618)	(166)	(36)	(235)	(59)	(39)	(506)	(44)	(29)	(5,239)
Foreign exchange differences and other movements	150	(0)	1	186	121	14	24	14	20	88	34	7	658
<b>Gross Carrying amount at 31 December</b>	<b>17,303</b>	<b>875</b>	<b>832</b>	<b>5,048</b>	<b>2,708</b>	<b>468</b>	<b>1,296</b>	<b>228</b>	<b>162</b>	<b>2,120</b>	<b>646</b>	<b>398</b>	<b>32,086</b>
Impairment allowance	(51)	(62)	(388)	(19)	(155)	(177)	(21)	(28)	(135)	(16)	(65)	(202)	(1,320)
<b>Carrying amount at 31 December</b>	<b>17,252</b>	<b>813</b>	<b>444</b>	<b>5,028</b>	<b>2,553</b>	<b>291</b>	<b>1,275</b>	<b>200</b>	<b>28</b>	<b>2,104</b>	<b>581</b>	<b>196</b>	<b>30,766</b>

**Notes to the Financial Statements**

	31 December 2021												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	
Gross carrying amount at 1 January	13,224	1,151	1,645	5,845	2,688	1,674	1,198	282	547	1,814	1,112	945	32,124
New loans and advances originated or purchased	3,102	-	-	267	-	-	270	-	-	384	-	-	4,023
Arising from acquisitions	2	65	386	-	-	-	-	-	-	0	0	91	544
Securitized notes	1,628	-	-	-	-	-	-	-	-	-	-	-	1,628
Transfers between stages													
-to 12-month ECL	226	(207)	(19)	503	(499)	(4)	105	(102)	(3)	408	(406)	(2)	-
-to lifetime ECL	(351)	379	(28)	(707)	917	(210)	(53)	73	(20)	(118)	181	(63)	-
-to lifetime ECL credit-impaired loans	(3)	(180)	183	(85)	(211)	296	(42)	(62)	104	(56)	(131)	187	-
Loans and advances derecognised during the year	(330)	(33)	(486)	(22)	(220)	(1,254)	(3)	(14)	(336)	(5)	(81)	(636)	(3,420)
Amounts written-off <sup>(1)</sup>	-	-	(152)	-	-	(70)	-	-	(100)	-	-	(76)	(398)
Repayments	(2,772)	(246)	(131)	(603)	(144)	(48)	(239)	(37)	(52)	(337)	(53)	(34)	(4,696)
Foreign exchange differences and other movements	187	(4)	12	174	109	23	49	9	33	6	35	10	643
Gross Carrying amount at 31 December	<u>14,913</u>	<u>925</u>	<u>1,410</u>	<u>5,372</u>	<u>2,640</u>	<u>407</u>	<u>1,285</u>	<u>149</u>	<u>173</u>	<u>2,096</u>	<u>657</u>	<u>422</u>	<u>30,448</u>
Impairment allowance	<u>(54)</u>	<u>(66)</u>	<u>(722)</u>	<u>(16)</u>	<u>(133)</u>	<u>(122)</u>	<u>(26)</u>	<u>(24)</u>	<u>(133)</u>	<u>(35)</u>	<u>(54)</u>	<u>(195)</u>	<u>(1,580)</u>
Carrying amount at 31 December	<u>14,859</u>	<u>859</u>	<u>688</u>	<u>5,356</u>	<u>2,507</u>	<u>285</u>	<u>1,259</u>	<u>125</u>	<u>40</u>	<u>2,061</u>	<u>603</u>	<u>227</u>	<u>28,868</u>

<sup>(1)</sup> The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2022 and that are still subject to enforcement activity is € 82 million (31 December 2021: € 186 million).

Note 1: Wholesale product line category includes also Public sector loans portfolio.

Note 2: "Loans and advances derecognized / reclassified as held for sale during the year" presents loans derecognized due to a) substantial modifications of the loans' contractual terms, b) securitization and sale transactions, c) debt to equity transactions and those that have been reclassified as held for sale during the year (notes 20 and 29).

**Notes to the Financial Statements**

Credit impaired loans and advances to customers

The following tables present the ageing analysis of credit impaired (Stage 3 and POCI) loans and advances by product line at their gross carrying amounts, as well as the respective impairment allowance and the value of collaterals held to mitigate credit risk.

For denounced loans, the Bank ceases to monitor the delinquency status and therefore the respective balances have been included in the 'over 360 days' time band, with the exception of consumer exposures which continue to be monitored up to 360 days past due.

	31 December 2022							
	Retail lending				Wholesale lending		Public sector	Lifetime ECL credit-impaired
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	
up to 90 days	160	38	6	107	102	220	0	632
90 to 179 days	34	11	6	17	10	23	-	100
180 to 360 days	80	24	7	44	1	44	-	199
more than 360 days	195	54	18	230	120	313	0	930
<b>Total gross carrying amount</b>	<b>468</b>	<b>126</b>	<b>36</b>	<b>398</b>	<b>233</b>	<b>599</b>	<b>0</b>	<b>1,861</b>
Impairment allowance	(177)	(102)	(33)	(202)	(130)	(258)	(0)	(902)
<b>Carrying amount</b>	<b>291</b>	<b>24</b>	<b>3</b>	<b>196</b>	<b>103</b>	<b>341</b>	<b>0</b>	<b>959</b>
Value of Collateral	374	2	-	213	119	391	0	1,099

  

	31 December 2021							
	Retail lending				Wholesale lending		Public sector	Lifetime ECL credit-impaired
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	
up to 90 days	172	39	2	111	263	271	0	858
90 to 179 days	46	16	3	23	0	22	-	110
180 to 360 days	82	30	4	41	33	30	0	220
more than 360 days	107	50	29	247	175	615	1	1,224
<b>Total gross carrying amount</b>	<b>407</b>	<b>135</b>	<b>38</b>	<b>422</b>	<b>471</b>	<b>938</b>	<b>1</b>	<b>2,412</b>
Impairment allowance	(122)	(98)	(34)	(194)	(243)	(478)	(1)	(1,170)
<b>Carrying amount</b>	<b>285</b>	<b>37</b>	<b>4</b>	<b>228</b>	<b>228</b>	<b>460</b>	<b>0</b>	<b>1,242</b>
Value of Collateral	317	3	-	202	192	508	0	1,222

Note: As at 31 December 2022, total gross carrying amount of credit impaired loans includes POCI loans of € 8 million (31 December 2021: nil).

**(b) Collaterals and repossessed assets**

Collaterals

The Loan-to-Value (LTV) ratio of the mortgage lending reflects the gross loan exposure at the balance sheet date over the market value of the property held as collateral.

The LTV ratio of the mortgage portfolio is presented below:

	31 December 2022 € million	31 December 2021 € million
<b>Mortgages</b>		
Less than 50%	2,223	2,207
50%-70%	1,715	1,625
71%-80%	1,228	1,131
81%-90%	791	764
91%-100%	804	961
101%-120%	556	624
121%-150%	421	487
Greater than 150%	486	620
<b>Total exposure</b>	<b>8,224</b>	<b>8,419</b>
<b>Average LTV</b>	<b>60.80%</b>	<b>64.37%</b>

## Notes to the Financial Statements

The breakdown of collateral and guarantees for loans and advances to customers at amortised cost is presented below:

	31 December 2022				
	Value of collateral received				Guarantees received <sup>(1)</sup>
	Real Estate	Financial	Other	Total	
	€ million	€ million	€ million	€ million	€ million
Retail Lending	8,665	289	115	9,070	705
Wholesale Lending	2,784	42	7,938	10,765	663
Public sector	-	0	0	0	-
<b>Total</b>	<b>11,449</b>	<b>332</b>	<b>8,054</b>	<b>19,835</b>	<b>1,368</b>

  

	31 December 2021				
	Value of collateral received				Guarantees received <sup>(1)</sup>
	Real Estate	Financial	Other	Total	
	€ million	€ million	€ million	€ million	€ million
Retail Lending	8,719	374	66	9,159	595
Wholesale Lending	2,174	84	7,924	10,182	285
Public sector	1	1	0	2	-
<b>Total</b>	<b>10,894</b>	<b>459</b>	<b>7,990</b>	<b>19,343</b>	<b>880</b>

<sup>(1)</sup> In addition to the above presented guarantees, from December 2021, the Bank has entered into two financial guarantees contracts 'Wave I' and 'Wave II' related to the portfolios of performing SMEs and large corporate loans of € 1.4 billion as at 31 December 2022 (31 December 2021: € 1.7 billion) and from December 2022, into the financial guarantees contract 'Wave III' related to the portfolio of performing shipping loans of € 1.6 billion (\$ 1.7 billion) (note 20).

The collaterals presented in the above table under category "Other", include assigned receivables, equipment, inventories, vessels, etc. They also include the amount of the securitized loans held by the securitizations vehicles that issued the Pillar, Cairo and Mexico senior notes. The amount of the securitized loans has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).

### Repossessed assets

The Bank recognizes collateral assets on the balance sheet by taking possession usually through legal processes or by calling upon other credit enhancements. As at 31 December 2022, the carrying amount of repossessed assets which are included in "Other assets" amounted to € 536 million (31 December 2021: € 547 million) (note 28). These assets are carried at the lower of cost and net realizable value (note 2.2.19).

The main type of collateral that the Bank repossesses against repayment or reduction of the outstanding loan is real estate. The below table presents the movement of repossessed real estate assets during the year, including a) those transferred to the appropriate category based on their use by the Bank as part of its operations i.e. investment property or own-used (notes 2.2.6, 25, and 26) and b) those reclassified to "held for sale" category (notes 29).

	31 December 2022			31 December 2021		
	Real estate			Real estate		
	Residential	Commercial	Total	Residential	Commercial	Total
	€ million	€ million	€ million	€ million	€ million	€ million
<b>Balance at 1 January</b>	<b>205</b>	<b>341</b>	<b>546</b>	203	258	461
Additions <sup>(1)</sup>	11	20	31	11	19	30
Arising from demerger (note 23)	-	-	-	-	85	85
Transfers to investment property	-	(7)	(7)	-	-	-
Disposals	(3)	(20)	(23)	(3)	(4)	(7)
Valuation losses	(3)	(8)	(11)	(2)	(1)	(3)
Held for sale (note 29)	-	-	-	(3)	(16)	(19)
Other	(1)	(1)	(2)	(1)	-	(1)
<b>Balance at 31 December</b>	<b>209</b>	<b>325</b>	<b>534</b>	205	341	546

<sup>(1)</sup> The carrying amount of the real estate properties obtained during the year and held at the year ended 31 December 2022 amounted to € 31 million (31 December 2021: € 115 million).

In addition, the Bank repossesses other types of collaterals mainly referring to equity positions due to the participation in debt for equity transactions as part of forbearance measures (see below "Debt for equity swaps"). The Bank during the year has not obtained other types of collaterals as a result of repossession (31 December 2021: € 2.9 million).



## Notes to the Financial Statements

### (c) Geographical and industry concentrations of loans and advances to customers

As described above in note 5.2.1, the Bank holds diversified portfolios across markets and countries and implements limits on concentrations arising from the geographical location or the activity of groups of borrowers that could be similarly affected by changes in economic or other conditions, in order to mitigate credit risk.

The following tables break down the Bank's exposure into loans and advances to customers and credit related commitments at their gross carrying amount and nominal amount respectively by stage, product line, industry and geographical region and impairment allowance by product line, industry and geographical region:

	31 December 2022											
	Greece				Rest of Europe				Other Countries			
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount			
	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL-Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL-Stage 3 and POCI <sup>(1)</sup>	Impairment allowance	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL-Stage 3 and POCI <sup>(1)</sup>	Impairment allowance
€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Retail Lending</b>	<b>8,407</b>	<b>3,551</b>	<b>1,023</b>	<b>(804)</b>	<b>58</b>	<b>31</b>	<b>5</b>	<b>(14)</b>	-	-	-	-
-Mortgage	4,990	2,677	463	(337)	57	31	5	(14)	-	-	-	-
-Consumer	754	177	126	(141)	0	0	0	(0)	-	-	-	-
-Credit card	543	51	36	(43)	-	-	-	-	-	-	-	-
-Small business	2,120	646	398	(283)	0	0	0	(0)	-	-	-	-
<b>Wholesale Lending</b>	<b>10,216</b>	<b>870</b>	<b>792</b>	<b>(464)</b>	<b>4,855</b>	<b>5</b>	<b>31</b>	<b>(29)</b>	<b>2,208</b>	-	<b>9</b>	<b>(8)</b>
-Commerce and services <sup>(2)</sup>	4,536	262	397	(234)	4,647	1	12	(10)	121	-	5	(5)
-Manufacturing	2,156	261	115	(88)	5	-	3	(2)	-	-	-	-
-Shipping	-	2	44	(44)	195	-	15	(16)	2,087	-	4	(3)
-Construction	1,258	50	57	(46)	8	3	1	(2)	-	-	-	-
-Tourism	862	296	176	(48)	-	-	-	-	-	-	-	-
-Energy	1,405	1	2	(3)	-	-	-	-	-	-	-	-
-Other	0	-	1	(1)	-	-	-	-	-	-	-	-
<b>Public Sector</b>	<b>25</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>18,647</b>	<b>4,422</b>	<b>1,816</b>	<b>(1,268)</b>	<b>4,913</b>	<b>35</b>	<b>37</b>	<b>(44)</b>	<b>2,208</b>	-	<b>9</b>	<b>(8)</b>
<b>Credit related Commitments</b>	<b>7,440</b>	<b>183</b>	<b>51</b>	<b>(48)</b>	<b>878</b>	<b>7</b>	<b>209</b>	<b>(174)</b>	<b>271</b>	-	<b>0</b>	<b>(0)</b>
-Loan commitments	5,427	108	2	(12)	43	1	-	(0)	240	-	-	(0)
-Financial guarantee contracts and other commitments	2,014	75	49	(36)	835	7	209	(174)	31	-	0	(0)

**Notes to the Financial Statements**

	31 December 2021											
	Greece				Rest of Europe				Other Countries			
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount			
	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	Impairment allowance € million	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	Impairment allowance € million	12-month ECL-Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	Impairment allowance € million
Retail Lending	8,685	3,415	998	(722)	68	31	4	(14)	-	-	-	-
-Mortgage	5,305	2,609	403	(257)	67	31	4	(14)	-	-	-	-
-Consumer	794	125	135	(136)	1	0	-	(0)	-	-	-	-
-Credit card	490	24	38	(46)	-	-	-	-	-	-	-	-
-Small business	2,096	657	422	(283)	0	0	-	(0)	-	-	-	-
Wholesale Lending	7,996	914	1,347	(799)	5,022	6	42	(33)	1,865	3	20	(8)
-Commerce and services <sup>(2)</sup>	3,523	408	761	(452)	4,840	2	13	(10)	331	3	8	(6)
-Manufacturing	2,084	200	170	(139)	-	-	3	(3)	-	-	-	-
-Shipping	0	3	50	(49)	168	-	19	(15)	1,534	-	12	(2)
-Construction	923	65	142	(92)	14	4	7	(5)	-	-	-	-
-Tourism	860	235	221	(60)	-	-	-	-	-	-	-	-
-Energy	606	3	0	(5)	-	-	-	-	-	-	-	-
-Other	-	0	3	(2)	0	-	0	(0)	-	-	-	-
Public Sector	30	2	1	(2)	-	-	-	-	-	-	-	-
<b>Total</b>	<b>16,711</b>	<b>4,331</b>	<b>2,346</b>	<b>(1,523)</b>	<b>5,090</b>	<b>37</b>	<b>46</b>	<b>(47)</b>	<b>1,865</b>	<b>3</b>	<b>20</b>	<b>(8)</b>
Credit related Commitments	4,471	289	73	(46)	552	1	372	(294)	169	-	0	(0)
-Loan commitments	3,034	168	23	(9)	-	-	-	-	133	-	-	(0)
-Financial guarantee contracts and other commitments	1,437	121	50	(37)	552	1	372	(294)	36	-	0	(0)

<sup>(1)</sup> Includes POCI loans of € 8 million held by operations in Greece.

<sup>(2)</sup> The operations in Rest of Europe include € 4,618 million related to the notes of the Pillar, Cairo and Mexico securitizations (31 December 2021: € 4,782 million in Rest of Europe related to the notes of the Pillar, Cairo and Mexico securitizations).

As at 31 December 2022, the carrying amount of Bank's loans measured at FVTPL of € 16 million (31 December 2021: € 23 million) was included in Wholesale lending portfolio, which was held by operations in Greece (31 December 2021: € 20 million were held by operations in Greece and € 3.5 million were held by operations in Rest of Europe).

## Notes to the Financial Statements

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### (d) Forbearance practices on lending activities

Modifications of the loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors as well as due to the potential deterioration in the borrowers' financial condition. The Bank has employed a range of forbearance solutions in order to enhance the management of customer relationships and the effectiveness of collection efforts, as well as to improve the recoverability of cash flows and minimize credit losses for both retail and wholesale portfolios.

#### *Forbearance practices' classification*

Forbearance practices as monitored and reported by the Bank, based on the European Banking Authority Implementing Technical Standards (EBA ITS) guidelines, occur only in the cases where the contractual payment terms of a loan have been modified, as the borrower is considered unable to comply with the existing loan's terms due to apparent financial difficulties, and the Bank grants a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties.

All other types of modifications granted by the Bank, where there is no apparent financial difficulty of the borrower and may be driven by factors of a business nature are not classified as forbearance measures.

#### *Forbearance solutions*

Forbearance solutions are granted following an assessment of the borrower's ability and willingness to repay and can be of a short or longer term nature. The objective is to assist financially stressed borrowers by rearranging their repayment cash outflows into a sustainable modification, and at the same time, protect the Bank from suffering credit losses. The Bank deploys targeted segmentation strategies with the objective to tailor different short or long term and sustainable management solutions to selected groups of borrowers for addressing their specific financial needs.

The nature and type of forbearance options may include but is not necessarily limited to, one or more of the following:

- arrears capitalization;
- arrears repayment plan;
- reduced payment above interest only;
- interest-only payments;
- reduced payment below interest only;
- grace period;
- interest rate reduction;
- loan term extensions;
- split balance and gradual step-up of installment payment plans;
- partial debt forgiveness/write-down;
- operational restructuring; and
- debt to equity swaps.

Specifically for unsecured consumer loans (including credit cards), forbearance programs (e.g. term extensions), are applied in combination with debt consolidation whereby all existing consumer balances are pooled together. Forbearance solutions are applied in order to ensure a sufficient decrease on installment and a viable solution for the borrower. In selected cases, the debt consolidations may be combined with mortgage prenotations to convert unsecured lending exposures to secured ones.

In the case of mortgage loans, a decrease of installment may be achieved through forbearance measures such as extended payment periods, capitalization of arrears, split balance and gradual step-up of installment payment plans.

Wholesale exposures are subject to forbearance when there are indications of financial difficulties of the borrower, evidenced by a combination of factors including the deterioration of financials, credit rating downgrade, payment delays and other.

During 2020 in response to the COVID-19 pandemic, the EBA published guidelines on payment moratoria whereby the application of a general payment moratorium that meets the requirements of the guidelines would not in itself lead to a reclassification under the definition of forbearance. However, institutions should continue to categorize the exposures as performing or non-performing in accordance with the applicable requirements. More precisely, as a general principle, before granting a forbearance measure, credit institutions should carry out an individual assessment of the repayment capacity of the borrower and grant forbearance measures tailored to the specific circumstances of the borrower in question.

Based on this, and following the internal process of individual assessments the Bank flagged as forbearance measures certain payment moratoria for accounts in the hotel sector, which were considered to have increased financial difficulties.

## Notes to the Financial Statements

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### *Debt for equity swaps*

For wholesale portfolios, the Bank on occasion participates in debt for equity transactions as part of forbearance measures, as described in note 2.2.10. In 2022, equity positions acquired by the Bank and held as of 31 December 2022 relate to the participation of 3% in Kalogirou S.A. for trade of footwear, apparel and leather goods for a nil consideration. Similarly in 2021, equity positions acquired by the Bank and held as of 31 December 2021 related to a) the participation of 100% in Village Roadshow Operations Hellas S.A. for € 1 million and b) the participation of 29.48% in Intertech S.A. – International Technologies for a cash consideration of € 1.9 million.

#### **i. Classification of Forborne loans**

Forborne loans are classified either as non-impaired (stage 2), or impaired (stage 3) by assessing their delinquency and credit quality status.

Credit impaired forborne loans enter initially a probation period of one year where the borrowers' payment performance is closely monitored. If at the end of the abovementioned period, the borrowers have complied with the terms of the program and there are no past due amounts and concerns regarding the loans' full repayment, the loans are then reported as non-impaired forborne loans (stage 2). In addition, non-impaired forborne loans, including those that were previously classified as credit impaired and complied with the terms of the program, are monitored over a period of two years. If, at the end of that period, the borrowers have made regular payments of a significant aggregate amount, there are no past due amounts over 30 days and the loans are neither credit impaired nor any other SICR criteria are met they exit forborne status and are classified as stage 1.

Particularly, the category of credit impaired forborne loans includes those that (a) at the date when forbearance measures were granted, were more than 90 days past due or assessed as unlikely to pay, (b) at the end of the one year probation period met the criteria of entering the non-impaired status and during the two years monitoring period new forbearance measures were extended or became more than 30 days past due, and (c) were initially classified as non-impaired and during the two years monitoring period met the criteria for entering the credit impaired status.

Furthermore, forborne loans that fail to perform under the new modified terms and are subsequently denounced cease to be monitored as part of the Bank's forbearance activities and are reported as denounced credit impaired loans (stage 3) consistently with the Bank's management and monitoring of all denounced loans.

#### **ii. Impairment assessment**

Where forbearance measures are extended, the Bank performs an assessment of the borrower's financial condition and its ability to repay, under the Bank's impairment policies, as described in notes 2.2.14 and 5.2.1. Accordingly, forborne loans to wholesale customers, retail individually significant exposures and financial institutions are assessed on an individual basis. Forborne retail lending portfolios are generally assessed for impairment separately from other retail loan portfolios on a collective basis as they consist of large homogenous portfolio.

#### **iii. Loan restructurings**

In cases where the contractual cash flows of a forborne loan have been substantially modified, the original forborne loan is derecognized and a new loan is recognized. The Bank records the modified asset as a 'new' financial asset at fair value and the difference with the carrying amount of the existing one is recorded in the income statement as derecognition gain or loss.

In cases where the modification as a result of forbearance measures is not considered substantial, the Bank recalculates the gross carrying amount of the loan and recognizes the difference as a modification gain or loss in the income statement. The Bank continues to monitor the modified forborne loan in order to determine if the financial asset exhibits significant increase in credit risk since initial recognition during the forbearance period.

As at 31 December 2022, the carrying amount of Bank's forborne loans measured at FVTPL was nil (31 December 2021: € 3.5 million).

The following tables present an analysis of Bank's forborne activities for loans measured at amortised cost. In order to align with the quantitative information provided in section (a) based on revised IFRS 7 requirements, the relevant tables below are presented on a gross carrying amount basis, while cumulative impairment allowance is presented separately, in line with the Bank's internal credit risk monitoring and reporting.

## Notes to the Financial Statements

The following table presents a summary of the types of the Bank's forbore activities:

	2022 € million	2021 € million
<b>Forbearance measures:</b>		
Split balance	234	424
Loan term extension	860	1,271
Arrears capitalisation	136	182
Reduced payment below interest owed	65	107
Interest rate reduction	125	217
Reduced payment above interest owed	65	80
Arrears repayment plan	127	181
Interest only	1	4
Grace period	20	46
Debt/equity swaps	8	16
Partial debt forgiveness/Write-down	1	4
Operational restructuring	14	10
Other	27	44
<b>Total gross carrying amount</b>	<b>1,684</b>	<b>2,586</b>
Less: cumulative impairment allowance	<b>(341)</b>	<b>(379)</b>
<b>Total carrying amount</b>	<b>1,343</b>	<b>2,207</b>

The following tables present a summary of the credit quality of forbore loans and advances to customers:

	31 December 2022		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
<b>Gross carrying amounts:</b>			
12-month ECL-Stage 1	25,768	-	-
Lifetime ECL-Stage 2	4,457	931	21
Lifetime ECL-Stage 3 and POCI	1,861	753	40
<b>Total Gross Amount</b>	<b>32,086</b>	<b>1,684</b>	<b>5</b>
<b>Cumulative ECL Loss allowance:</b>			
12-month ECL-Stage 1	(108)	-	
Lifetime ECL -Stage 2	(310)	(75)	
Lifetime ECL-Stage 3 and POCI of which:	(902)	(266)	
- Individually assessed	(318)	(129)	
- Collectively assessed	(584)	(137)	
<b>Total carrying amount</b>	<b>30,766</b>	<b>1,343</b>	<b>4</b>
Collateral received	19,835	1,289	
	31 December 2021		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
<b>Gross carrying amounts:</b>			
12-month ECL-Stage 1	23,666	-	-
Lifetime ECL-Stage 2	4,371	1,732	40
Lifetime ECL-Stage 3	2,412	854	35
<b>Total Gross Amount</b>	<b>30,449</b>	<b>2,586</b>	<b>8</b>
<b>Cumulative ECL Loss allowance:</b>			
12-month ECL-Stage 1	(131)	-	
Lifetime ECL - Stage 2	(277)	(97)	
Lifetime ECL-Stage 3 of which:	(1,172)	(282)	
- Individually assessed	(620)	(161)	
- Collectively assessed	(552)	(121)	
<b>Total carrying amount</b>	<b>28,869</b>	<b>2,207</b>	<b>8</b>
Collateral received	19,345	1,990	

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The following table presents the movement of forborne loans and advances:

	2022 € million	2021 € million
<b>Gross carrying amount at 1 January</b>	<b>2,586</b>	4,196
Arising from merger (note 23.1)	16	-
Forbearance measures in the year	208	248
Forborne loans derecognised/ reclassified as held for sale during the year <sup>(1)</sup>	(54)	(1,122)
Write-offs of forborne loans	(19)	(26)
Repayment of loans	(194)	(216)
Loans & advances that exited forbearance status <sup>(2)</sup>	(921)	(838)
Other	62	344
Less: cumulative impairment allowance	(341)	(379)
<b>Carrying amount at 31 December</b>	<b>1,343</b>	<b>2,207</b>

<sup>(1)</sup> "Forborne loans derecognised/ reclassified as held for sale during the year" presents loans derecognized during the year due to a) securitization/ sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the year.

<sup>(2)</sup> In 2022, an amount of € 74 million loans and advances that exited forbearance status refers to loans that were denounced (31 December 2021: € 34 million).

The following table presents the Bank's exposure to forborne loans and advances by product line:

	31 December 2022 € million	31 December 2021 € million
<b>Retail Lending</b>	<b>1,037</b>	1,807
- Mortgage	711	1,305
- Consumer	55	74
- Credit card	16	0
- Small business	256	428
<b>Wholesale Lending</b>	<b>647</b>	779
- Large corporate	185	215
- SMEs	462	564
<b>Total gross carrying amount</b>	<b>1,684</b>	2,586
Less: cumulative impairment allowance	(341)	(379)
<b>Total carrying amount</b>	<b>1,343</b>	<b>2,207</b>

The following table presents the Bank's exposure to forborne loans and advances by geographical region:

	31 December 2022 € million	31 December 2021 € million
Greece	1,647	2,543
Rest of Europe	37	38
Other countries	0	5
<b>Total gross carrying amount</b>	<b>1,684</b>	2,586
Less: cumulative impairment allowance	(341)	(379)
<b>Total carrying amount</b>	<b>1,343</b>	<b>2,207</b>

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The following table provides information on modifications due to forbearance measures on lending exposures which have not resulted in derecognition. Such financial assets were modified while they had a loss allowance measured at an amount equal to lifetime ECL.

<b>Modified lending exposures</b>	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
<b>Loans modified during the year with loss allowance measured at an amount equal to lifetime ECL</b>		
Gross carrying amount at 31 December	350	574
Modification gain/(loss)	3	21
<b>Loans modified since initial recognition at a time when loss allowance was based on lifetime ECL</b>		
Gross carrying amount at 31 December for which loss allowance has changed to 12-month	336	572

In the year ended 31 December 2022, the gross carrying amount of loans previously modified for which the loan allowance has reverted to being measured at an amount equal to lifetime ECL amounted to € 333 million (31 December 2021: € 467 million).

**5.2.1.3 Debt Securities**

The following tables present an analysis of debt securities by external credit rating agency designation at 31 December 2022 and 2021, based on Moody's ratings or their equivalent:

	<b>31 December 2022</b>			
	<b>12-month ECL- Stage 1 € million</b>	<b>Lifetime ECL- Stage 2 € million</b>	<b>Lifetime ECL- Stage 3 € million</b>	<b>Total € million</b>
<b>Debt securities at amortised cost</b>				
Aaa	1,821	-	-	1,821
Aa1 to Aa3	17	-	-	17
A1 to A3	91	-	-	91
Lower than A3	5,737	6	7	5,750
Unrated	74	-	26	100
Gross Carrying Amount	<u>7,740</u>	<u>6</u>	<u>33</u>	<u>7,779</u>
Impairment Allowance	<u>(12)</u>	<u>(0)</u>	<u>(10)</u>	<u>(22)</u>
Carrying Amount	<u>7,728</u>	<u>6</u>	<u>23</u>	<u>7,757</u>
<b>Debt securities at FVOCI</b>				
Aaa	150	-	-	150
Aa1 to Aa3	116	-	-	116
A1 to A3	192	-	-	192
Lower than A3	1,874	71	-	1,945
Unrated	58	-	-	58
Carrying amount	<u>2,390</u>	<u>71</u>	<u>-</u>	<u>2,461</u>
<b>31 December 2021</b>				
	<b>12-month ECL- Stage 1 € million</b>	<b>Lifetime ECL- Stage 2 € million</b>	<b>Total € million</b>	
<b>Debt securities at amortised cost</b>				
Aaa	393	-	393	
Lower than A3	3,545	-	3,545	
Gross Carrying Amount	<u>3,938</u>	<u>-</u>	<u>3,938</u>	
Impairment Allowance	<u>(6)</u>	<u>-</u>	<u>(6)</u>	
Carrying Amount	<u>3,932</u>	<u>-</u>	<u>3,932</u>	
<b>Debt securities at FVOCI</b>				
Aaa	391	-	391	
Aa1 to Aa3	148	-	148	
A1 to A3	343	-	343	
Lower than A3	3,917	9	3,926	
Unrated	128	-	128	
Carrying amount	<u>4,927</u>	<u>9</u>	<u>4,936</u>	



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	31 December 2022	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
<b>Debt securities at FVTPL</b>		
Aa1 to Aa3	-	-
Lower than A3	69	0
Carrying Amount	69	0

  

	31 December 2021	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
<b>Debt Securities at FVTPL</b>		
Aa1 to Aa3	-	1
Lower than A3	50	0
Carrying Amount	50	1

The carrying amount of debt securities rated lower than A3 includes: a) € 5,413 million related to Greek sovereign debt (31 December 2021: € 5,247 million), b) € 275 million related to Eurozone members sovereign debt (31 December 2021: € 580 million), c) € 331 million related to sovereign debt issued mainly by European Union members and candidate members (31 December 2021: € 244 million) and d) € 1,730 million corporate and banks' securities (31 December 2021: € 1,443 million) of which € 915 million refer to Greek issuers (31 December 2021: € 688 million) and € 629 million to other European issuers (31 December 2021: € 601 million). The carrying amount of unrated debt securities of € 151 million (31 December 2021: € 128 million) comprise € 132 million Greek corporate bonds (31 December 2021: € 128 million) and € 19 million Russian corporate bonds (see below).

Following the significant worldwide restrictions and sanctions introduced against Russia, resulting in significant uncertainty on the ability of the Russian debt issuers to repay their obligations on foreign currency-denominated bonds, as of 31 March 2022 the Bank has classified its Russian debt exposures as credit impaired. Following the repayment of a Russian government bond of carrying value € 12 million in April 2022, the carrying value of the said debt exposures was € 19 million as at 31 December 2022, including an impairment allowance of € 7 million. The following tables present the Bank's exposure in debt securities, as categorized by stage, counterparty's geographical region and industry sector:

	31 December 2022							
	Greece		Other European countries			Other countries		Total
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 3 € million	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	12-month ECL- Stage 1 € million	Lifetime ECL-Stage 2 € million	
<b>Debt securities at amortised cost</b>								
Sovereign	4,379	-	200	-	-	830	-	5,409
Banks	685	-	93	-	-	-	-	778
Corporate	241	7	798	3	26	514	3	1,592
Gross Carrying Amount	5,305	7	1,091	3	26	1,344	3	7,779
Impairment Allowance	(9)	(3)	(2)	(0)	(7)	(1)	(0)	(22)
Net Carrying Amount	5,296	4	1,089	3	19	1,343	3	7,757
<b>Debt securities at FVOCI</b>								
Sovereign	976	-	234	48	-	205	-	1,463
Banks	-	-	86	3	-	-	-	89
Corporate	163	-	446	15	-	280	5	909
Carrying Amount	1,139	-	766	66	-	485	5	2,461

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	31 December 2021						
	Greece		Other European countries		Other countries		Total € million
	12-month ECL- Stage 1	Lifetime ECL- Stage 2	12-month ECL- Stage 1	12-month ECL- Stage 1	Lifetime ECL- Stage 2		
	€ million	€ million	€ million	€ million	€ million		
Debt securities at amortised cost							
Sovereign	3,162	-	63	-	-	3,225	
Banks	284	-	36	-	-	320	
Corporate	-	-	232	161	-	393	
Gross Carrying Amount	3,446	-	331	161	-	3,938	
Impairment Allowance	(6)	-	(0)	(0)	-	(6)	
Net Carrying Amount	3,440	-	331	161	-	3,932	
Debt securities at FVOCI							
Sovereign	2,074	-	882	333	-	3,289	
Banks	156	-	177	-	-	333	
Corporate	373	7	657	275	2	1,314	
Carrying Amount	2,603	7	1,716	608	2	4,936	

31 December 2022		
Greece	Other European countries	Total
€ million	€ million	€ million

**Debt securities at FVTPL**

Corporate	0	-	0
Carrying amount	0	-	0

**Debt held for trading**

Sovereign	63	6	69
Carrying amount	63	6	69

31 December 2021			
Greece	Other European countries	Other countries	Total
€ million	€ million	€ million	€ million

Debt securities at FVTPL

Corporate	0	1	-	1
Carrying amount	0	1	-	1

Debt securities held for trading

Sovereign	14	-	-	14
Corporate	-	23	13	36
Carrying amount	14	23	13	50

**5.2.1.4 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset according to IAS 32 'Financial Instruments and the net amount is presented in the balance sheet when, there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously (the offsetting criteria), as also set out in Bank's accounting policy 2.2.4.

In 2022, following the change in the volume and market terms of the Bank's positions in CCP (Central Counterparty) cleared OTC derivative financial instruments, there was a significant increase in the balances of the related cash accounts used for variation margin purposes reaching ca. € 1 billion liability, as at 31 December 2022 (2021: ca. € 0.2 billion asset). The Bank has assessed the terms of the clearing agreements for these derivatives entered into with Clearing Members, as at 31 December 2022. The Bank has concluded

## Notes to the Financial Statements

that the offsetting criteria are met, as at 31 December 2022, in respect of the cash accounts used for variation margin purposes for such derivatives, which are also used for the settlement of all payments thereunder, and accordingly derivative assets of € 1,376 million and derivative liabilities of € 444 million (note 19) were offset against € 932 million cash collateral received (note 31). Financial instruments that meet the offsetting criteria include also the eligible repos and reverse repos under global master repurchase agreements (GMRAs).

Financial instruments under master netting arrangements and similar agreements that do not meet the criteria for offsetting in the balance sheet include derivatives (bilateral agreements) as well as repos and reverse repos, for which a) the right of set-off is enforceable only following an event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events and/or b) the Bank and its counterparties may not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

The following tables present financial assets and financial liabilities that meet the criteria for offsetting and thus are presented on a net basis in the balance sheet, as well as amounts that are subject to enforceable master netting arrangements and similar agreements for which the offsetting criteria mentioned above are not satisfied. In respect of the latter, the Bank may receive and provide collateral in the form of marketable securities and cash that are included in the tables below under columns 'financial instruments' and 'cash collateral'.

	31 December 2022					
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not offset in the BS		
Financial instruments (incl. non-cash collateral) € million				Cash collateral received € million	Net amount € million	
<b>Financial Assets</b>						
Reverse repos with banks	116	(114)	2	(2)	-	-
Derivative financial instruments	2,582	(1,376)	1,205	(721)	(235)	249
<b>Total</b>	<b>2,698</b>	<b>(1,490)</b>	<b>1,207</b>	<b>(723)</b>	<b>(235)</b>	<b>249</b>

	31 December 2022					
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not offset in the BS		
Financial instruments (incl. non-cash collateral) € million				Cash collateral pledged € million	Net amount € million	
<b>Financial Liabilities</b>						
Repurchase agreements with banks	2,569	(114)	2,455	(2,455)	-	-
Derivative financial instruments	2,081	(444)	1,638	(721)	(239)	678
Deposits from banks received as collateral	1,237	(932)	305	(235)	-	70
<b>Total</b>	<b>5,887</b>	<b>(1,490)</b>	<b>4,398</b>	<b>(3,411)</b>	<b>(239)</b>	<b>748</b>

	31 December 2021					
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Related amounts not offset in the BS		
Financial instruments (incl. non-cash collateral) € million				Cash collateral received € million	Net amount € million	
<b>Financial Assets</b>						
Reverse repos with banks	622	(591)	31	(31)	-	-
Derivative financial instruments	1,955	-	1,955	(1,816)	(41)	98
<b>Total</b>	<b>2,577</b>	<b>(591)</b>	<b>1,986</b>	<b>(1,847)</b>	<b>(41)</b>	<b>98</b>

**Notes to the Financial Statements**

	31 December 2021					
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Related amounts not offset in the BS		
				Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Repurchase agreements with banks	2,643	(591)	2,052	(2,052)	-	-
Derivative financial instruments	2,408	-	2,408	(707)	(1,649)	52
<b>Total</b>	<b>5,051</b>	<b>(591)</b>	<b>4,460</b>	<b>(2,759)</b>	<b>(1,649)</b>	<b>52</b>

Derivative financial assets and liabilities not under master netting arrangements and similar agreements of carrying value of € 9 million and € 59 million, respectively, (31 December 2021: € 4 million and € 6 million, respectively) are not presented in the above tables.

Financial assets and financial liabilities are disclosed in the above tables at their recognized amounts, either at fair value (derivative assets and liabilities) or amortized cost (all other financial instruments), depending on the type of financial instrument.

**5.2.2 Market risk**

The Bank takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities, can affect the Bank’s income or the fair value of its financial instruments. The market risks, the Bank is exposed to, are monitored, controlled and estimated by Group Market and Counterparty Risk Sector (GMCRS).

GMCRS is responsible for the measurement, monitoring, control and reporting of all market risks, including the interest rate risk in the Banking Book (IRRBB) of the Bank. The Sector reports to the GCRO and its main responsibilities include:

- Monitoring of all key market & IRRBB risk indicators (VaR, sensitivities etc.)
- Implementation of Stress Testing methodologies for market risk and IRRBB (historical and hypothetical)
- Monitoring and reporting of market and IRRBB risk limits utilization
- Development, maintenance and expansion of risk management infrastructure

The market risks the Bank is exposed to, are the following:

**(a) Interest rate risk**

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flows and the fair value of its financial positions. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into ‘General’ and ‘Specific’. The former refers to changes in the fair valuation of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair valuation of positions due to the movements of specific issuer yields and credit spreads.

**(b) Currency risk**

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

**(c) Equity risk**

Equity price risk is the risk of the decrease of fair values as a result of changes in the levels of equity indices and the value of individual stocks. The equity risk that the Bank undertakes arises mainly from the investment portfolio.

**(d) Implied volatilities**

The Bank carries limited implied volatility (vega) risk, mainly as a result of open positions on options.

The Board’s Risk Committee sets limits on the level of exposure to market risks, which are monitored on a daily basis.

Market risk is managed and monitored mainly using Value at Risk (VaR) methodology. Sensitivity and stress test analysis is additionally performed.

## Notes to the Financial Statements

### (i) VaR summary for 2022 and 2021

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Bank measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

The perimeter of the VaR analysis takes into account the FVTPL, including trading and FVOCI portfolios. Consequently, the potential impact as it is depicted in the VaR figures would directly affect Bank's Capital (income statement or equity).

Since VaR constitutes an integral part of the Bank's market risk control regime, VaR limits have been established for all the above operations (trading and investment portfolios measured at fair value) and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

#### VaR by risk type <sup>(1)</sup>

	<b>2022</b> <b>(Average)</b> <b>€ million</b>	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>(Average)</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Interest Rate Risk	<b>21</b>	<b>8</b>	14	13
Foreign Exchange Risk	<b>0</b>	<b>0</b>	0	0
Equities Risk	<b>2</b>	<b>4</b>	0	0
<b>Total VaR</b>	<b>22</b>	<b>10</b>	14	13

<sup>(1)</sup> Includes all portfolios measured at fair value.

The aggregate VaR of the interest rate, foreign exchange and equities VaR benefits from diversification effects. The largest portion of the Bank's interest rate VaR figures is attributable to the risk associated with interest rate and credit spread sensitive debt securities and derivatives. The average VaR of 2022 is materially increased, as compared to the average VaR of 2021, due to geopolitical tension (i.e. war in Ukraine) and the relevant extreme volatility observed in the markets (especially between March and May), along with the market perception regarding Central Banks' monetary policy in the following years. Equity Risk VaR is also increased due to the Bank's investment in Hellenic Bank which is in line with the Bank's strategy to further strengthen its presence in its core markets.

### (ii) Interest rate gap and sensitivity

The following table provides the interest rate repricing gap of the Bank, which analyses the structure of interest rate mismatches within the balance sheet. The Bank's financial assets/liabilities are included at their notional/outstanding amounts and categorized based on either (i) the next contractual repricing date if floating rate or (ii) the maturity/call date (whichever is first) if fixed rate. The below analysis provides an approximation of the interest rate risk exposure since transactions with different duration are aggregated together per time bucket. The interest rate gap analysis is prepared from 31 December 2022 onwards.

**Notes to the Financial Statements**

	31 December 2022				
	Less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Balances with central banks	9,371	-	-	-	-
Due to credit institutions	1,290	318	230	80	60
Debt securities <sup>(1)</sup>	28	67	142	3,835	5,402
Loans and advances to customers	13,456	5,443	7,574	2,412	2,478
	<b>24,144</b>	<b>5,827</b>	<b>7,945</b>	<b>6,327</b>	<b>7,940</b>
Due to central banks	(8,015)	-	-	-	-
Due to credit institutions	(2,486)	(1,346)	(200)	-	-
Due to customers	(35,326)	(2,485)	(1,981)	(74)	-
Debt securities in issue	(2)	-	(5)	(2,025)	(1,700)
	<b>(45,828)</b>	<b>(3,831)</b>	<b>(2,186)</b>	<b>(2,099)</b>	<b>(1,700)</b>
Derivative financial instruments	4,898	(138)	(414)	95	(4,401)
Interest rate gap	<b>(16,786)</b>	<b>1,859</b>	<b>5,346</b>	<b>4,324</b>	<b>1,840</b>

<sup>(1)</sup> Including short positions in debt securities (note 34)

The Bank performs a sensitivity analysis to assess the impact on net interest income (NII) and on other comprehensive income (OCI), to a hypothetical change in the market interest rates.

The impact on NII is calculated under the scenario of an instantaneous parallel shift of all interest rates by +/- 100 bps, for a 1-year period, assuming a static balance sheet approach. As at 31 December 2022 the impact on NII, under the scenario of a parallel shift in the yield curves, stands at € 157 million (+100 bps) and € -192 million (-100 bps).

The impact on OCI is calculated as the fair value movement of all financial assets measured at FVOCI, net of hedging and of any hedging instruments designated in qualifying cash flow hedge relationships. As at 31 December 2022 the impact on OCI, under the scenario of a parallel shift in the yield curves, stands at € -29 million (+100bps) and € 30 million (-100bps).

**Notes to the Financial Statements**
**(ii) Foreign exchange risk**

The following tables present the Bank's exposure to foreign currency exchange risk as at 31 December 2022 and 2021:

	31 December 2022							Total
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	
<b>ASSETS</b>								
Cash and balances with central banks	9	1	-	-	-	6	9,696	9,712
Due from credit institutions	145	4	23	76	0	25	1,904	2,177
Securities held for trading	-	-	-	-	-	-	69	69
Derivative financial instruments	29	0	0	50	-	0	1,136	1,215
Loans and advances to customers	2,472	1,981	8	-	0	7	26,151	30,619
Investment securities	974	-	-	-	-	264	9,249	10,487
Other assets <sup>(1)</sup>	7	74	61	160	189	5	9,668	10,164
Assets of disposal groups classified as held for sale (note 29)	-	-	-	-	-	-	81	81
<b>Total Assets</b>	<b>3,636</b>	<b>2,060</b>	<b>92</b>	<b>286</b>	<b>189</b>	<b>307</b>	<b>57,954</b>	<b>64,524</b>
<b>LIABILITIES</b>								
Due to central banks and credit institutions	491	1	2	0	0	37	11,454	11,985
Derivative financial instruments	33	1	0	129	0	1	1,532	1,696
Due to customers	3,288	23	0	0	0	171	36,774	40,256
Debt securities in issue	73	73	-	-	-	5	3,514	3,665
Other Liabilities	3	-	15	0	-	0	1,320	1,338
Liabilities of disposal group classified as held for sale (note 29)	-	-	-	-	-	-	1	1
<b>Total Liabilities</b>	<b>3,888</b>	<b>98</b>	<b>17</b>	<b>129</b>	<b>0</b>	<b>214</b>	<b>54,595</b>	<b>58,941</b>
<b>Net on balance sheet position</b>	<b>(252)</b>	<b>1,962</b>	<b>75</b>	<b>157</b>	<b>189</b>	<b>93</b>	<b>3,359</b>	<b>5,583</b>
<b>Derivative forward foreign exchange position</b>	<b>19</b>	<b>(1,962)</b>	<b>(15)</b>	<b>-</b>	<b>(507)</b>	<b>(104)</b>	<b>2,507</b>	<b>(62)</b>
<b>Total Foreign Exchange Position</b>	<b>(233)</b>	<b>0</b>	<b>60</b>	<b>157</b>	<b>(318)</b>	<b>(11)</b>	<b>5,866</b>	<b>5,521</b>
<b>31 December 2021</b>								
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	Total € million
<b>ASSETS</b>								
Cash and balances with central banks	8	1	-	-	-	5	8,359	8,373
Due from credit institutions	103	6	23	0	3	42	2,923	3,100
Securities held for trading	3	-	-	-	-	0	47	50
Derivative financial instruments	40	1	-	50	0	0	1,868	1,959
Loans and advances to customers	2,199	2,102	11	-	0	10	24,570	28,892
Investment securities	413	-	-	-	-	102	8,479	8,994
Other assets <sup>(1)</sup>	15	0	45	233	189	1	9,688	10,171
Assets classified as held for sale (note 29)	-	-	-	-	6	-	59	65
<b>Total Assets</b>	<b>2,781</b>	<b>2,110</b>	<b>79</b>	<b>283</b>	<b>198</b>	<b>160</b>	<b>55,993</b>	<b>61,604</b>
<b>LIABILITIES</b>								
Due to central banks and credit institutions	295	2	1	0	0	40	13,371	13,709
Derivative financial instruments	44	0	0	182	0	0	2,188	2,414
Due to customers	2,678	21	0	0	0	164	34,358	37,221
Debt securities in issue	38	-	-	-	-	-	2,552	2,590
Other Liabilities	7	0	15	0	-	1	1,163	1,186
Liabilities of disposal group classified as held for sale (note 29)	-	-	-	-	-	-	37	37
<b>Total Liabilities</b>	<b>3,062</b>	<b>23</b>	<b>16</b>	<b>182</b>	<b>0</b>	<b>205</b>	<b>53,669</b>	<b>57,157</b>
<b>Net on balance sheet position</b>	<b>(281)</b>	<b>2,087</b>	<b>63</b>	<b>101</b>	<b>198</b>	<b>(45)</b>	<b>2,324</b>	<b>4,447</b>
<b>Derivative forward foreign exchange position</b>	<b>80</b>	<b>(2,086)</b>	<b>(23)</b>	<b>-</b>	<b>(506)</b>	<b>43</b>	<b>2,479</b>	<b>(13)</b>
<b>Total Foreign Exchange Position</b>	<b>(201)</b>	<b>1</b>	<b>40</b>	<b>101</b>	<b>(308)</b>	<b>(2)</b>	<b>4,803</b>	<b>4,434</b>

<sup>(1)</sup> Other assets include shares in subsidiaries, Investments in associates and joint ventures, Property and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.



## Notes to the Financial Statements

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### 5.2.3 Liquidity risk

The Bank is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long term notes, maturity of secured or unsecured funding (interbank repos and money market takings), loan drawdowns and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market), on risk mitigation contracts (CSAs, GMRAs) and on centrally cleared transactions (CCPs) result in liquidity exposure. The Bank maintains cash resources to meet all of these needs. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for banks 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 Bank.

#### Liquidity Risk Management Framework

The Bank's Liquidity Risk Policy defines the following supervisory and control structure:

- Board Risk Committee's role is to approve all strategic liquidity risk management decisions and to monitor the quantitative and qualitative aspects of liquidity risk;
- Group Assets and Liabilities Committee has the mandate to form and implement the liquidity policies and guidelines in conformity with Bank's risk appetite, and to review at least monthly the overall liquidity position of the Bank;
- Group Treasury is responsible for the implementation of the Bank's liquidity strategy, taking into account the latest funding plan and for the daily management of the Bank's liquidity;
- Group Market and Counterparty Risk Sector is responsible for measuring, controlling monitoring and reporting the liquidity risk of the Bank.

The main items related to liquidity risk that are monitored on a periodic basis as summarized as follows:

- The analysis of liquidity buffer held on Group level per asset type and per subsidiary;
- The Liquidity Coverage Ratio (LCR) both in solo and group level;
- The Net Stable Funding Ratio (NSFR) both in solo and group level;
- Liquidity stress test scenarios. These scenarios evaluate the impact of a number of stress events on the Group's liquidity position;
- Market sensitivities affecting liquidity;
- The Additional Liquidity Monitoring Metrics (ALMM) both in solo and group level;
- The Asset Encumbrance (AE) both in solo and group level.
- Monitoring and implementation of the funding plan

#### Maturity analysis of assets and assets held for managing liquidity risk

The following tables present maturity analysis of Bank assets as at 31 December 2022 and 2021, based on their carrying values. Loans without contractual maturities are presented in the 'less than 1 month' time bucket. The Bank has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Under these contracts the Bank has posted or received collateral, which covers the corresponding net liabilities or net assets from derivative transactions. The collateral posted is not presented in the below tables. For derivative assets not covered by ISDA/CSA agreements the positive valuation is presented at fair value in the 'over 1 year' time bucket.

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	31 December 2022				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Total
	€ million	€ million	€ million	€ million	€ million
- Cash and balances with central banks	9,712	-	-	-	9,712
- Due from credit institutions	218	514	57	644	1,433
- Loans and advances to customers	1,614	618	2,533	25,854	30,619
- Debt Securities	55	68	142	10,022	10,287
- Equity Securities	-	-	-	268	268
- Derivative financial instruments	-	-	-	9	9
- Other assets <sup>(1)</sup>	72	19	10	10,063	10,164
- Assets of disposal groups classified as held for sale (note 29)	-	-	81	-	81
<b>Total</b>	<b>11,671</b>	<b>1,219</b>	<b>2,823</b>	<b>46,860</b>	<b>62,573</b>

	31 December 2021				
	Less than 1 month	1 - 3 months	3 months to 1 year	Over 1 year	Total
	€ million	€ million	€ million	€ million	€ million
- Cash and balances with central banks	8,373	-	-	-	8,373
- Due from credit institutions	205	317	243	442	1,207
- Loans and advances to customers	1,581	363	2,659	24,289	28,892
- Debt Securities	170	29	602	8,118	8,919
- Equity Securities	-	-	-	125	125
- Derivative financial instruments	-	-	-	101	101
- Other assets <sup>(1)</sup>	72	19	10	10,070	10,171
- Assets of disposal groups classified as held for sale	-	6	59	-	65
<b>Total</b>	<b>10,401</b>	<b>734</b>	<b>3,573</b>	<b>43,145</b>	<b>57,853</b>

<sup>(1)</sup> Other assets include shares in subsidiaries, Investments in associates and joint ventures, Property and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

The Bank holds a diversified portfolio of cash and highly liquid assets to support payment obligations and contingent deposit withdrawals in a stressed market environment. The Bank's assets held for managing liquidity risk comprise:

- (a) Cash and balances with central banks;
- (b) Eligible bonds and other financial assets for collateral purposes; and
- (c) Current accounts with banks and interbank placings maturing within one month.

**Maturity analysis of liabilities**

The amounts disclosed in the tables below are the contractual undiscounted cash flows for the years 2022 and 2021. Liabilities without contractual maturities (sight and saving deposits) are presented in the 'less than 1 month' time bucket. The Bank has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Bank has already posted collateral which covers the valuation of its net liabilities from interbank derivatives. For derivative liabilities not covered by ISDA/CSA agreements the negative valuation is presented at fair value 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 at maturity and they will not be rolled over (e.g. all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote.

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	31 December 2022				Gross nominal (inflow)/ outflow € million
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	
	<b>Non-derivative liabilities:</b>				
- Due to central banks and credit institutions	1,714	2,005	4,420	4,250	12,389
- Due to customers	35,621	2,583	1,996	76	40,276
- Debt securities in issue	37	7	141	4,395	4,579
- Lease liabilities	2	5	21	105	133
- Other liabilities	601	280	329	-	1,210
- Liabilities of disposal group classified as held for sale (note 29)	-	-	1	-	1
	<b>37,975</b>	<b>4,880</b>	<b>6,908</b>	<b>8,826</b>	<b>58,588</b>
<b>Derivative financial instruments:</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23</b>

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	3,503	5,536
Contractual commitments <sup>(1)</sup>	26	-
<b>Total</b>	<b>3,529</b>	<b>5,536</b>

	31 December 2021				Gross nominal (inflow)/ outflow € million
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	
	<b>Non-derivative liabilities:</b>				
- Due to central banks and credit institutions	1,672	826	1,857	9,244	13,599
- Due to customers	31,989	2,531	2,700	4	37,224
- Debt securities in issue	31	1	60	2,737	2,829
- Lease liabilities	2	5	20	152	179
- Other liabilities	212	330	473	-	1,015
- Liabilities of disposal group classified as held for sale	-	-	37	-	37
	<b>33,906</b>	<b>3,693</b>	<b>5,147</b>	<b>12,137</b>	<b>54,883</b>
<b>Derivative financial instruments:</b>	<b>17</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17</b>

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	1,033	4,895
Contractual commitments <sup>(1)</sup>	27	-
<b>Total</b>	<b>1,060</b>	<b>4,895</b>

<sup>(1)</sup> It refers to contractual commitments for the purchase of own used and investment property and intangible assets (note 41).

**5.2.4 Interest Rate Benchmark reform – IBOR reform**

During 2022, the Bank's IBOR transition program managed successfully the transition of IBOR rates that ceased after 31 December 2021 (CHF, GBP, JPY, 1W and 2M USD and EUR Libor) to the new risk-free rates (RFRs). In particular, the Bank's financial instruments, referencing the abovementioned IBOR rates, have transitioned to the new RFRs on their first repricing date within 2022 for loan and deposit contracts and through the activation of fallback clauses for derivatives.

Currently, the Bank focuses on the exposures referencing the remaining USD LIBOR tenors ahead of 30 June 2023 scheduled cessation date.

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As at 31 December 2022, the Bank's exposures subject to transition to the new RFRs that mature after the IBORs' cessation dates specified above are presented in the below table:

	<b>As at 31 December 2022</b>
	<b>Benchmark rates Impacted by IBOR reform</b>
	<b>USD LIBOR <sup>(4)</sup></b>
	<b>€ million</b>
<b>Non-derivative financial assets <sup>(1)</sup></b>	
Loans & Advances to customers	1,530
	<b>1,530</b>
<b>Non-derivative financial liabilities <sup>(2)</sup></b>	
Due to customers	21
	<b>21</b>
<b>Derivative financial instruments <sup>(3)</sup></b>	
Derivatives designated in hedges	309
Trading derivatives	1,892
	<b>2,201</b>

<sup>(1)</sup> Balances provided are the gross carrying amounts (excl. ECL)

<sup>(2)</sup> Balances provided are at amortized cost

<sup>(3)</sup> Balances provided are the notional amounts

<sup>(4)</sup> Excluding exposures to USD LIBORs that have a contractual maturity date before their planned cessation date.

### 5.2.5 Climate-related risk

The Bank has recognized climate change as a material risk and based on supervisory guidelines, is adapting its policies and methodologies for identifying and monitoring the relevant risks.

Specifically, climate risk is the risk deriving from potential loss or negative impact to the Bank, including loss/damage to physical assets, disruption of business or system failures, from the adverse effects of climate change and natural disasters.

Climate-related and environmental risks are commonly understood to include the following risks:

- Physical risk, which refers to the financial impact of a changing climate, including more frequent extreme weather events and gradual changes in climate, as well as of environmental degradation, such as air, water and land pollution, water stress, biodiversity loss and deforestation.
- Transition risk, which refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

The Bank is adopting a strategic approach towards sustainability, climate change risk identification and risk management, signifying the great importance that is given in the risks and opportunities arising from the transitioning to a low-carbon and more circular economy. In this context, the Bank is in the process of finalizing its Financed Impact Strategy, which will focus on:

- Clients' engagement and awareness to adapt their business so as to address climate change challenges
- Actions for supporting customers in their transition efforts towards a more ESG-friendly economic environment
- Enablers and tools such as frameworks and products to underpin Sustainable Financing
- The risk assessment of climate-related material exposures

In line with good practices identified by the ECB, the Financed Impact Strategy of the Bank will focus on sustainable financing targets / commitments. In particular, the Bank identified total portfolio and sectoral targets with regards to financing the green transition of its clients. To facilitate the classification of sustainable/green financing opportunities in a structural manner, the Bank has developed its Sustainable Finance Framework (SFF). Through its SFF, the Bank classifies sustainable lending solutions offered to its customers, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). Similar initiatives for the establishment of SFF framework is under way in the subsidiaries.

Furthermore, the Bank has updated its governance structure by introducing and defining the roles and responsibilities in relation to climate related & environmental (CR&E) risks, embedding regulatory guidelines and market practices.

The CR&E Risk Governance involves various key stakeholders (i.e. Business functions, Units, and Committees). The Group applies a model of defined roles and responsibilities regarding the management of CR&E risks across the 3 Lines of Defense.

## Notes to the Financial Statements

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The Climate Risk Division (GCRD) has the overall responsibility for overseeing, monitoring, and managing CR&E risks. Specifically, the GCRD operates as Project office responsible for the implementation of the Climate related and Environmental risks roadmap, with a coordinating and supervisory role on all related project streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations. In this context, GCRD ensures the implementation of environmental and sustainability initiatives (frameworks, policies, procedures and products) and compliance with existing and upcoming sustainability-related regulations, under an ongoing bank-wide program, in alignment with the supervisory agreed roadmap, which is accelerated where possible. Also, GCRD is responsible for the co-ordination with Business and Risk Units, the preparation and submission for approval of the Financed Impact Strategy, as well as monitors its implementation. Furthermore, the GCRD leads the 2nd Line of Defense independent sustainable lending re-assessment process. Specifically, in the context of implementing the approved Sustainable Finance Framework (SFF), the Division is responsible to assess the sustainability features of new loans and products according to the criteria set within the SFF.

### Climate risk stress test

In 2022, the Bank participated in the supervisory climate risk stress test launched by the European Central Bank (ECB) to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk.

Further information regarding the climate risk stress test is included in the consolidated financial statements of Eurobank Holdings for the year ended 31 December 2022.

### 5.3 Fair value of financial assets and liabilities

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

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

- (a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Bank can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the Bank, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.
- (b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over the counter (OTC) derivatives, less liquid debt instruments held or issued by the Bank and equity instruments.
- (c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers including securitized notes of loan portfolios originated by the Bank and recognized in financial assets and certain debt securities held or issued by the Bank.

## Notes to the Financial Statements

### Financial instruments carried at fair value

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

	31 December 2022			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	69	-	-	69
Investment securities at FVTPL	34	13	127	174
Derivative financial instruments <sup>(1)</sup>	0	1,209	6	1,215
Investment securities at FVOCI	2,387	169	-	2,556
Loans and advances to customers mandatorily at FVTPL	-	-	16	16
<b>Financial assets measured at fair value</b>	<b>2,490</b>	<b>1,391</b>	<b>149</b>	<b>4,030</b>
Derivative financial instruments <sup>(1)</sup>	0	1,696	-	1,696
Trading liabilities	419	-	-	419
<b>Financial liabilities measured at fair value</b>	<b>419</b>	<b>1,696</b>	<b>-</b>	<b>2,115</b>

  

	31 December 2021			
	Level 1	Level 2	Level 3	Total
	€ million	€ million	€ million	€ million
Securities held for trading	50	-	-	50
Investment securities at FVTPL	29	15	38	82
Derivative financial instruments	-	1,959	0	1,959
Investment securities at FVOCI	4,753	227	-	4,980
Loans and advances to customers mandatorily at FVTPL	-	-	23	23
<b>Financial assets measured at fair value</b>	<b>4,832</b>	<b>2,201</b>	<b>61</b>	<b>7,094</b>
Derivative financial instruments	-	2,414	-	2,414
Trading liabilities	43	-	-	43
<b>Financial liabilities measured at fair value</b>	<b>43</b>	<b>2,414</b>	<b>-</b>	<b>2,457</b>

<sup>(1)</sup> Amounts are after offsetting € 1,376 million and € 444 million level 2 derivative financial assets and liabilities, respectively, against cash collateral received (note 5.2.1.4).

The Bank recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. During the year ended 31 December 2022, the Bank transferred OTC derivative instruments of € 9 million from Level 2 to Level 3 following the assessment on the significance of the CVA adjustment to their entire fair value measurement, calculated based on internal rating models.

### Reconciliation of Level 3 fair value measurements

	2022	2021
	€ million	€ million
<b>Balance at 1 January</b>	<b>61</b>	<b>71</b>
Transfers into Level 3	9	0
Transfers out of Level 3	(0)	(0)
Additions, net of disposals and redemptions (note 24) <sup>(1)</sup>	87	(10)
Total gain/(loss) for the year included in profit or loss	(9)	2
Total gain/(loss) for the year included in other comprehensive income	0	-
Foreign exchange differences and other	1	(2)
<b>Balance at 31 December</b>	<b>149</b>	<b>61</b>

<sup>(1)</sup> Including capital returns on equity instruments.

### Bank's valuation processes and techniques

The Bank's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Bank's accounting policies. The Bank uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable

## Notes to the Financial Statements

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market data and require little management estimation and judgment. Specifically, observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

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

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

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

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

Unquoted equity instruments at FVTPL under IFRS 9 are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

Loans and advances to customers including securitized notes of loan portfolios originated by the Bank with contractual cash flows that do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate or by reference to other comparable assets of the same type that have been transacted during a recent time period. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy.



## Notes to the Financial Statements

### Financial instruments not measured at fair value

The fair value hierarchy categorization of the Bank's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	31 December 2022				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	30,864	30,864	30,603
Investment securities at amortized cost	5,083	634	1,042	6,758	7,757
<b>Financial assets not measured at fair value</b>	<b>5,083</b>	<b>634</b>	<b>31,906</b>	<b>37,622</b>	<b>38,360</b>
Debt securities in issue	1,350	1,606	553	3,509	3,665
<b>Financial liabilities not measured at fair value</b>	<b>1,350</b>	<b>1,606</b>	<b>553</b>	<b>3,509</b>	<b>3,665</b>

	31 December 2021				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	28,381	28,381	28,869
Investment securities at amortized cost	2,127	1,433	-	3,559	3,932
<b>Financial assets not measured at fair value</b>	<b>2,127</b>	<b>1,433</b>	<b>28,381</b>	<b>31,940</b>	<b>32,801</b>
Debt securities in issue held by third party investors	962	1,063	549	2,574	2,590
<b>Financial liabilities not measured at fair value</b>	<b>962</b>	<b>1,063</b>	<b>549</b>	<b>2,574</b>	<b>2,590</b>

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

- Loans and advances to customers including securitized notes of loan portfolios originated by the Bank: quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates for loans to customers incorporate inputs for expected credit losses and interest rates, as appropriate;
- Investment securities measured at amortized cost: the fair values are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method. In addition, for certain high quality corporate bonds for which quoted prices are not available, fair value is determined using prices that are derived from reliable data management platforms while part of them is verified by market participants (e.g. brokers). In certain cases, prices are implied by liquidity agreements (e.g. repos, pledges) with other financial institutions; and
- Debt securities in issue: the fair values are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on third party valuations, quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Bank's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Bank or other Greek issuers.

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

**Notes to the Financial Statements**
**6. Net interest income**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
<b>Interest income</b>		
Customers	<b>947</b>	854
- measured at amortized cost	946	853
- measured at FVTPL	1	1
Banks and other assets <sup>(1) (3)</sup>	<b>75</b>	18
Securities	<b>223</b>	130
- measured at amortized cost	121	31
- measured at FVOCI	92	97
- measured at FVTPL	10	2
Derivatives (hedge accounting)	<b>94</b>	40
Derivatives (no hedge accounting)	<b>506</b>	409
	<b>1,845</b>	1,451
<b>Interest expense</b>		
Customers <sup>(1)</sup>	<b>(53)</b>	(35)
Banks <sup>(1) (2) (3)</sup>	<b>(17)</b>	37
Debt securities in issue <sup>(1)</sup>	<b>(119)</b>	(81)
Derivatives (hedge accounting)	<b>(89)</b>	(58)
Derivatives (no hedge accounting)	<b>(483)</b>	(374)
Lease liabilities - IFRS 16	<b>(2)</b>	(2)
	<b>(763)</b>	(513)
<b>Total</b>	<b>1,082</b>	938

<sup>(1)</sup> Measured at amortized cost.

<sup>(2)</sup> For the year 2022, it includes net income of € 50 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (ECB) (31 December 2021: € 83 million) (note 30).

<sup>(3)</sup> Interest from financial assets with negative rates, which were applied in 2021 and until June of 2022, was recorded in interest expense.

In 2022, the net interest income rose by 15.4% to € 1,082 million, mainly driven by higher interest rates, the organic loans growth and the increased income from investment bonds partly offset by higher debt issued and deposits cost.

Interest income recognized by quality of Loans and Advances and Product Line is further analyzed below:

	<b>31 December 2022</b>		
	<b>Interest income on non-impaired loans and advances</b>	<b>Interest income on impaired loans and advances</b>	<b>Total</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
Retail lending	<b>438</b>	<b>20</b>	<b>458</b>
Wholesale lending <sup>(1)</sup>	<b>460</b>	<b>29</b>	<b>489</b>
<b>Total interest income from customers</b>	<b>898</b>	<b>49</b>	<b>947</b>

	<b>31 December 2021</b>		
	<b>Interest income on non-impaired loans and advances</b>	<b>Interest income on impaired loans and advances</b>	<b>Total</b>
	<b>€ million</b>	<b>€ million</b>	<b>€ million</b>
Retail lending	401	43	444
Wholesale lending <sup>(1)</sup>	380	30	410
<b>Total interest income from customers</b>	<b>781</b>	<b>73</b>	<b>854</b>

<sup>(1)</sup> Including interest income on loans and advances to Public Sector.

## Notes to the Financial Statements

### 7. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments.

	31 December 2022				Total € million
	Retail € million	Corporate € million	Global, Capital	Other and	
			Markets & Asset Mngt € million	Elimination center € million	
Lending related activities	8	87	14	6	115
Mutual funds and assets under management	13	1	26	4	44
Network activities and other <sup>(1)</sup>	70	7	32	0	109
Capital markets	0	8	0	(1)	7
<b>Total</b>	<b>91</b>	<b>103</b>	<b>72</b>	<b>9</b>	<b>275</b>

	31 December 2021				Total € million
	Retail € million	Corporate € million	Global, Capital	Other and	
			Markets & Asset Mngt € million	Elimination center € million	
Lending related activities	11	54	10	5	80
Mutual funds and assets under management	16	1	26	6	49
Network activities and other <sup>(1)</sup>	54	6	24	(6)	78
Capital markets	-	5	(0)	(2)	3
<b>Total</b>	<b>81</b>	<b>66</b>	<b>60</b>	<b>3</b>	<b>210</b>

<sup>(1)</sup> Including income from credit cards related services.

### 8. Income from non banking services

Income from non banking services includes rental income of € 65.2 million (31 December 2021: € 65.3 million) from real estate properties and other income of € 2.2 million (31 December 2021: € 2.2 million) from IT services provided by the Bank.

### 9. Dividend income

During the year, the Bank recognized dividend income mainly resulting from shares in subsidiaries amounting to € 204 million (31 December 2021: € 200 million).

The analysis of the aforementioned dividends per entity for the year ended 2022 is as follows:

	31 December 2022 € million
Staynia Holdings Ltd	3
Macoliq Holdings Ltd	9
Senseco Trading Limited	4
Sagiol Ltd	7
ERB New Europe Holding B.V.	160
Eurolife FFH Insurance Group Holdings S.A.	14
doValue Greece Loans and Credits Claim Management S.A.	5
Other	1
<b>Total</b>	<b>204</b>

## Notes to the Financial Statements

### 10. Net trading income and gains less losses from investment securities

	2022 € million	2021 € million
<b>Net trading income/(loss)</b>		
Debt securities, including short positions	100	(3)
Derivative financial instruments (note 19)	619	(29)
Revaluation on foreign exchange positions	0	6
<b>Total</b>	<b>719</b>	<b>(25)</b>
<b>Gains less losses from investment securities</b>		
Debt securities measured at FVOCI <sup>(1)</sup>	(20)	93
Debt securities measured at AC	2	0
Equity securities	18	6
<b>Total</b>	<b>0</b>	<b>100</b>

<sup>(1)</sup> It includes termination fees from related derivatives amounting to € 4 million income (31 December 2021: € 6 million loss).

Trading results of € 100 million income related to debt securities include € 7 million loss (31 December 2021: € 3 million loss) from trading securities and € 107 million gain on short positions on debt instruments entered into the context of the Bank's economic hedging strategies (note 34).

Gains from derivative financial instruments of € 619 million comprise mainly a) € 390 million realized gains from unwinding of interest rate swaps in the context of the updated Bank's hedging strategy, b) € 160 million realised gains from unwinding of interest rate swaps following the mandatory discontinuance of certain hedge accounting relationships and c) € 70 million gains from portfolio hedging of interest rate risk (macro hedging), of which € 20 million arising from hedge ineffectiveness and € 50 million from fair value changes of the hedging derivatives that occur as part of the dynamic management of the pool of hedging instruments on a monthly basis, and include their fair value changes before initial designation or after de-designation (notes 2.2.3i and 19).

### 11. Other income/ (expenses)

	2022 € million	2021 € million
Sale of merchant acquiring business - Project Triangle (note 29)	325	-
Gain/(loss) from change in fair value of investment property (note 26) <sup>(1)</sup>	34	33
Gain/(loss) on disposal/liquidation of the holdings in subsidiaries, associates and joint ventures (notes 23 and 24)	36	1
Derecognition gain/ (loss) on loans measured at amortised cost	0	(0)
Fee expense related to the deferred tax credits (note 14)	(6)	(6)
Gains/(losses) on loans at FVTPL	3	-
Other	(0)	0
<b>Total</b>	<b>392</b>	<b>28</b>

<sup>(1)</sup> It includes ca € 2 million gain from remeasurement of real estate property transferred to investment property from repossessed assets in 2022.

### 12. Operating expenses

	2022 € million	2021 € million
Staff costs	(293)	(297)
Administrative expenses	(175)	(166)
Contributions to resolution and deposit guarantee funds	(55)	(59)
Depreciation of real estate properties and equipment	(34)	(31)
Depreciation of right of use assets	(28)	(28)
Amortisation of intangible assets	(29)	(26)
<b>Total</b>	<b>(614)</b>	<b>(607)</b>

## Notes to the Financial Statements

### Contributions to resolution and deposit guarantee funds

In 2016, the Single Resolution Mechanism (SRM), which is one of the pillars of the Banking Union in the euro area alongside the Single Supervisory Mechanism (SSM), became fully operational. The Single Resolution Fund (SRF) was established by the SRM Regulation (EU) No 806/2014 in order to ensure uniform practice in the financing of resolutions within the SRM and it is owned by the Single Resolution Board (SRB). The SRM provides that the SRF will be built up over a period of eight years with 'ex-ante' contributions from the banking industry, which may include irrevocable payment commitments as a part of the total amount of contributions (note 41).

### Staff costs

	2022 € million	2021 € million
Wages, salaries and performance remuneration	(208)	(212)
Social security costs	(43)	(45)
Additional pension and other post employment costs	(9)	(9)
Other	(33)	(31)
<b>Total</b>	<b>(293)</b>	<b>(297)</b>

The average number of employees of the Bank during the year, was 6,179 (31 December 2021: 6,351). As at 31 December 2022, the number of branches and business/private banking centers of the Bank amounted to 300 (31 December 2021: 321).

### 13. Other impairments, restructuring costs and provisions

	2022 € million	2021 € million
Impairments and provisions/reversal related to shares in subsidiaries	(29)	47
Impairment and valuation losses on real estate properties	(13)	(14)
Other impairment losses and provisions	(64)	(21)
Impairment losses on bonds (note 5.2.1.3)	(19)	(5)
<b>Other impairment losses and provisions</b>	<b>(125)</b>	<b>7</b>
Voluntary exit schemes and other related costs (note 34)	(59)	(10)
Other restructuring costs	(28)	(7)
<b>Restructuring costs</b>	<b>(87)</b>	<b>(17)</b>
<b>Total</b>	<b>(212)</b>	<b>(10)</b>

For the year ended 31 December 2022, the Bank recognized € 64 million (31 December 2021: € 21 million) other impairment losses and provisions, of which € 43 million relate to impairment losses for receivables and provisions on litigations and other operational risk events (31 December 2021: € 5 million) and € 21 million relate mainly to impairment losses on computer hardware and software (31 December 2021: € 16 million) (notes 25 and 27).

Furthermore, for the year ended 31 December 2022, the Bank recognized € 28 million restructuring costs (31 December 2021: € 7 million), which for both periods mainly relate to the Bank's transformation projects and initiatives.

### 14. Income tax

	2022 € million	2021 € million
Current tax <sup>(1)</sup>	3	(1)
Deferred tax	(355)	(109)
<b>Total income tax</b>	<b>(352)</b>	<b>(110)</b>

<sup>(1)</sup> In 2022, the provisions for uncertain tax positions were in total decreased by € 8 million.

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits (DTCs) against the Greek State is 29%. The Greek corporate tax rate for legal entities other than the aforementioned credit institutions is 22%. In addition, the withholding tax

## Notes to the Financial Statements

rate for dividends distributed, other than intragroup dividends, is 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

### Tax certificate and open tax years

The Bank's open tax years are 2020 - 2022. For fiscal years starting from 1 January 2016 onwards, pursuant to the Tax Procedure Code, an 'Annual Tax Certificate' on an optional basis, is provided for the Greek entities, with annual financial statements audited compulsorily, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. The Bank has opted to obtain such certificate.

The tax certificate, which has been obtained by the Bank is unqualified for the open tax years 2020 and 2021. For the year ended 31 December 2022, the tax audit from external auditors is in progress.

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

In reference to its total uncertain tax positions, the Bank assesses all relevant developments (e.g. legislative changes, case law, ad hoc tax/legal opinions, administrative practices) and raises adequate provisions.

### Deferred tax

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

The movement on deferred tax is as follows:

	2022 € million	2021 € million
<b>Balance at 1 January</b>	4,414	4,508
Income statement credit/(charge)	(355)	(109)
Investment securities at FVOCI	96	30
Cash flow hedges	(0)	(15)
Actuarial gain/(losses)	(1)	(0)
<b>Balance at 31 December</b>	<b>4,154</b>	<b>4,414</b>

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

	2022 € million	2021 € million
Impairment/ valuation relating to loans, disposals and write-offs	(128)	18
Tax deductible PSI+ losses	(50)	(50)
Carried forward debit difference of law 4831/2021	(73)	73
Change in fair value and other temporary differences	(104)	(150)
<b>Deferred income tax (charge)/credit</b>	<b>(355)</b>	<b>(109)</b>

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

	31 December 2022 € million	31 December 2021 € million
Impairment/valuation relating to loans and accounting write-offs	1,023	1,029
PSI+ tax related losses	951	1,001
Losses from disposals and crystallized write-offs of loans	2,242	2,365
Carried forward debit difference of law 4831/2021 <sup>(1)</sup>	-	73
Other impairments/ valuations through the income statement	(120)	(37)
Cash flow hedges	5	5
Defined benefit obligations	5	5
Real estate properties, equipment and intangible assets	(46)	(33)
Investment securities at FVOCI	(15)	(112)
Other <sup>(2)</sup>	109	118
<b>Net deferred tax</b>	<b>4,154</b>	<b>4,414</b>

<sup>(1)</sup> The unutilized part, as at 31 December 2021, of the carried forward crystallized tax losses of loans, in accordance with the law 4831/2021 (see below), was offset against taxable profit for the year ended 31 December 2022.

<sup>(2)</sup> It includes, among others, DTA on deductible temporary differences relating to operational risk provisions and the leasing operations.

## Notes to the Financial Statements

Further information, in relation to the aforementioned categories of deferred tax assets as at 31 December 2022, is as follows:

- (a) € 1,023 million refer to deductible temporary differences arising from impairment/ valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation;
- (b) € 951 million refer to losses resulted from Eurobank Ergasias S.A. participation in PSI+ and the Greek's state debt buyback program which are subject to amortization for tax purposes over a thirty-year period, i.e. 1/30 of losses per year starting from year 2012 onwards (see below – DTCs section);
- (c) € 2,242 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period;

### Assessment of the recoverability of deferred tax assets

The recognition of the deferred tax assets is based on management's assessment that the Bank will have sufficient future taxable profits, against which the deductible temporary differences and the unused tax losses can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation and the eligibility of carried forward losses for offsetting with future taxable profits. Additionally, the Bank's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Bank will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences or in the years into which the tax losses can be carried forward, and (d) the historical levels of Bank's performance in combination with the previous years' tax losses caused by one off or non-recurring events.

In particular, as of 31 December 2022, the Bank has conducted a deferred tax asset (DTA) recoverability assessment based on the three-year Business Plan of the Group of its parent company (mainly comprises Eurobank S.A. Group) that was approved by the Board of Directors of Eurobank Holdings in December 2022, for the period up to the end of 2025, and was submitted to the Single Supervisory Mechanism (SSM). For the years beyond 2025, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group of the Parent Company. Specifically, the management projections for the Bank's future profitability adopted in the Business Plan, have considered, among others, (a) the interest rates' increase, (b) the sustainable increase in loan volumes and the growth, at a relatively lower pace, of customer deposits, (c) the increase in fee and commission income mostly driven by assets under management, bancassurance, network and lending related activities, cards' issuing and investment property rentals, (d) the discipline to operating expenses' targets, (e) the further decrease of NPE ratio in line with the NPE Management Strategy submitted to SSM (note 5.2) (f) the cost of risk, which is expected to carry the effect from the macroeconomic uncertainty and the inflationary pressures' impact on households' disposable income and (g) the fulfilment of interim MREL targets throughout the plan period. The major initiatives introduced in the context of the Eurobank Holdings Group's transformation plan "Eurobank 2030", will contribute to meeting its financial objectives.

The Bank closely monitors and constantly assesses the developments on the macroeconomic and geopolitical front (note 2) including the inflationary pressures and their potential effect on the achievement of its Business Plan targets in terms of asset quality and profitability and will continue to update its estimates accordingly.

### Deferred tax credit against the Greek State and tax regime for loan losses

As at 31 December 2022, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,402 million (31 December 2021: € 3,547 million). The DTCs are accounted for on: (a) the unamortised losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, which are subject to amortisation over a thirty-year period and (b) on the sum of (i) the unamortized part of the DTC eligible crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss.

According to the Law 4831/2021 (article 125), which amended Law 4172/2013, the amortization of the PSI tax related losses is deducted from the taxable income at a priority over that of the crystallized tax losses (debit difference) arising from write-offs and disposals of loans. In addition, the amount of the annual tax amortization of the above crystallized tax losses is limited to the amount of the annual taxable profits, calculated before the deduction of such losses and following the annual tax deduction of the PSI tax related losses. The unutilized part of the annual tax amortization of the crystallized loan losses can be carried forward for offsetting



## Notes to the Financial Statements

over a period of 20 years. If at the end of the 20-year utilization period, there are balances that have not been offset, these will qualify as a tax loss, which is subject to the 5-year statute of limitation. The above provisions apply as of 1 January 2021 and cover the crystallized tax losses that have arisen from write-offs and disposals of loans as of 1 January 2016 onwards.

Taking into account the tax regime in force, the recovery of the Bank's deferred tax asset recorded on loans and advances to customers and the regulatory capital structure are further safeguarded, contributing substantially to the achievement of NPE management targets through write-offs and disposals, in line with the regulatory framework and SSM requirements.

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the year ended 31 December 2022, an amount of € 5.9 million has been recognized in "Other income/(expenses)".

### Income tax reconciliation and unused tax losses

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

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Profit before tax	<u>1,740</u>	<u>579</u>
Tax at the applicable tax rate	(505)	(168)
Tax effect of:		
- income not subject to tax and non deductible expenses	62	43
- other	<u>91</u>	<u>15</u>
<b>Total tax (charge)/income</b>	<b><u>(352)</u></b>	<b><u>(110)</u></b>

As at 31 December 2022, following the offsetting of a part of the Bank's carried forward tax losses against the taxable profit for the year ended 31 December 2022, the Bank has not recognised deferred tax asset (DTA) on unused tax losses amounting to € 90 million (31 December 2021: € 138 million) which can be utilized until 2025.

### 15. Cash and balances with central banks

	<b>31 December</b> <b>2022</b> <b>€ million</b>	<b>31 December</b> <b>2021</b> <b>€ million</b>
Cash in hand	340	326
Balances with central banks	<u>9,372</u>	<u>8,047</u>
<b>Total</b>	<b><u>9,712</u></b>	<b><u>8,373</u></b>

The Bank is required to hold a minimum level of deposits (minimum reserve requirement - MRR) with the Bank of Greece (BoG) on an average basis over maintenance periods (i.e. six week periods); these deposits are calculated as 1% of certain Bank's liabilities, mainly customers' deposits, and can be withdrawn at any time provided that the MRR is met over the determined period of time. As at 31 December 2022, the mandatory reserves with the BoG amounted to € 149 million (31 December 2021: the whole amount of the deposit with the BoG is considered cash equivalent). The interest rate on the main refinancing operations (MRO) was applied for MRR deposits placed to the European Central Bank (ECB) until December 2022, and the deposit facility rate (DFR) in force is applied thereafter.

Since 2019, the European Central Bank (ECB) had decided to introduce a two-tier system for eligible credit institutions' reserve remuneration which exempted part of excess liquidity holdings (i.e. reserve holdings in excess of MRR) from the negative DFR. The above two-tier system was lifted by ECB in September 2022, and the (positive) DFR in force is applied for the excess liquidity holdings placed to ECB thereafter.

## Notes to the Financial Statements

### 16. Cash and cash equivalents and other information on cash flow statement

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

	<b>31 December 2022 € million</b>	<b>31 December 2021 € million</b>
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) (note 15)	9,563	8,374
Due from credit institutions	79	132
Securities held for trading	16	-
<b>Total</b>	<b>9,658</b>	<b>8,506</b>

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

	<b>31 December 2022 € million</b>	<b>31 December 2021 € million</b>
Amortisation of premiums/discounts and accrued interest	(39)	11
(Gains)/losses from investment securities	(0)	(100)
Dividends	(1)	(1)
<b>Total</b>	<b>(40)</b>	<b>(90)</b>

In the year ended 31 December 2022, other adjustments of € 251 million presented in the cash flow statement mainly include € 325 million gain resulting from the sale of Eurobank's merchant acquiring business to Worldline (note 29).

### Changes in liabilities arising from financing activities

During the year ended 31 December 2022, changes in the Bank's liabilities arising from financing activities, other than lease liabilities (note 40), are attributable to: a) debt issuance amounting to € 1,145 million (31 December 2021: € 1,182 million), (net of issuance costs), b) debt repayment amounting to € 12 (31 December 2021: € 146 million) and c) accrued interest and amortisation of debt issuance costs amounting to € 58 million (31 December 2021: € 10.2 million).

### 17. Due from credit institutions

	<b>31 December 2022 € million</b>	<b>31 December 2021 € million</b>
Pledged deposits with banks	1,402	2,610
Placements and other receivables from banks	693	390
Current accounts and settlement balances with banks	82	100
<b>Total</b>	<b>2,177</b>	<b>3,100</b>

Included in due from credit institutions were unsubordinated amounts due from:  
-subsidiary undertakings

	<b>31 December 2022 € million</b>	<b>31 December 2021 € million</b>
	1,121	904

Included in due from credit institutions were subordinated amounts due from:  
-subsidiary undertakings

	67	67
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As at 31 December 2022, the pledged deposits with banks mainly include: a) € 482 million cash collaterals for guarantees relating to the lending activities of banking subsidiaries, b) € 883 million mainly cash collaterals on risk mitigation contracts for derivative transactions and repurchase agreements (CSAs, GMRA), and c) € 37 million cash collateral relating to the sale of former Romanian subsidiaries.

## Notes to the Financial Statements

The Bank's exposure arising from credit institutions, as categorized by counterparty's geographical region, is presented in the following table:

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>€ million</b>	<b>€ million</b>
Greece	5	5
Other European countries	2,149	3,046
Other countries	23	49
<b>Total</b>	<b>2,177</b>	<b>3,100</b>

### 18. Securities held for trading

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>€ million</b>	<b>€ million</b>
Debt securities (note 5.2.1.3)	69	50
<b>Total</b>	<b>69</b>	<b>50</b>

### 19. Derivative financial instruments and hedge accounting

The Bank uses derivative financial instruments both for hedging and non-hedging purposes.

The table below presents the fair values of the Bank's derivative financial instruments by product type and hedge relationship along with their notional amounts. The notional amounts of derivative instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not indicative of the Bank's exposure at the reporting date.

	<b>31 December 2022</b>			<b>31 December 2021</b>		
	<b>Contract/ notional amount</b>	<b>Fair values</b>		<b>Contract/ notional amount</b>	<b>Fair values</b>	
	<b>€ million</b>	<b>Assets € million</b>	<b>Liabilities € million</b>	<b>€ million</b>	<b>Assets € million</b>	<b>Liabilities € million</b>
<b>Derivatives for which hedge accounting is not applied/ held for trading</b>						
- Interest rate swaps	36,404	1,817	1,408	30,354	1,748	1,362
- Interest rate options <sup>(1)</sup>	3,616	74	96	3,599	41	97
- Cross currency interest rate swaps	24	0	0	63	3	3
- Foreign exchange contracts <sup>(2)</sup>	5,035	92	71	5,410	55	43
- Other <sup>(3)</sup>	107	1	1	144	2	1
		<b>1,984</b>	<b>1,576</b>		<b>1,849</b>	<b>1,506</b>
<b>Derivatives designated as fair value hedges</b>						
- Interest rate swaps	6,824	425	431	3,443	80	797
- Interest rate swaps/ portfolio hedging	4,792	180	-	-	-	-
- Interest rate floors	7,791	-	55	-	-	-
		<b>605</b>	<b>486</b>		<b>80</b>	<b>797</b>
<b>Derivatives designated as cash flow hedges</b>						
- Interest rate swaps	-	-	-	1,852	30	54
- Cross currency interest rate swaps	1,646	2	78	1,632	0	57
		<b>2</b>	<b>78</b>		<b>30</b>	<b>111</b>
Offsetting (notes 5.2.1.4 and 31)						
- Interest rate swaps		(1,376)	(444)		-	-
<b>Total derivatives assets/liabilities</b>		<b>1,215</b>	<b>1,696</b>		<b>1,959</b>	<b>2,414</b>

<sup>(1)</sup> Interest rate options include interest rate caps and floors and swaptions.

<sup>(2)</sup> It includes currency swaps, forwards and options

<sup>(3)</sup> It includes credit default swaps, warrants, commodity derivatives, futures and exchange traded equity options.

## Notes to the Financial Statements

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Information on the fair value measurement and offsetting of derivatives is provided in notes 5.3 and 5.2.1.4, respectively.

In response to the heightened market volatility, and particular the increase in interest rate levels and bond yields since the beginning of 2022, the Bank discontinued certain hedging relationships designated as fair value and cash flow hedging of interest rate risk, which had been initiated in a low interest rate environment and fulfilled to a significant extent their hedging purpose. The derivative positions were gradually liquidated over the first quarter of 2022, while in parallel new economic hedges were initiated to manage the Bank's interest rate exposures on a portfolio level. Such economic hedges were eventually liquidated towards the end of the second quarter of 2022, since Management, in the context of its updated hedging strategy and risk management objectives, decided to enter into new interest rate swaps designated upon their inception as hedging instruments for which hedge accounting is applied. The realized gains from the aforementioned actions on the Bank's hedging strategies, due to the increase in interest rates, amounted to approximately € 390 million (note 10).

Furthermore, the significant movements in interest and inflation rates, especially in longer tenors exacerbated the ineffectiveness of certain long-dated hedging relationships for which different discount rates apply to the hedged item and hedging instrument. For these hedging relationships, the hedge ratio fell outside the designated range of 80%-125% allowed by IAS39, both prospectively and retrospectively, leading to the mandatory discontinuance of the hedge accounting since the relationships no longer met the hedge accounting criteria. Accordingly, the Bank proceeded to the gradual unwinding of the related interest rate swaps, realizing approximately € 160 million gains (note 10), while at the same time entered into new ones of shorter tenor, so as to ensure hedge effectiveness going forward.

The Bank uses certain derivatives and other financial instruments, designated in a qualifying hedge relationship, to reduce its exposure to market risks. The hedging practices applied by the Bank, as well as the relevant accounting treatment are disclosed in note 2.2.3. In particular:

### (a) Fair value hedges

The Bank hedges a portion of its existing interest rate risk resulting from any potential change in the fair value of fixed rate debt securities or fixed rate loans, denominated both in local and foreign currencies, using interest rate swaps and cross currency interest rate swaps. In 2022, the Bank recognized a gain of € 831 million (31 December 2021: € 68 million loss) from changes in the carrying amount of the hedging instruments and € 806 million loss (31 December 2021: € 76 million gain) from changes in the fair value of the hedged items attributable to the hedged risk. The amount of hedge ineffectiveness recognized for 2022 in "Net trading income/(loss)" was € 25 million gain (31 December 2021: € 8 million gain).

### (b) Fair value hedges – portfolios of assets

The Bank hedges a portion of its existing interest rate risk resulting from any potential change in the fair value of a portfolio of fixed rate loans including securitized notes initially issued and subsequently held by the Bank (macro-hedging), using a group of interest rate swaps. The Bank primarily designates the change in fair value attributable to changes in the benchmark interest rate as the hedged risk, including also, assumptions for prepayment risk and, accordingly, enters into interest rate swaps whereby the fixed legs represent the economic risks of the hedged items. In 2022, the Bank recognized a gain of € 180 million from changes in the carrying amount of the hedging instruments and € 159 million loss from changes in the fair value of the designated hedged items attributable to the hedged risk. Accordingly the amount of hedge ineffectiveness recognized for 2022 in "Net trading income/(loss)" was € 21 million gain.

The Bank also hedges the variability deriving from the fair value changes of purchased interest rate floors embedded in portfolios of floating rate loans and debt securities by writing the floors in the market. In 2022, the Bank recognized a gain of € 20 million from changes in the carrying amount of the hedging instruments, and € 20 million loss from changes in the fair value of the hedged items attributable to the hedged risk.

### (c) Cash flow hedges

The Bank hedges a portion of its existing interest rate and foreign currency risk resulting from any cash flow variability on floating rate performing customer loans or floating rate deposits, denominated both in local and foreign currency, or unrecognized highly probable forecast transactions, using interest rate and cross currency interest rate swaps. For the year ended 31 December 2022, an amount of € 19 million gain was recognised in other comprehensive income in relation to derivatives designated as cash flow hedges (31 December 2021: € 51 million gain). Furthermore, in 2022, the ineffectiveness recognized in the income statement that arose from cash flow hedges was nil (31 December 2021: nil).

In addition, the Bank uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities

**Notes to the Financial Statements**

for which hedge accounting was not applied. The said derivative instruments are monitored and have been classified for accounting purposes along with those held for trading.

The Bank's exposure in derivative financial assets, as categorized by counterparty's geographical region and industry sector, is presented in the following tables:

	31 December 2022			
	Other			Total € million
	Greece	European	Other	
	€ million	countries	countries	
Sovereign	248	-	-	248
Banks	12	334	570	916
Corporate	51	0	0	51
<b>Total</b>	<b>311</b>	<b>334</b>	<b>570</b>	<b>1,215</b>

	31 December 2021			
	Other			Total € million
	Greece	European	Other	
	€ million	countries	countries	
Sovereign	1,105	-	-	1,105
Banks	3	480	261	744
Corporate	109	0	1	110
<b>Total</b>	<b>1,217</b>	<b>480</b>	<b>262</b>	<b>1,959</b>

As at 31 December 2022, the net carrying value of the derivatives with the Hellenic Republic amounted to a liability of € 489 million (31 December 2021: € 1,100 million asset).

At 31 December 2022 and 2021, the maturity profile of the nominal amount of the financial instruments designated by the Bank in hedging relationships is presented in the tables below:

	31 December 2022								
	Fair Value Hedges					Cash Flow Hedges			
	1 - 3	3 - 12	1-5 years	Over 5	Total	3 - 12	1-5 years	Over 5	Total
	months	months	€ million	years		months	€ million	years	
Interest rate swaps <sup>(1)</sup>	255	24	2,710	3,835	6,824	-	-	-	-
Interest rate options	-	-	800	6,991	7,791	-	-	-	-
Cross currency interest rate swaps	-	-	-	-	-	101	1,545	-	1,646
<b>Total</b>	<b>255</b>	<b>24</b>	<b>3,510</b>	<b>10,826</b>	<b>14,615</b>	<b>101</b>	<b>1,545</b>	<b>-</b>	<b>1,646</b>

	31 December 2021								
	Fair Value Hedges					Cash Flow Hedges			
	1 - 3	3 - 12	1-5 years	Over 5	Total	3 - 12	1-5 years	Over 5	Total
	months	months	€ million	years		months	€ million	years	
Interest rate swaps	9	13	475	2,946	3,443	19	728	1,105	1,852
Cross currency interest rate swaps	-	-	-	-	-	48	1,584	-	1,632
<b>Total</b>	<b>9</b>	<b>13</b>	<b>475</b>	<b>2,946</b>	<b>3,443</b>	<b>67</b>	<b>2,312</b>	<b>1,105</b>	<b>3,484</b>

<sup>(1)</sup> Nominal amount of interest rate swaps designated as fair value portfolio hedges is not included.

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### (a) Fair value hedges

The following tables present data relating to the hedged items under fair value hedges for the years ended 31 December 2022 and 2021:

	31 December 2022		
	Carrying amount / Exposure designated as hedged	Accumulated amount of FV hedge adjustments related to the hedged item	Change in value as the basis for recognising hedge ineffectiveness
	€ million	€ million	€ million
Loans and advances to customers <sup>(1)</sup>	12,680	(216)	(224)
Debt securities AC <sup>(1)</sup>	3,864	(2)	(410)
Debt securities FVOCI	1,054	(136)	(232)
Debt securities in issue	2,373	(120)	(120)
<b>Total</b>	<b>19,971</b>	<b>(474)</b>	<b>(986)</b>

  

	31 December 2021		
	Carrying amount / Exposure designated as hedged	Accumulated amount of FV hedge adjustments on the hedged item	Change in value as the basis for recognising hedge ineffectiveness
	€ million	€ million	€ million
Loans and advances to customers <sup>(1)</sup>	470	16	(5)
Debt securities AC	2,111	525	182
Debt securities FVOCI	2,362	97	(101)
<b>Total</b>	<b>4,943</b>	<b>638</b>	<b>76</b>

<sup>(1)</sup> For loans and advances to customers hedges and debt securities at amortized cost included in portfolio hedges, the exposure designated as hedged is presented.

At 31 December 2022, the accumulated amount of fair value hedge adjustments remaining in the balance sheet for any items that have ceased to be adjusted for hedging gains and losses were € 279 million assets for debt securities held at AC, € 4 million liabilities for debt issued and € 15 million liabilities for adjustments related to debt securities held at FVOCI (31 December 2021: € 190 million assets for debt securities held at AC).

### (b) Cash flow hedges

The cash flow hedge reserves for continuing hedges as at 31 December 2022 were € 4 million gain (31 December 2021: € 3 million gain), which relate to loans and advances to customers (31 December 2021: € 4 million gain relates to loans and advances to customers and € 1 million loss to deposits).

As at 31 December 2022, the balances remaining in the cash flow hedge reserve from any cash flow hedging relationships for which hedge accounting is no longer applied was € 20 million loss (31 December 2021: € 19 million loss).

The reconciliation of the components of Bank's special reserves including cash flow hedges is provided in note 37.

**Notes to the Financial Statements**
**20. Loans and advances to customers**

	31 December 2022 € million	31 December 2021 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	32,086	30,449
- Impairment allowance	(1,320)	(1,580)
Carrying Amount	<u>30,766</u>	<u>28,869</u>
Fair value changes of loans in portfolio hedging of interest rate risk	(163)	
Loans and advances to customers at FVTPL	16	23
<b>Total</b>	<u><b>30,619</b></u>	<u><b>28,892</b></u>

The table below presents the carrying amount of loans and advances to customers per product line and per stage as at 31 December 2022:

	31 December 2022				2021
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL-Stage 3 and POCI <sup>(1)</sup> € million	Total amount € million	Total amount € million
<b>Loans and advances to customers at amortised cost</b>					
<b>Mortgage lending:</b>					
- Gross carrying amount	5,048	2,708	468	8,224	8,419
- Impairment allowance	(19)	(155)	(177)	(351)	(271)
Carrying Amount	<u>5,028</u>	<u>2,553</u>	<u>291</u>	<u>7,873</u>	<u>8,148</u>
<b>Consumer lending:</b>					
- Gross carrying amount	1,296	228	162	1,687	1,607
- Impairment allowance	(21)	(28)	(135)	(184)	(183)
Carrying Amount	<u>1,275</u>	<u>200</u>	<u>28</u>	<u>1,503</u>	<u>1,424</u>
<b>Small Business lending:</b>					
- Gross carrying amount	2,120	646	398	3,165	3,175
- Impairment allowance	(16)	(65)	(202)	(284)	(284)
Carrying Amount	<u>2,104</u>	<u>581</u>	<u>196</u>	<u>2,882</u>	<u>2,891</u>
<b>Wholesale lending:</b> <sup>(2)(3)</sup>					
- Gross carrying amount	17,303	875	833	19,010	17,248
- Impairment allowance	(51)	(62)	(388)	(502)	(842)
Carrying Amount	<u>17,252</u>	<u>813</u>	<u>444</u>	<u>18,508</u>	<u>16,406</u>
<b>Total loans and advances to customers at AC</b>					
- Gross carrying amount	25,768	4,457	1,861	32,086	30,449
- Impairment allowance	(108)	(310)	(902)	(1,320)	(1,580)
Carrying Amount	<u>25,660</u>	<u>4,147</u>	<u>959</u>	<u>30,766</u>	<u>28,869</u>
<b>Fair value changes of loans in portfolio hedging of interest rate risk</b>				(163)	-
<b>Loans and advances to customers at FVTPL</b>					
Carrying Amount <sup>(4)</sup>				16	23
<b>Total</b>				<u><b>30,619</b></u>	<u><b>28,892</b></u>

<sup>(1)</sup> As at 31 December 2022, POCI loans of € 8 million gross carrying amount (which are included in non performing exposures) and with an immaterial impairment allowance are presented in 'Lifetime ECL – stage 3 and POCI (31 December 2021: nil).

<sup>(2)</sup> Includes € 4,618 million related to the senior notes of Pillar, Cairo and Mexico securitizations, which have been categorized in Stage 1.

<sup>(3)</sup> Includes loans to public sector.

<sup>(4)</sup> Includes € 9.9 million related to the mezzanine notes of the Pillar, Cairo and Mexico securitizations.



## Notes to the Financial Statements

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### Loans and advances to customers – Project Solar

In the context of its NPE management strategy, the Bank has structured another NPE securitization transaction (project ‘Solar’), as part of a joint initiative with the other Greek systemic banks initiated since 2018, in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. In addition, the Bank targets to the prudential and accounting derecognition of the underlying corporate loan portfolio from its balance sheet by achieving a Significant Risk Transfer (SRT) and including ‘Solar’ securitization under the Hellenic Asset Protection Scheme (HAPS), thus the senior note of the securitization to become entitled to the Greek State’s guarantee. In parallel, the Management along with the other participating banks have initiated actions towards the disposal of the majority stake of the mezzanine and junior notes to be issued in the context of the above-mentioned securitization. Accordingly, as of 30 June 2022, the Bank classified the underlying corporate loan portfolio as held for sale, while the remeasurement of the portfolio’s expected credit losses, in accordance with the Bank’s accounting policy for the impairment of financial assets, had no significant impact in impairment losses from loans and advances to customers.

The impairment loss was calculated by reference to the estimated fair value of the notes to be retained by the Bank upon the completion of transaction and the expected consideration to be received by the sale of mezzanine and junior notes. As at 31 December 2022, the carrying amount of the aforementioned loan portfolio reached € 69 million, comprising loans with gross carrying amount of € 268 million, which carried an impairment allowance of € 199 million. Furthermore, the impairment allowance of the letters of guarantee included in the underlying portfolio reached € 1 million and was presented in “liabilities of disposal groups classified as held for sale” (note 29).

As at 31 December 2022, following the classification of project “Solar” underlying loan portfolio as held for sale, the Group’s NPE stock amounted to € 2.3 billion (31 December 2021: € 2.8 billion) driving the NPE ratio to 5.2% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 74.6% (31 December 2021: 69.2%).

### Loans and advances to customers – Project Wave

In December 2022, the Bank proceeded with the execution of the third synthetic risk transfer transaction (project “Wave III”) in the form of a financial guarantee, providing credit protection over the mezzanine loss of a portfolio of performing shipping loans amounting to \$ 1.7 billion (the reference portfolio).

Similarly to the previous two synthetic risk transfer transactions (projects ‘Wave I’ and ‘Wave II’) that were executed in December 2021 over a reference portfolio of performing SMEs and large corporate loans of € 1.7 billion, the Wave III transaction was accounted for as a purchased financial guarantee contract that is not integral to the contractual terms of the reference portfolio, where a compensation right resulting from the expected credit losses of the protected loans is recognized, to the extent that it is virtually certain that the Bank will be reimbursed for the credit losses incurred.

The reference portfolios of Wave projects continue to be recognised on the Bank’s Balance Sheet.

### Securitizations of loan portfolios originated by the Eurobank Holdings Group

The ultimate parent company’s Group (Eurobank Holdings Group, former Eurobank Ergasias S.A. Group), in the context of the achievement of its NPE reduction targets has entered into the securitization of various classes of primarily NPE through the issue of senior, mezzanine and junior notes, which resulted, as described below, in the derecognition of the underlying loan portfolios and the recognition of the retained notes.

#### ‘Mexico’ securitization

In May 2021, the Bank, through its special purpose financing vehicle (SPV) ‘Mexico Finance Designated Activity Company’, issued senior, mezzanine and junior notes of total nominal amount of ca. € 5.2 billion, via a securitization of a mixed portfolio comprising primarily NPE of total principle amount due of ca. € 5.2 billion and gross carrying amount of ca. € 3.2 billion, which were fully retained by the Bank. The Eurobank Holdings Group included “Mexico” securitization under the Hellenic Asset Protection Scheme (HAPS) thus the senior note of the securitization became entitled to the Greek State’s guarantee.

In June 2021, the General Shareholders’ Meeting of the Bank (GM), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to its parent company through the decrease in kind of the Bank’s share capital.

The Bank applied the use of book values in intercompany distributions of non-cash assets, consistently with the accounting policies already applied in other types of common control transactions. Therefore, the reduction of the Bank’s total equity of € 118 million was determined by the book value of the assets distributed.

## Notes to the Financial Statements

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The settlement of the aforementioned distribution in kind of the Bank to its parent company, that took place in September 2021, resulted in the de-recognition of the underlying loan portfolio and the related assets and liabilities from the Bank's balance sheet, on the basis that the latter transferred substantially all risks and rewards of the portfolio's ownership and relinquished its control over it. Accordingly, as of the distribution's settlement date, the Bank derecognized the underlying loan portfolio, the related securitization's receivables and payables, and the impairment allowance of the letters of guarantee included in the underlying portfolio and recognized the retained notes, i.e. 100% of the senior and 5% of the mezzanine and junior notes of Mexico securitization, at fair value, with carrying amount € 1,539 million at 31 December 2022 (31 December 2021: € 1,624 million). In addition, the Bank ceased to control the SPV and the related real estate company, which resides with the majority stake of Class B noteholders.

In August 2021, a commitment letter was signed between Eurobank Holdings, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitization that were distributed to Eurobank Holdings, subject to the fulfilment of certain conditions, including the settlement of the mezzanine and junior notes' distribution from the Bank to Eurobank Holdings that was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval by the SSM for the significant risk transfer of the underlying loan portfolio that were received in December 2021. After the fulfillment of all conditions and having received all appropriate approvals, the aforementioned sale transaction was concluded in December 2021.

### 'Cairo' securitization

In June 2019, Eurobank Holdings Group, through the special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior, mezzanine and junior notes of total face value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of non-performing loans (NPE) ("Cairo securitization"). In December 2019, the Eurobank Holdings Group announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of "Cairo" securitization. The Eurobank Holdings Group included "Cairo" securitization under the Hellenic Asset Protection Scheme (HAPS) thus the senior note of the securitization became entitled to the Greek State's guarantee.

As of 20 March 2020, following the hive down of Eurobank Ergasias S.A. banking's sector, the Eurobank S.A. Group recognised on its balance sheet 100% of the senior notes and 5% of mezzanine and junior notes of "Cairo securitization" with carrying amount € 2,332 million at 31 December 2022 of which € 2,049 million are held by the Bank (31 December 2021: € 2,432 million of which € 2,108 million held by the Bank).

In June 2020, the above sale from Eurobank Holdings of 20% of the mezzanine and 50.1% of the junior notes was completed and, as a result, the Eurobank Holdings Group ceased to control the Cairo SPVs on the basis that it does not have the power to direct their relevant activities. Furthermore, in June 2020, Eurobank Holdings proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes, to its Cyprus-based subsidiary Mairanus Ltd, renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the aforementioned subsidiary, which were distributed to Eurobank Holdings' shareholders.

In September 2020, following the completion of the distribution of the Cairo Mezz Plc shares, the underlying loan portfolio and the related assets and liabilities were derecognized from Eurobank Holdings Group balance sheet, on the basis that at that time the Group transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the securitized portfolio. In addition, the Eurobank Holdings Group also recognized the aforementioned retained notes, i.e. 100% of the senior notes, 5% of mezzanine and junior notes, on its balance sheet.

### 'Pillar' securitization

In June 2019, Eurobank Holdings Group, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of residential mortgage primarily NPE. In September 2019, Eurobank Holdings Group sold 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the sale, the Eurobank Holdings Group ceased to control the SPV and derecognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risks and rewards of the underlying loan portfolio's ownership. In addition, the Eurobank Holdings Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet. The said notes are also recognised on the balance sheet of Eurobank S.A. with carrying amount € 1,039 million at 31 December 2022 (31 December 2021: € 1,060 million).

**Notes to the Financial Statements**
**21. Impairment allowance for loans and advances to customers**

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL):

	31 December 2022												Total € million
	Wholesale <sup>(4)</sup>			Mortgage			Consumer			Small business			
	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI <sup>(1)</sup>	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI <sup>(1)</sup>	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI <sup>(1)</sup>	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3 and POCI <sup>(1)</sup>	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
<b>Impairment allowance as at 1 January</b>	54	66	723	16	133	122	27	24	133	35	54	195	<b>1,580</b>
New loans and advances originated or purchased	24	-	-	0	-	-	7	-	-	3	-	-	34
Arising from merger (note 23.1)	-	-	-	-	-	-	3	1	82	-	-	-	86
Transfers between stages													
- to 12-month ECL	18	(18)	(0)	9	(8)	(1)	10	(5)	(5)	11	(8)	(3)	-
- to lifetime ECL	(10)	11	(0)	(4)	23	(19)	(4)	17	(13)	(5)	16	(11)	-
- to lifetime ECL credit-impaired loans	(1)	(6)	7	(0)	(8)	9	(1)	(4)	5	(1)	(6)	7	-
Impact of ECL net remeasurement	(31)	10	(50)	(1)	12	93	(14)	(5)	72	(27)	10	67	135
Recoveries from written - off loans	-	-	16	-	-	6	-	-	6	-	-	6	35
Loans and advances derecognised / reclassified as held for sale during the year <sup>(2)</sup>	-	(0)	(200)	-	-	-	-	-	-	-	-	(1)	(201)
Amounts written off <sup>(3)</sup>	-	-	(84)	-	-	(7)	-	-	(126)	-	-	(44)	(262)
Unwinding of Discount	-	-	(10)	-	-	(1)	-	-	(2)	-	-	(2)	(16)
Foreign exchange and other movements	(2)	0	(12)	0	3	(24)	(7)	(0)	(17)	0	0	(12)	(70)
<b>Impairment allowance as at 31 December</b>	<b>51</b>	<b>62</b>	<b>388</b>	<b>19</b>	<b>155</b>	<b>177</b>	<b>21</b>	<b>28</b>	<b>135</b>	<b>16</b>	<b>65</b>	<b>202</b>	<b>1,320</b>

**Notes to the Financial Statements**

	31 December 2021												Total € million
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	12-month ECL-Stage 1	Lifetime ECL- Stage 2	Lifetime ECL- Stage 3	
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Impairment allowance as at 1 January	68	88	809	22	150	624	28	47	470	29	113	432	2,882
New loans and advances originated or Arising from acquisitions	14	-	-	0	-	-	12	-	-	4	-	-	30
Transfers between stages	0	5	202	-	-	-	-	-	-	0	0	68	275
- to 12-month ECL	9	(9)	(0)	16	(15)	(1)	17	(14)	(3)	36	(35)	(1)	-
- to lifetime ECL	(5)	8	(3)	(6)	76	(70)	(1)	17	(16)	(2)	22	(20)	-
- to lifetime ECL credit-impaired loans	(0)	(21)	21	(1)	(16)	17	(1)	(12)	13	(2)	(18)	20	-
Impact of ECL net remeasurement	(32)	(3)	107	(16)	(31)	185	(28)	(13)	111	(30)	(4)	100	346
Recoveries from written - off loans	-	-	1	-	-	0	-	-	6	-	-	2	9
Loans and advances derecognised during the year <sup>(2)</sup>	0	(3)	(228)	(0)	(34)	(561)	(0)	(1)	(304)	(0)	(25)	(310)	(1,466)
Amounts written off <sup>(3)</sup>	-	-	(152)	-	-	(70)	-	-	(100)	-	-	(76)	(398)
Unwinding of Discount	-	-	(17)	-	-	(7)	-	-	(5)	-	-	(8)	(37)
Foreign exchange and other movements	(0)	1	(18)	1	3	5	(1)	(0)	(40)	0	1	(13)	(61)
Impairment allowance as at 31 December	54	66	722	16	133	122	26	24	132	35	54	194	1,580

<sup>(1)</sup> The impairment allowance for POCI loans is immaterial and is included in 'Lifetime ECL – stage 3 and POCI.

<sup>(2)</sup> It represents the impairment allowance of loans derecognized due to a) substantial modifications of the loans' contractual terms, b) securitization and sale transactions, c) debt to equity transactions, and those that have been reclassified as held for sale during the year (notes 20 and 29).

<sup>(3)</sup> The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2022 and that are still subject to enforcement activity is € 82 million (31 December 2021: € 186 million).

<sup>(4)</sup> Impairment loss on wholesale loans includes a) the reversal of €50 million provision in respect of loans to Hellenic Post Credit S.A. (note 23.1) and the b) the reversal of €21.5 million provision in respect of loans to Village Roadshow Operations Hellas S.A. (note 23).

## Notes to the Financial Statements

The impairment losses relating to loans and advances to customers recognized in the Bank's income statement for the year ended 31 December 2022 amounted to € 173 million (31 December 2021: € 323 million) and are analyzed as follows:

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Impairment loss on loans and advances to customers	<b>(169)</b>	(376)
Net income / (loss) from financial guarantee contracts <sup>(1)</sup>	<b>(22)</b>	-
Modification gain/(loss) on loans and advances to customers	<b>3</b>	21
Impairment (loss)/ reversal for credit related commitments	<b>15</b>	32
<b>Total</b>	<b>(173)</b>	<b>(323)</b>

<sup>(1)</sup> It refers to purchased financial guarantee contracts, not integral to the guaranteed loans (projects Wave).

## 22. Investment securities

	<b>31 December</b> <b>2022</b> <b>€ million</b>	<b>31 December</b> <b>2021</b> <b>€ million</b>
Investment securities at FVOCI	<b>2,556</b>	4,980
Investment securities at amortized cost	<b>7,757</b>	3,932
Investment securities at FVTPL	<b>174</b>	82
<b>Total</b>	<b>10,487</b>	<b>8,994</b>

Note: Information on debt securities of the investment portfolio is presented in note 5.2.1.3.

In December 2022, the Bank acquired an additional 3.2% holding in Hellenic Bank Public Company Limited ("Hellenic Bank"), a financial institution located in Cyprus, for a consideration of € 16.74 million. Following this transaction, as at 31 December 2022, the Bank holds a 15.8% participation in Hellenic Bank. The said investment is aligned with the overall strategy of the Group to further strengthen its presence in its core markets in which retains a strategic interest and thus has been designated at FVOCI. Its fair value as at 31 December 2022 amounted to € 94.6 million (31 December 2021: € 44.4 million).

In addition, on 1 December 2022, the Bank announced that it has entered into a share purchase agreement with Wargaming Group Limited, pursuant to which it has agreed to acquire an additional 13.41% holding in Hellenic Bank for a consideration of € 70 million. The completion of the said acquisition was subject to the full fulfillment of the relevant regulatory approvals.

### Post balance sheet event

On 4<sup>th</sup> April 2023 the Bank announced that, following the receipt of the relevant regulatory approvals, the above acquisition was completed, and its total holding in Hellenic Bank reached 29.2%. Following that, the investment in Hellenic Bank will be accounted for as a Group's associate in the consolidated financial statements as of the second quarter of 2023.

**Notes to the Financial Statements**

**22.1 Movement of investment securities**

The tables below present the movement of the carrying amount of investment securities per measurement category and per stage:

	31 December 2022								
	Debt securities at FVOCI			Investment securities at AC			Investment securities at FVTPL	Equity securities at FVOCI	Total € million
	12-month ECL- Stage 1	Lifetime ECL - Stage 2	Lifetime ECL - Stage 3	12-month ECL- ECL-Stage 1	Lifetime ECL - Stage 2	Lifetime ECL - Stage 3			
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	
Gross carrying amount at 1 January	4,927	9	-	3,938	-	-	82	44	
Additions, net of disposals and redemptions	(1,806)	(6)	(14)	4,204	-	-	70	17	2,465
Transfers between stages	(83)	69	14	(40)	6	34	-	-	-
Net gains/(losses) from changes in fair value for the year	(637)	(0)	(0)	-	-	-	18	34	(585)
Amortisation of premiums/discounts and interest	(28)	0	0	65	0	2	0	-	39
Changes in fair value due to hedging <sup>(1)</sup>	-	-	-	(428)	-	(4)	-	-	(432)
Exchange adjustments and other movements	17	(1)	-	1	-	1	4	-	22
<b>Gross carrying amount at 31 December</b>	<b>2,390</b>	<b>71</b>	<b>-</b>	<b>7,740</b>	<b>6</b>	<b>33</b>	<b>174</b>	<b>95</b>	<b>10,509</b>
Impairment allowance	-	-	-	(12)	(0)	(10)	-	-	(22)
<b>Net carrying amount at 31 December</b>	<b>2,390</b>	<b>71</b>	<b>-</b>	<b>7,728</b>	<b>6</b>	<b>23</b>	<b>174</b>	<b>95</b>	<b>10,487</b>

	31 December 2021						Total € million
	Debt securities at FVOCI		Investment securities at AC	Investment securities at FVTPL	Equity securities at FVOCI		
	12-month ECL- Stage 1	Lifetime ECL - Stage 2	12-month ECL- Stage 1				
	€ million	€ million	€ million	€ million	€ million		
Gross carrying amount at 1 January	4,264	10	2,103	90	-		6,467
Additions, net of disposals and redemptions	755	-	1,619	(12)	41	2,403	
Transfers between stages	2	(2)	-	-	-	-	
Net gains/(losses) from changes in fair value for the year	(112)	1	-	3	3	(105)	
Amortisation of premiums/discounts and interest	(11)	(0)	(0)	0	-	(11)	
Changes in fair value due to hedging	-	-	183	-	-	183	
Exchange adjustments and other movements	29	0	33	1	-	63	
<b>Gross carrying amount at 31 December</b>	<b>4,927</b>	<b>9</b>	<b>3,938</b>	<b>82</b>	<b>44</b>	<b>9,000</b>	
Impairment allowance	-	-	(6)	-	-	(6)	
<b>Net carrying amount at 31 December</b>	<b>4,927</b>	<b>9</b>	<b>3,932</b>	<b>82</b>	<b>44</b>	<b>8,994</b>	

<sup>(1)</sup> Changes in fair value due to continued hedging relationships amount to € 527 million, loss.

**Notes to the Financial Statements**

**22.2 Movement of ECL**

The table below presents the ECL movement per portfolio, including ECL movement analysis per stage:

	31 December 2022			31 December 2021		
	Measured at amortised cost	Measured at FVOCI	Total	Measured at amortised cost	Measured at FVOCI	Total
	€ million	€ million	€ million	€ million	€ million	€ million
<b>Balance at 1 January</b>	<b>6</b>	<b>10</b>	<b>16</b>	<b>4</b>	<b>9</b>	<b>13</b>
New financial assets purchased	16	1	17	8	7	15
- of which 12-month ECL - Stage 1	16	1	17	8	7	15
Transfers between stages						
- (from)/to 12-month ECL	(6)	(11)	(17)	-	0	0
- (from)/to lifetime ECL-Stage 2	0	0	0	-	(0)	(0)
- (from)/to lifetime ECL-Stage 3	6	11	17	-	-	-
Remeasurement due to change in ECL risk parameters	3	12	15	(6)	(5)	(11)
- of which 12-month ECL - Stage 1	(2)	9	7	(6)	(5)	(11)
- of which lifetime ECL - Stage 2	1	3	4	-	(0)	(0)
- of which lifetime ECL - Stage 3	4	-	4	-	-	-
Financial assets disposed during the year	(3)	(4)	(7)	(0)	(1)	(1)
- of which 12-month ECL - Stage 1	(3)	(3)	(6)	(0)	(1)	(1)
Financial assets redeemed during the year	-	(10)	(10)	-	(0)	(0)
- of which lifetime ECL - Stage 3	-	(10)	(10)	-	-	-
Foreign exchange and other movements	-	0	0	-	0	0
<b>Balance as at 31 December</b>	<b>22</b>	<b>9</b>	<b>31</b>	<b>6</b>	<b>10</b>	<b>16</b>

**22.3 Equity reserve: revaluation of the investment securities at FVOCI**

Gains and losses arising from the changes in the fair value of investment securities at FVOCI are recognized in a corresponding revaluation reserve in equity. The movement of the reserve is as follows:

	31 December 2022 € million	31 December 2021 € million
<b>Balance at 1 January</b>	<b>273</b>	<b>347</b>
Net gains/(losses) from changes in fair value	(603)	(109)
Tax (expense)/benefit	175	32
	<b>(428)</b>	<b>(77)</b>
Net (gains)/losses transferred to net profit on disposal	24	(99)
ECL transferred to net profit	2	2
Tax (expense)/benefit on net (gains)/losses transferred to net profit on disposal	(7)	29
Tax (expense)/benefit on ECL transferred to net profit	(1)	(1)
	<b>18</b>	<b>(69)</b>
Net (gains)/losses transferred to net profit from fair value hedges	246	101
Tax (expense)/benefit	(71)	(29)
	<b>175</b>	<b>72</b>
<b>Balance at 31 December</b>	<b>38</b>	<b>273</b>



## Notes to the Financial Statements

### 23. Shares in subsidiaries

The following is a listing of the Bank's subsidiaries (percentage holdings held directly by the Bank) as at 31 December 2022:

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Leasing Single Member S.A.		100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Herald Greece Single Member Real Estate development and services S.A. 1		100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2		100.00	Greece	Real estate
Standard Single Member Real Estate S.A.		100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 1 Single Member Development S.A.		100.00	Greece	Real estate
(Under liquidation) Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 2 Single Member Development S.A.	a	100.00	Greece	Real estate
Piraeus Port Plaza 3 Single Member Development S.A.	a	100.00	Greece	Real estate
Tenberco Real Estate Single Member S.A.		100.00	Greece	Real estate
Value Touristiki Single Member Development S.A.	a	100.00	Greece	Real estate
Eurobank Bulgaria A.D.		56.14	Bulgaria	Banking
IMO Property Investments Sofia E.A.D.	i	100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd	q	100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
Eurobank Cyprus Ltd	k	100.00	Cyprus	Banking
ERB New Europe Funding III Ltd	i	100.00	Cyprus	Finance company
NEU 03 Property Holdings Ltd	i	100.00	Cyprus	Holding company
NEU Property Holdings Ltd	m	100.00	Cyprus	Holding company
Sagiol Ltd	p	100.00	Cyprus	Holding company
Macoliq Holdings Ltd	p	100.00	Cyprus	Holding company
Senseco Trading Limited	p	100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		99.99	Luxembourg	Fund management
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
ERB IT Shared Services S.A.		0.30	Romania	Informatics data processing
IMO Property Investments Bucuresti S.A.	l	99.99	Romania	Real estate services
IMO-II Property Investments S.A.	e	99.99	Romania	Real estate services
Retail Development S.A.		99.99	Romania	Real estate
Seferco Development S.A.		99.99	Romania	Real estate
Eurobank Direktna a.d.		46.89	Serbia	Banking
ERB Leasing A.D. Beograd-in Liquidation		17.51	Serbia	Leasing
IMO Property Investments A.D. Beograd	j	100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd		100.00	Serbia	Real estate
ERB Hellas Plc	h	99.99	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company		-	Ireland	Special purpose financing vehicle

In addition, the following entities are controlled by the Bank:

(i) the Bank's special purpose financing vehicles and the related holding entities, which are dormant and/or are under liquidation: Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd, Themeleion Mortgage Finance Plc, Themeleion II Mortgage Finance Plc, Themeleion III Mortgage Finance Plc, Themeleion IV Mortgage Finance Plc, Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc, Anaptyxi APC Ltd and Byzantium II Finance Plc.

(ii) the holding entity of Karta II Plc: Karta II Holdings Ltd.

(iii) dormant entity: Enalios Real Estate Development S.A.

## Notes to the Financial Statements

(iv) entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A. and Promivet S.A.

### **(a) Piraeus Port Plaza 2 Single Member Development S.A., Piraeus Port Plaza 3 Single Member Development S.A. and Value Touristiki Single Member Development S.A., Greece**

In January and February 2022, the Bank signed agreements with its subsidiaries Sagiol Ltd, Macoliq Holdings Ltd and Senseco Trading Limited for the transfer of the shares of Piraeus Port Plaza 2 Single Member Development S.A. (PPP2), Piraeus Port Plaza 3 Single Member Development S.A. (PPP3) and Value Touristiki Single Member S.A. held by Sagiol Ltd, Macoliq Holdings Ltd and Senseco Trading Limited, respectively, to the Bank. The cash consideration for the above transfer of shares amounted to € 11 million for PPP2, € 15 million for PPP3 and € 7 million for Value Touristiki. Accordingly, the Bank's direct participations to PPP2, PPP3 and Value Touristiki increased from 49% to 100%.

### **(b) IMO 03 E.A.D., Bulgaria**

In February 2022, the Bank disposed of its participation interest of 100% in IMO 03 E.A.D. (the Bank's share in the company was classified as held for sale as of 31 December 2021) to a third party for a cash consideration of € 5.8 million. The resulting loss on the disposal was immaterial.

### **(c) (Under liquidation) Real Estate Management Single Member S.A., Greece**

In February 2022, the liquidation of the company was completed.

### **(d) Staynia Holdings Limited, Cyprus**

In February 2022, the liquidation of the company was decided. In June 2022, the distribution of the company's surplus assets to the Bank was completed with a resulting loss of € 2.3 million recognized in "Other income/(expenses)". In October 2022 the liquidation of the company was completed.

### **(e) IMO-II Property Investments S.A., Romania**

In March 2022, the share capital increase by € 4.5 million of IMO-II Property Investments S.A., a company indirectly controlled by the Bank, was fully covered by the Bank. Accordingly, the Bank's direct participation to the company reached 99.12%. In August 2022, the Bank signed an agreement with its subsidiary NEU Property Holdings Ltd for the transfer of the shares held in IMO-II Property Investments S.A. to the Bank without a consideration and accordingly, the Bank's direct participation to the company increased from 99.12% to 99.99%.

### **(f) Vouliagmeni Residence Single Member S.A., Greece**

In March 2022, the Bank signed an agreement for the sale of its participation interest of 100% in Vouliagmeni Residence Single Member S.A. to a third party. On the basis of the said agreement, the Bank's share in the company was classified as held for sale since 31 March 2022. In July 2022, the sale of the company was completed for a cash consideration of € 9.7 million and a resulting gain of € 0.6 million recognized in "Other income/(expenses)".

### **(g) ERB Istanbul Holding A.S. in liquidation, Turkey**

In June 2022, the liquidation of the company was completed with a resulting loss of € 1.8 million recognized in "Other income/(expenses)".

### **(h) ERB Hellas Plc, United Kingdom**

In June 2022, the liquidation of the company was decided.

### **(i) NEU 03 Property Holdings Ltd, ERB New Europe Funding III Ltd, Cyprus and IMO Property Investments Sofia E.A.D., Bulgaria**

In the second quarter of 2022, the Bank signed agreements with its subsidiary NEU Property Holdings Ltd for the transfer of the shares held in NEU 03 Property Holdings Ltd, ERB New Europe Funding III Ltd and IMO Property Investments Sofia E.A.D. to the Bank for an immaterial cash consideration. Consequently, as of the second quarter of 2022, the whole of the issued share capital of the companies was held directly by the Bank.

### **(j) IMO Property Investments A.D. Beograd, Serbia**

In July 2022, the Bank signed an agreement with its subsidiary NEU Property Holdings Ltd for the transfer of the shares held in IMO Property Investments A.D. Beograd to the Bank without a consideration. Consequently, as of July 2022, the whole of the issued share capital of the company was held directly by the Bank.

## Notes to the Financial Statements

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### **(k) Eurobank Cyprus Ltd, Cyprus**

In July 2022, the Bank signed an agreement with its subsidiary ERB New Europe Holding B.V. for the transfer of the shares held in Eurobank Cyprus Ltd to the Bank for a cash consideration of € 597 million. Consequently, as of July 2022, the whole of the issued share capital of the company was held directly by the Bank.

### **(l) IMO Property Investments Bucuresti S.A., Romania**

In August 2022, the Bank signed an agreement with its subsidiary NEU Property Holdings Ltd for the transfer of the shares held in IMO Property Investments Bucuresti S.A. to the Bank without a consideration. Accordingly, the Bank's direct participation to the company reached 99.99%. In addition, in December 2022, the share capital of IMO Property Investments Bucuresti S.A. increased by € 124 million in replacement of equal funding from a Group's entity that was guaranteed by the Bank.

### **(m) NEU Property Holdings Ltd, Cyprus**

In the second quarter of 2022, the share capital of NEU Property Holdings Ltd increased by € 8.5 million.

### **(n) Village Roadshow Operations Hellas S.A., Greece**

The Bank had acquired "Village Roadshow Operations Hellas S.A." in the third quarter of 2021, following the enforcement of collateral on the company's shares under a lending arrangement. The Bank's share in the company since its acquisition had been classified as held for sale. On 2 August 2022, in the context of the Bank's loan restructuring activities, the Bank signed an agreement with a third party for the sale of its participation interest of 100% in the company and the restructuring of its existing loan facilities subject to certain preconditions, which were fulfilled in November 2022. Following the completion of the agreement, the Bank recognized a) € 21.5 million benefit due to the reversal of loan provisions in its accounts, in the income statement line "Impairment losses relating to loans and advances to customers" and b) € 2 million loss from the disposal of the company's shares, including costs directly attributable to the agreement, in the income statement line "Other income/(expenses)".

### **(o) Eliade Tower S.A., Romania**

In September 2022, the Bank decided to proceed with the sale of its participation interest of 99.99% in Eliade Tower S.A. On this basis, as at 30 September 2022 the Bank's share in the company was classified as held for sale. In October 2022, the sale of Eliade Tower S.A. was completed for a cash consideration of € 4.4 million and a resulting loss of € 1.6 million was recognized in "Other income/(expenses)".

### **(p) Sagiol Ltd, Macoliq Holdings Ltd and Senseco Trading Limited, Cyprus**

In October 2022, the liquidation of the companies was decided.

### **(q) ERB Hellas (Cayman Islands) Ltd, Cayman Islands**

In December 2022, the liquidation of the company was decided.

### **Eurobank Ergasias Leasing Single Member S.A.**

In October 2021, the demerger of Eurobank Ergasias Leasing Single Member S.A. ("Demerged Entity") through (i) the transfer of part of its assets and liabilities to the Bank and (ii) the establishment of a new company, "Eurobank Leasing Single Member S.A.", through the transfer of the remaining part of the assets and liabilities of the Demerged Entity was completed, after receiving the required approvals by the competent Authorities.

The assets and liabilities of the Demerged Entity that were transferred to the Bank under the pooling of interests method were € 401 million and € 517 million respectively, while the net (negative) effect on the Bank's reserves amounted to € 50 million.

### **Agreement for the acquisition of BNP Paribas Personal Finance Bulgaria by Eurobank Bulgaria A.D.**

On 9 December 2022, Eurobank Holdings announced that it had reached an agreement for the acquisition of BNP Paribas Personal Finance Bulgaria (the "Business") by Eurobank's subsidiary in Bulgaria, Eurobank Bulgaria A.D. ("Postbank"). Specifically, Postbank had signed a put option letter for the benefit of BNP Paribas Personal Finance providing for the sale of its Bulgarian branch, based on the agreed terms. Pursuant to the above agreement, a consultation process with the French Labour Council has taken place, the conclusion of which led to the signing of a Business Transfer Agreement in January 2023.

The transaction is in line with the Group's strategy to further strengthen Postbank's position in the Bulgarian retail sector and is expected to burden Eurobank Holdings Group's regulatory capital ratios by ca. 25bps, reflecting mainly the increase in the Group's Risk Weighted Assets. As of the end of September 2022, BNP Paribas Personal Finance Bulgaria, which operates through a network of 44 branches, had total assets of € 450 million, deposits close to € 100 million and a clientele of more than 270 thousand clients.

## Notes to the Financial Statements

The completion of the transaction is expected to take place in the first semester of 2023 subject to approvals by all competent regulatory authorities.

### Other post balance sheet events

#### **Retail Development S.A., Romania**

In February 2023, the Bank signed an agreement for the sale of its participation interest of 99.99% in Retail Development S.A. to a third party.

#### **Eurobank Direktna a.d., Serbia**

On 2 March 2023, the Bank announced that it has signed a binding agreement (share purchase agreement) with AIK Banka a.d. Beograd ("AIK") for the sale of its total shareholding of 70% in its subsidiary in Serbia, Eurobank Direktna a.d. (the "Transaction"). Consequently, the subsidiary will be classified as held for sale and its results will be presented in discontinued operations. The Transaction is consistent with Eurobank's strategy to direct capital to opportunities with more compelling RoTBV (Return on Tangible Book Value) and to further enhance its presence in its core markets. In this context, based on the agreement, 100% of Eurobank Direktna was valued at € 280 million.

The Transaction is expected to contribute ca. 50 bps to Eurobank Holdings Group's CET1 ratio (based on the third quarter of 2022 ratio), reflecting mainly the release of related RWAs (Risk Weighted Assets). It is expected to be completed within year 2023, subject to customary regulatory and other approvals.

#### **ERB Hellas (Cayman Islands) Ltd, Cayman Islands**

In February 2023, the return of the company's share capital to the Bank, through the repurchase of the whole of its own shares, was completed.

### **23.1 Merger of the Bank and Hellenic Post Credit S.A.**

In February 2022, the Bank reached an agreement with the other shareholder for the acquisition of the remaining 50% of the share capital of Hellenic Post Credit S.A., settled by offsetting receivables it held from the other shareholder of the company (note 41). In November 2022, after receiving the required approvals from the competent authorities, the merger of the Bank and Hellenic Post Credit S.A. was completed, by absorption of the latter by the former. The transaction was accounted using the pooling of interests method (also known as merger accounting).

In line with the Bank's accounting policy for legal mergers that involve the combination of the Bank with one or more of its subsidiaries, the assets and liabilities of Hellenic Post Credit S.A. were transferred to the Bank at their pre-combination carrying amounts.

The carrying amounts of the transferred assets and liabilities, as included in the Bank's consolidated financial statements as of the date of the legal merger, along with the effect on Bank's reserves resulting from the merger, are presented in the below table.

	<b>€ million</b>
<b>Assets</b>	
Loans and advances to customers	<b>94</b>
- Gross carrying amount	<i>180</i>
- Impairment allowance	<i>(86)</i>
Other assets	<b>12</b>
<i>of which intercompany balances with the Bank</i>	<i>9</i>
<b>Total assets</b>	<b>106</b>
<b>Liabilities</b>	
Due to credit institutions	<b>119</b>
<i>of which intercompany balances with the Bank</i>	<i>119</i>
Other liabilities	<b>9</b>
<b>Total liabilities</b>	<b>128</b>
<b>Net effect on Bank's reserves</b>	<b>(22)</b>

In addition, the Bank recognized a reversal of € 50 million impairment in respect of its loans to the company.

## Notes to the Financial Statements

### 24. Investments in associates and joint ventures

As at 31 December 2022, the carrying amount of the Bank's investments in associates and joint ventures amounted to € 39 million (31 December 2021: € 102 million). The following is the listing of the Bank's associates and joint ventures (percentage holdings held directly by the Bank) as at 31 December 2022:

<u>Name</u>	<u>Note</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Percentage Holding</u>
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
(Under liquidation) Tefin S.A.		Greece	Dealership of vehicles and machinery	50.00
Global Finance S.A.	g	Greece	Investment financing	33.82
Rosequeens Properties Ltd	f	Cyprus	Special purpose investment vehicle	33.33
Odyssey GP S.a.r.l.		Luxembourg	Special purpose investment vehicle	20.00
Eurolife FFH Insurance Group Holdings S.A.		Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.		Greece	Real estate	30.00
Peirga Kythnou P.C.	b	Greece	Real estate	50.00
doValue Greece Loans and Credits Claim Management S.A.		Greece	Loans and Credit Claim Management	20.00
Perigenis Business Properties S.A.		Greece	Real estate	18.90

#### (a) Grivalia Hospitality S.A., Luxembourg

On 24 March 2022, the Bank signed a Share Purchase Agreement for the disposal of a 5.1% shareholding in its joint venture Grivalia Hospitality S.A. for a total consideration of € 15.9 million. As a result of the transaction, the Bank's shareholding in Grivalia Hospitality S.A. decreased from 25% to 19.9% and in combination with the terms of the revised Shareholders' Agreement signed with the other shareholders on the same date, the Bank ceased to have joint control over the entity and hence has discontinued the use of the equity method of accounting. Following the aforementioned sale, as of 31 March 2022, the retained interest in the entity has been measured as a financial asset at FVTPL with any change in the carrying amount to be recognized in the income statement. Accordingly, the difference between: (i) the fair value of the retained interest on the aforementioned date, amounting to € 71.2 million and the proceeds received from the said partial disposal and (ii) the previous carrying amount of the investment in the entity under the equity method amounting to € 58.3 million, resulted in a total gain of € 28.8 million, that was recognised in the income statement in "Other income/(expenses)". For the year ended 31 December 2022, the above gain was further adjusted to € 30.6 million.

#### (b) Peirga Kythnou P.C., Greece

In the first quarter of 2022, the Bank participated in the share capital increase of the company with an amount of € 35 thousand.

#### (c) Information Systems Impact S.A., Greece

In July 2022, the Bank disposed of its participation interest in Information Systems Impact S.A. to a third party for a cash consideration of € 3.9 million. The resulting gain on disposal amounted to € 1.4 million and was recognized in "Other income/(expenses)".

#### (d) Intertech S.A. – International Technologies, Greece

In September 2022, the Bank disposed of its participation interest in Intertech S.A. – International Technologies (which since its acquisition in the third quarter of 2021 was classified as held for sale) to a third party for a cash consideration of € 1.9 million with an immaterial effect on the Bank's income statement.

#### (e) Sinda Enterprises Company Ltd, Cyprus

In October 2022, the Bank disposed of its participation interest in Sinda Enterprises Company Ltd to a third party for a cash consideration of € 3.2 million. The resulting loss on disposal amounted to € 0.8 million and was recognized in "Other income/(expenses)".

#### (f) Rosequeens Properties Ltd, Romania

In June 2022, the Bank signed an agreement with its subsidiary NEU Property Holdings Ltd for the transfer of the shares held in Rosequeens Properties Ltd to the Bank without a consideration. Accordingly, the Bank's percentage holding to the company reached 33.33%.

#### (g) Global Finance S.A., Greece

In July 2022, the Bank signed an agreement with its subsidiary Berberis Investments Ltd for the transfer of the shares held in Global Finance S.A. to the Bank for a cash consideration of € 0.4 million. Accordingly, the Bank's percentage holding to the company reached 33.82%.

**Notes to the Financial Statements**
**25. Property and equipment**

	31 December 2022				
	Land, buildings, leasehold improvements	Furniture, equipment, motor vehicles	Computer hardware, software	Right of use assets (RoU) <sup>(1)</sup>	Total
	€ million	€ million	€ million	€ million	€ million
<b>Cost:</b>					
<b>Balance at 1 January</b>	500	141	439	242	1,322
Arising from merger (note 23.1)	0	0	0	-	0
Transfers	(15)	0	5	-	(10)
Transfers from / to repossessed assets and/or held for sale	1	(2)	-	-	(1)
Additions	10	8	24	11	53
Disposals, write-offs & adjustment to RoU <sup>(2)</sup>	(7)	(2)	(2)	(27)	(38)
Impairment	(6)	(0)	(11)	-	(17)
Held for sale (note 29)	1	-	-	-	1
<b>Balance at 31 December</b>	<b>484</b>	<b>145</b>	<b>455</b>	<b>226</b>	<b>1,310</b>
<b>Accumulated depreciation:</b>					
<b>Balance at 1 January</b>	(174)	(120)	(366)	(75)	(735)
Arising from merger (note 23.1)	(0)	(0)	(0)	-	(0)
Transfers	1	-	-	-	1
Disposals, write-offs and adjustment to RoU <sup>(2)</sup>	6	2	2	3	13
Charge for the year	(8)	(4)	(21)	(29)	(62)
<b>Balance at 31 December</b>	<b>(175)</b>	<b>(122)</b>	<b>(385)</b>	<b>(101)</b>	<b>(783)</b>
<b>Net book value at 31 December</b>	<b>309</b>	<b>23</b>	<b>70</b>	<b>125</b>	<b>527</b>

	31 December 2021				
	Land, buildings, leasehold improvements	Furniture, equipment, motor vehicles	Computer hardware, software	Right of use assets (RoU) <sup>(1)</sup>	Total
	€ million	€ million	€ million	€ million	€ million
<b>Cost:</b>					
<b>Balance at 1 January</b>	513	137	405	185	1,240
Arising from demerger (note 23)	-	1	-	-	1
Transfers	(12)	(0)	13	-	1
Additions	9	6	23	26	64
Disposals, write-offs & adjustment to RoU <sup>(2)</sup>	(7)	(3)	(1)	31	20
Impairment	(2)	(0)	(1)	-	(3)
Held for sale (note 29)	(1)	-	-	-	(1)
<b>Balance at 31 December</b>	<b>500</b>	<b>141</b>	<b>439</b>	<b>242</b>	<b>1,322</b>
<b>Accumulated depreciation:</b>					
<b>Balance at 1 January</b>	(174)	(118)	(349)	(50)	(691)
Arising from demerger (note 23)	-	(1)	-	-	(1)
Transfers	2	0	-	-	2
Disposals, write-offs and adjustment to RoU <sup>(2)</sup>	7	3	1	3	14
Charge for the year	(9)	(4)	(18)	(28)	(59)
<b>Balance at 31 December</b>	<b>(174)</b>	<b>(120)</b>	<b>(366)</b>	<b>(75)</b>	<b>(735)</b>
<b>Net book value at 31 December</b>	<b>326</b>	<b>21</b>	<b>73</b>	<b>167</b>	<b>587</b>

<sup>(1)</sup> The respective lease liabilities are presented in "other liabilities" (note 34).

<sup>(2)</sup> It refers to termination, modifications and remeasurements of RoU. It includes the remeasurement from revised estimates of the lease term during the year, considering all facts and circumstances that affect the Bank's housing needs.

As at 31 December 2022, the RoU assets amounting to € 125 million (31 December 2021: € 167 million) refer to leased office and branch premises, ATM locations, residential properties of € 121 million (31 December 2021: € 163 million) and motor vehicles of € 4 million (31 December 2021: € 4 million). Leasehold improvements relate to premises occupied by the Bank for its own activities.

## Notes to the Financial Statements

### 26. Investment property

The Bank applies the fair value model regarding the measurement of Investment Property according to IAS 40 "Investment property".

The movement of investment property is as follows:

	31 December 2022 € million	31 December 2021 € million
<b>Balance at 1 January</b>	<b>984</b>	914
Arising from demerger (note 23)	-	40
Transfers from/to repossessed assets	<b>10</b>	-
Other transfers	<b>14</b>	10
Additions	<b>4</b>	2
Disposals	<b>(108)</b>	(3)
Assets classified as Held for Sale	-	(12)
Net gain / (loss) from fair value adjustments	<b>32</b>	33
<b>Balance at 31 December</b>	<b>936</b>	<b>984</b>

Changes in fair values of investment property are recognized as gains/(losses) in profit or loss and included in the "Other Income/(expense)" (note 11). All gains/(losses) are unrealized.

During the year ended 31 December 2022, an amount of € 61 million (31 December 2021: € 63 million) was recognized as rental income from investment property in income from non banking services (note 8). As at 31 December 2022, the contractual obligations in relation to investment property amounted to approximately € 4 million, and are associated with property redevelopment, repairs and maintenance.

The main classes of investment property have been determined based on the nature, the characteristics and the risks of the Bank's properties. The fair value measurements of the Bank's investment property, which are categorized within level 3 of the fair value hierarchy, are presented in the below table.

	2022 € million	2021 € million
Residential	<b>1</b>	1
Commercial	<b>924</b>	968
Land Plots	<b>11</b>	12
Industrial	-	3
<b>Total</b>	<b>936</b>	<b>984</b>

The basic methods used for estimating the fair value of the Bank's investment property are the income approach (income capitalization/discounted cash flow method), and the comparative method, which are also used in combination depending on the class of property being valued.

The discounted cash flow method is used for estimating the fair value of the Bank's commercial investment property. Fair value is calculated through the projection of a series of cash flows using explicit assumptions regarding the benefits and liabilities of ownership (income and operating costs, vacancy rates, income growth), including the residual value anticipated at the end of the projection period. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish its present value.

Under the income capitalization method, also used for the commercial class of investment property, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return).

The comparative method is used for the residential, commercial and land plot classes of investment property. Fair value is estimated based on data for comparable transactions, by analyzing either real transaction prices of similar properties, or by asking prices after performing the necessary adjustments.

The Bank's investment property valuations are performed taking into consideration the highest and best use of each asset that is physically possible, legally permissible and financially feasible.



## Notes to the Financial Statements

The main method used to estimate the fair value of the Bank's Investment property portfolio as at 31 December 2022, is the discounted cash flow method. Significant unobservable inputs used in the fair value measurement of the relevant portfolio are the rental income growth and the discount rate. Increase in rental income growth would result in increase in the carrying amount while an increase in the discount rate would have the opposite result. The discount rate used ranges from 7% to 12%. As at 31 December 2022, an increase or decrease of 5% in the discount rate used in the DCF analysis, would result in a downward or upward adjustment of the carrying value of the respective investment properties by € 22 million.

In 2022, the Greek real estate market attracted significant investment capital, especially in the first half, when the pace of domestic and foreign investment activity returned to the pre-Covid 19 pandemic level. However, towards the end of the year, the rise of inflation and interest rates, as well as the increase in energy and construction costs as a result of the Ukraine war, led market participants to become more cautious and selective in their investment decisions. Nevertheless, the demand for quality sustainable properties outstrips current market supply, therefore the value of these assets is expected to demonstrate resilience going forward, even during an economic slowdown.

In this volatile economic environment, the diversification of the Bank's investment property portfolio, which primarily consists of office and big box/supermarket properties has proven to be an effective shield, as despite the increase of interest rates in 2022, it recorded fair value gains of ca. € 34 million mainly due to the increase of the value of specific offices leased to prime tenants and logistics (note 11).

In particular, the characteristics of the Bank's investment property portfolio in terms of tenant's quality (AAA tenants) and sustainable lease contracts that were also favored by CPI indexation, as well as the specifications of the properties were taken into account by the valuers in determining the fair value of the Bank's investment properties.

Moreover, the office and logistics sectors continue to exhibit strong supply/demand fundamentals in Greece, whereas the retail sector, considering the recovery in private consumption in the post-pandemic environment, is experiencing a strong leasing and investment activity especially in big box retail properties, although it lags in rental growth compared to other sectors.

The Bank will continue to monitor closely the effect of the economic environment and the trends that will be demonstrated in the investment real estate market in the upcoming period on the valuation of its investment properties, while intensifying its efforts to implement "green" energy investments on its properties.

## 27. Intangible assets

The movement of intangible assets referring to purchased or developed software is as follows:

	<b>31 December 2022</b>	<b>31 December 2021</b>
	<b>€ million</b>	<b>€ million</b>
<b>Cost:</b>		
<b>Balance at 1 January</b>	<b>412</b>	387
Arising from merger (note 23.1)	<b>1</b>	-
Additions	<b>61</b>	54
Transfers	<b>(5)</b>	(13)
Impairment	<b>(10)</b>	(16)
<b>Balance at 31 December</b>	<b>459</b>	412
<b>Accumulated amortisation:</b>		
<b>Balance at 1 January</b>	<b>(240)</b>	(214)
Arising from merger (note 23.1)	<b>(1)</b>	-
Amortization charge for the year	<b>(29)</b>	(26)
<b>Balance at 31 December</b>	<b>(270)</b>	(240)
<b>Net book value at 31 December</b>	<b>189</b>	172

## Notes to the Financial Statements

### 28. Other assets

	2022 € million	2021 € million
Receivable from Deposit Guarantee and Investment Fund	495	706
Reposessed properties and relative prepayments	554	571
Pledged amount for a Greek sovereign risk financial guarantee	234	235
Deferred costs and accrued income	64	78
Income tax receivable <sup>(1)</sup>	23	23
Other guarantees	179	87
Other assets	256	290
<b>Total</b>	<b>1,805</b>	<b>1,990</b>

<sup>(1)</sup> Includes withholding taxes, net of provisions.

In September 2022, the law 4370/2016 in respect of the deposit guarantee schemes of the Greek credit institutions was amended by law 4972/2022. Pursuant to the law's amendments, the receivable from the Hellenic Deposit and Investment Guarantee Fund (HDIGF) referring to the "Supplementary Deposit Cover Fund" is refundable to the Greek credit institutions in three equal instalments, starting three months after the enactment of the law and each year thereafter, subject to the provisions of the article 25a of the law. Following that, in December 2022 an amount of € 210 million was refunded to the Bank by HDIGF.

As at 31 December 2022, other assets net of provisions, amounting to € 256 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities, (d) legal cases, (e) settlement balances with customers and (f) project Triangle (note 29).

### 29. Disposal groups classified as held for sale

	2022 € million	2021 € million
<b>Assets of disposal groups</b>		
Real estate properties	12	29
Loans related to project Solar (note 20)	69	-
Shares in subsidiaries <sup>(1)</sup>	-	6
Investments in associates and joint ventures <sup>(2)</sup>	-	2
Credit card acquiring - project Triangle	-	28
<b>Total</b>	<b>81</b>	<b>65</b>
<b>Liabilities of disposal groups</b>		
Credit card acquiring - project Triangle	-	37
Other liabilities related to project Solar (note 20)	1	-
<b>Total</b>	<b>1</b>	<b>37</b>

<sup>(1)</sup> It relates to "Village Roadshow Operations Hellas S.A." and "IMO 03 E.A.D., Bulgaria"

<sup>(2)</sup> It relates to "Intertech S.A."

#### Real estate properties

Starting from the end of 2019, the Bank, in the context of its strategy for the active management of its real estate portfolio (reposessed, investment properties and own used properties), has gradually classified as held for sale (HFS) certain pools of real estate assets of total remaining carrying amount ca. € 12 million as at 31 December 2022 (31 December 2021: € 29 million), after their remeasurement in accordance with the IFRS 5 requirements. The Bank remains committed to its plan to sell the aforementioned assets, which is expected to be completed within 2023, and undertakes all necessary actions towards this direction.

The above non-recurring fair value measurements were categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used, with no change occurring up to 31 December 2022.

## Notes to the Financial Statements

### Eurobank Merchant Acquiring business -Project 'Triangle'

On 7 December 2021, the Eurobank Holdings announced that the Bank had signed a binding agreement with Worldline B.V. ("Worldline") that included, among others, a) the sale of 80% of Eurobank's merchant acquiring business ("PayCo") to Worldline and b) a long term agreement for the exclusive distribution of PayCo products in Greece through Eurobank's sales network. On the basis of the aforementioned agreement, as of 31 December 2021 "PayCo" was classified as held for sale.

On 30 June 2022, after receiving all necessary approvals, the spin-off of the Bank's merchant acquiring business to Cardlink Payment Institution S.A. ("Cardlink One"), a licensed payment institution, and the transfer of 80% of Cardlink One's shares to Worldline was completed for a cash consideration of € 254 million, after certain adjustments. Furthermore, under the related shareholders' agreement, the remaining 20% interest in "Cardlink One" is subject to a combination of call and put options, exercisable after approximately 3 years.

As a result of the sale transaction for the 80% shareholding and based on the terms of the shareholders' agreement in reference to the combination of options for the 20% shareholding, the Bank has fully derecognised the merchant acquiring business, since through the combination of options, access to substantially all the returns associated with the remaining 20% ownership interest is deemed to be transferred to Wordline at the time of the transaction.

On this basis, other than the cash consideration, on 30 June 2022 the Bank recognised in other assets a financial asset to be measured at fair value through profit or loss equal to € 68.5 million, representing the present value of the contractual right to receive the options' estimated exercise price at the time of their execution. In addition, on the same date, the Bank recognised in other assets € 15.1 million deferred consideration in accordance with the terms of the agreement.

Following the above, the resulting gain from the transaction that was recognised in "Other income/(expenses)", amounted to ca. € 325 million before tax (ca. € 231 million after tax), including the costs directly attributable to the transaction.

### 30. Due to central banks

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Secured borrowing from ECB	<b>7,927</b>	<b>10,813</b>

As at 31 December 2022, the Bank had € 8 billion outstanding principal under the TLTRO III refinancing program of the European Central Bank (ECB), following the maturity of €1.9 billion and the early repayment of €1 billion during the fourth quarter, whereas the respective net income recognized under interest expense amounted to € 50 million (note 6). On the basis that the Bank met the required lending thresholds, the above income was calculated under the program's more favorable interest rates that provides for an interest rate of -1% for the special interest period from 24 June 2020 to 23 June 2022 and the average deposit facility rate (DFR) as set by ECB's decisions, thereafter.

### 31. Due to credit institutions

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Secured borrowing from credit institutions	<b>2,455</b>	2,051
Borrowings from international financial and similar institutions	<b>427</b>	434
Deposits from banks received as collateral <sup>(1)</sup>	<b>306</b>	27
Interbank takings	<b>824</b>	326
Current accounts and settlement balances with banks	<b>46</b>	58
<b>Total</b>	<b>4,058</b>	<b>2,896</b>

<sup>(1)</sup> For 2022 the amount presented is after offsetting € 932 million against derivatives assets and liabilities (note 5.2.1.4)

As at 31 December 2022, borrowings from international financial and similar institutions include borrowings from European Investment Bank and other similar institutions.

**Notes to the Financial Statements**
**32. Due to customers**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Savings and current accounts	30,926	29,374
Term deposits	9,129	7,677
Repurchase agreements	201	170
<b>Total</b>	<b>40,256</b>	<b>37,221</b>

Under the Law 4151/2013, the dormant deposits accounts balances are statute barred for the benefit of the Greek State after the 20-year lapse of the last transaction. Accordingly, in 2022 the amount that the Bank transferred to the Greek State was approximately € 4 million (31 December 2021: € 2 million).

**33. Debt securities in issue**

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Securitized	553	552
Subordinated notes (Tier 2)	1,261	950
Medium-term notes (EMTN)	1,851	1,088
<b>Total</b>	<b>3,665</b>	<b>2,590</b>

**Securitisations**

The carrying value of the class A asset backed securities issued by the Bank's special purpose entities Karta II Plc and Astarti DAC as at 31 December 2022, amounted to € 303 million and € 250 million, respectively.

**Tier 2 Capital instruments**

On 30 November 2022, the Parent Company announced the issuance of a € 300 million subordinated Tier II debt instrument which matures in December 2032, is callable in December 2027 offering a coupon of 10% per annum and is listed on the Luxembourg Stock Exchange's Euro MTF market. On the same date, the Bank issued a subordinated instrument of equivalent terms, held by the Parent Company. The proceeds from the issue will support Eurobank Holding's group strategy to ensure ongoing compliance with its total capital adequacy ratio requirements and will be used for Eurobank S.A.'s general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Parent Company's website on 30 November 2022.

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually.

The obligations arising from the Tier 2 Subordinated capital instruments were transferred to the Parent Company, while the Bank issued a subordinated instrument of equivalent terms which was fully subscribed by the Parent Company.

**Covered bonds**

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

**Medium-term notes (EMTN)**

In June 2022, the Bank proceeded with the issue of a preferred senior debt with a nominal value of € 500 million, of which € 7 million were held by a Bank's subsidiary. The bond, which is listed in the Luxembourg Stock Exchange's Euro MTF market, matures in March 2025 and is callable at par in March 2024, offering a coupon of 4.375% per annum.

This transaction is another step towards the implementation of Eurobank's medium-term strategy to meet its MREL requirements. The proceeds from the issue will be used for Eurobank's general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Bank's website on 1 June 2022.

## Notes to the Financial Statements

During the year ended 31 December 2022, the Bank proceeded with the issue of medium term notes of face value of € 344 million which were designated for Group's customers.

### Post balance sheet event

In January 2023, the Bank completed the issue of a € 500 million senior preferred note. The bond, which is listed in the Luxembourg Stock Exchange's Euro MTF market, matures in January 2029 and is callable at par in January 2028, offering a coupon of 7% per annum.

The proceeds from the issue will support Group's strategy to ensure ongoing compliance with its MREL requirements and will be used for the Bank's general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Bank's website on 20 January 2023.

### 34. Other liabilities

	2022 € million	2021 € million
Lease liabilities	128	171
Balances under settlement <sup>(1)</sup>	182	169
Deferred income and accrued expenses	105	103
ECL allowance for credit related commitments (note 5.2.1.2)	222	339
Standard legal staff retirement indemnity obligations (note 35)	16	17
Employee termination benefits	61	63
Sovereign risk financial guarantee	33	36
Other provisions	57	81
Trading liabilities	419	43
Other liabilities	115	164
<b>Total</b>	<b>1,338</b>	<b>1,186</b>

<sup>(1)</sup> Includes settlement balances relating to bank cheques and remittances, credit card transactions and other banking activities.

As at 31 December 2022, other liabilities amounting to € 115 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations and (c) duties and other taxes.

As at 31 December 2022, trading liabilities amounting to € 419 million (31 December 2021: € 43 million) reflect the higher levels of short positions in debt instruments, entered into in the context of the Bank's economic hedging strategies, aiming to manage on a pool basis market driven risks that derive from asset positions. For the year ended 31 December 2022, the gain recognized in net trading income from the aforementioned short positions amounted to € 107 million.

As at 31 December 2022, other provisions amounting to € 57 million (31 December 2021: € 81 million) mainly include: (a) € 17 million for outstanding litigations against the Bank (note 41), (b) € 40 million for other operational risk events, of which € 22 million is relating to the sale of former Romanian subsidiaries.

The movement of the Bank's other provisions, is presented in the following table:

	31 December 2022		
	Litigations and claims in dispute € million	Other € million	Total € million
<b>Balance at 1 January</b>	52	29	81
Amounts charged during the year	8	10	18
Amounts used during the year	(42)	(0)	(42)
Amounts reversed during the year	(1)	(2)	(3)
Foreign exchange and other movements	0	3	3
<b>Balance at 31 December</b>	<b>17</b>	<b>40</b>	<b>57</b>

## Notes to the Financial Statements

	31 December 2021		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	52	93	145
Amounts charged during the year	3	2	5
Amounts used during the year	(1)	(2)	(3)
Amounts reversed during the year	(2)	(64)	(66)
Balance at 31 December	52	29	81

For the year ended 31 December 2022, an amount of € 48 million has been recognised in the Bank's income statement for employee termination benefits mainly in respect of the new Voluntary Exit Scheme (VES) that was launched by the Bank in February 2022 for eligible units in Greece and offered to employees over a specific age limit. The new VES is implemented through either lump-sum payments or long-term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof. The estimated saving in personnel expenses amounts to € 16 million on an annual basis.

### 35. Standard legal staff retirement indemnity obligations

The Bank provides for staff retirement indemnity obligation for its employees in Greece and abroad, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Bank until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Bank to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Bank.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	31 December 2022 € million	31 December 2021 € million
<b>Balance at 1 January</b>	17	16
Arising from merger (note 23.1)	0	-
Current service cost	3	3
Interest cost	0	0
Past service cost and (gains)/losses on settlements	50	37
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions	(2)	(1)
Actuarial (gains)/losses arising from changes in demographic assumptions	(0)	0
Actuarial (gains)/losses arising from experience and other adjustments	0	0
Benefits paid	(52)	(38)
<b>Balance at 31 December</b>	<b>16</b>	<b>17</b>

The benefits paid by the Bank during 2022, in the context of the Voluntary Exit Scheme (VES) (note 34), amounted to € 52 million. The provision for staff retirement obligations of the staff that participated in the above scheme, amounted to € 2 million.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	31 December 2022 %	31 December 2021 %
Discount rate	3.2	0.5
Future salary increases	2.9	1.7

As at 31 December 2022, the assumption for the price inflation (weighted average) is 2.6% (31 December 2021: 2%) and has been taken into account in determining the above actuarial assumptions for future salaries increases.

## Notes to the Financial Statements

As at 31 December 2022, the average duration of the standard legal staff retirement indemnity obligation was 7 years (31 December 2021: 7 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2022 is as follows:

An increase/(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/increase of the standard legal staff retirement obligations by (€ 0.5 million)/ € 0.5 million.

An increase/(decrease) of the future salary growth assumed, by 0.5%/(0.5%) would result in an increase/(decrease) of the standard legal staff retirement obligations by € 0.5 million/(€ 0.5 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

### 36. Share capital

As at 31 December 2022 and 2021, the total share capital of Eurobank S.A. amounted to € 3,941,071,968.10 divided into 3,683,244,830 common voting shares of nominal value of € 1.07 each. The total number of Eurobank shares is held by Eurobank Holdings, which is the sole shareholder of Eurobank.

### 37. Reserves and retained earnings/losses

	<b>Corporate law reserves € million</b>	<b>Special reserves € million</b>	<b>Other reserves € million</b>	<b>Retained earnings/ (losses) € million</b>	<b>Total € million</b>
Balance at 1 January 2021	-	228	299	(399)	128
Net profit	-	-	-	469	469
Transfers between reserves	14	140	-	(154)	-
Demerger of Eurobank Ergasias Leasing Single Member S.A. (note 23)	5	-	0	(55)	(50)
Distribution in kind through share capital decrease (note 20)	-	-	-	(16)	(16)
Formation of a corporate law reserve	9	-	-	-	9
Debt securities at FVOCI	-	-	(76)	-	(76)
Gain/(losses) from equity securities at FVOCI	-	-	2	-	2
Cash flow hedges	-	-	37	-	37
Revaluation reserve of fixed assets	-	-	0	-	0
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	1	1
Share options plan	-	-	-	2	2
<b>Balance at 31 December 2021</b>	<b>28</b>	<b>368</b>	<b>263</b>	<b>(153)</b>	<b>506</b>
<b>Balance at 1 January 2022</b>	<b>28</b>	<b>368</b>	<b>263</b>	<b>(153)</b>	<b>506</b>
Net profit	-	-	-	1,388	1,388
Transfers between reserves	69	195	-	(264)	1
Merger with Hellenic Post Credit (note 23.1)	1	-	0	(23)	(22)
Debt securities at FVOCI	-	-	(259)	-	(259)
Gain/(losses) from equity securities at FVOCI	-	-	24	-	24
Cash flow hedges	-	-	0	-	0
Revaluation reserve of fixed assets	-	-	0	-	0
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	1	1
Share options plan (note 38)	-	-	-	4	4
<b>Balance at 31 December 2022</b>	<b>98</b>	<b>564</b>	<b>27</b>	<b>953</b>	<b>1,642</b>



## Notes to the Financial Statements

As at 31 December 2022, “Special reserves” of € 564 million relate to dividends and gains from the sale of participations. In addition, the “Other reserves” mainly comprise a) € 38 million fair value reserve (31 December 2021: € 273 million) and b) € 12 million accumulated loss from cash flow hedging (31 December 2021: € 12 million accumulated loss).

### Dividends

Pursuant to Article 149A of Law 4261/2014, by way of derogation from item c of par. 2 of article 160 and par. 2 of article 161 of Law 4548/2018, the Bank is not subject to the obligation to distribute a minimum dividend.

The Bank, taking into consideration that in 2023 the Eurobank Holdings Group has announced that the amount earmarked for dividend distribution will be used in an optimal way to bid for the 1.4% HFSF stake in Eurobank Holdings through a share buyback scheme (note 43), has decided to propose to the Annual Shareholders’ General Meeting the non-distribution of dividends to the Shareholder for the profits of 2022 and will reassess its decision based on the future developments.

### 38. Share options

The Annual General Meeting of the shareholders of Eurobank Holdings held on 28 July 2020 approved the establishment of a five year shares award plan, starting from 2021, in the form of share options rights by issuing new shares with a corresponding share capital increase, in accordance with the provisions of article 113 of law 4548/2018, awarded to executives and personnel of Eurobank Holdings and its affiliated companies according to article 32 of law 4308/2014. The maximum number of rights that can be approved was set at 55,637,000 rights, each of which would correspond to one new share. The exercise price of each new share would be equal to € 0.23. The Annual General Meeting authorized the Board of Directors of Eurobank Holdings to define the eligible staff and determine the remaining terms and conditions of the plan.

The final terms and the implementation of the share options plan, which is a forward-looking long-term incentive aiming at the retention of key executives, are defined and approved annually by the Board of Directors in accordance with the applicable legal and regulatory framework, as well as the policies of the Bank and the Group.

The options are exercisable in portions, annually during a period from one to five years. Each portion may be exercised wholly or partly and converted into shares at the employees’ option, provided that they remain employed by the Bank until the first available exercise date. The corporate actions that adjust the number and the price of shares also adjust accordingly the share options.

In addition, the share options also comply with the restrictions regarding remuneration of Law 3864/2010, as each time in force.

The movement of share options during the period is analysed as follows:

Share options granted	2022
<b>Balance at 1 January</b>	<b>12,374,561</b>
Options awarded during the year	11,654,117
Options canceled during the year	(244,700)
Options exercised during the year	(1,515,656)
<b>Balance at 31 December</b>	<b>22,268,322</b>

The share options outstanding at the end of the period have the following expiry dates:

Expiry date <sup>(1)</sup>	Share options
	31 December 2022
2023	5,551,925
2024	7,131,580
2025	3,120,978
2026	2,595,139
2027	2,595,139
2028	1,273,561
Weighted average remaining contractual life of share options outstanding at the end of the period	24 months

<sup>(1)</sup> Based on the earliest contractual exercise date.

## Notes to the Financial Statements

In accordance with the Bank's accounting policy on employees' share based payments, the grant date fair value of the options is recognized as an expense with a corresponding increase in equity over the vesting period.

The fair value at grant date is determined using an adjusted form of the Black-Scholes model for Bermudan equity options which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Furthermore, additional conditions on certain share options granted to key executives who are subject to any remuneration restrictions of Law 3864/2010 at the time of grant, are treated as non-vesting conditions. Accordingly, the fair value measurement at grant date of such share options takes into consideration the probability that the relevant restrictions will be lifted, based on Management judgement, and is not subsequently revised regardless of whether the condition is eventually satisfied.

The weighted average fair value of the share options granted in December 2022 was € 0.63 (31 December 2021: € 0.42). The significant inputs into the model were a share price of € 1.021 (31 December 2021: € 0.7823) at the grant date, exercise price of € 0.23, annualized dividend yield of 3% (31 December 2021: 3%), expected average volatility of 38% (31 December 2021: 68%), expected option life of 1-5 years, and a risk-free interest rate corresponding to the options' maturities, based on the Euro swap yield curve. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last one and a half year.

### 39. Transfers of financial assets

The Bank enters into transactions by which it transfers recognized financial assets directly to third parties or to Special Purpose Entities (SPEs).

(a) The Bank sells, in exchange for cash, securities under an agreement to repurchase them (repos) and assumes a liability to repay to the counterparty the cash received. In addition, the Bank pledges, in exchange for cash, securities, covered bonds, as well as loans and receivables and assumes a liability to repay to the counterparty the cash received. The Bank may also transfer securities under securities lending agreements with no exchange of cash or pledging of other financial assets as collateral. For all the aforementioned transactions, the Bank has determined that it retains substantially all the risks, including associated credit and interest rate risks, and rewards of these financial assets and therefore has not derecognized them. As a result, the Bank is unable to use, sell or pledge the transferred assets for the duration of the transaction. The related liability, where applicable, is recognized in Due to central banks and credit institutions (notes 30 and 31), Due to customers (note 32) and Debt securities in issue (note 33), as appropriate.

The Bank enters into securitizations of various classes of loans (corporate, small and medium enterprise, consumer and various classes of non performing loans), under which it assumes an obligation to pass on the cash flows from the loans to the holders of the notes. The Bank has determined that it retains substantially all risks, including associated credit and interest rate risks, and rewards of these loans and therefore has not derecognized them. As a result of the above transactions, the Bank is unable to use, sell or pledge the transferred assets for the duration of their retention by the SPE. Moreover, the note holders' recourse is limited to the transferred loans. As at 31 December 2022, the securitizations' issues held by third parties amounted to € 553 million (31 December 2021: € 552 million) (note 33).

The table below sets out the details of Bank's financial assets that have been sold or otherwise transferred, but which do not qualify for derecognition:

	Carrying amount	
	2022	2021
	€ million	€ million
Securities held for trading	44	11
Loans and advances to customers	14,181	14,308
-securitized loans <sup>(1)</sup>	3,411	4,232
-pledged loans under covered bond program	4,261	4,360
-pledged loans with central banks	6,309	5,545
-other pledged loans	200	171
Investment securities	3,624	7,081
<b>Total</b>	<b>17,849</b>	<b>21,400</b>

<sup>(1)</sup> It includes securitized loans of issues held by the Bank, not used for funding.

(b) The Bank may sell or re-pledge any securities borrowed or obtained through reverse repos and has an obligation to return the securities. The counterparty retains substantially all the risks and rewards of ownership and therefore the securities are not

## Notes to the Financial Statements

recognized by the Bank. As at 31 December 2022, the Bank had obtained through reverse repos securities of face value of € 134 million, of which € 15 million sold under repurchase agreements and € 67 million pledged with central banks (31 December 2021: € 598 million face value of which € 60 million sold under repurchase agreements and € 505 million pledged with central banks). Furthermore, in the comparative year, the Bank had obtained Greek treasury bills as collaterals for derivatives transactions with the Hellenic Republic of face value of € 1,400 million, of which € 324 million sold under repurchase agreements.

As at 31 December 2022, the cash value of the assets transferred or borrowed by the Bank through securities lending, reverse repo and other agreements (points a and b) amounted to € 11,318 million, while the associated liability from the above transactions amounted to € 11,249 million, of which € 114 million repo agreements offset in the balance sheet against reverse repo deals (notes 30, 31, 32, 33, and 5.2.1.4) (31 December 2021: cash value € 14,410 million and liability € 14,179 million, of which € 591 million repo agreements offset in the balance sheet). In addition, the Bank's financial assets pledged as collaterals for repos, derivatives, securitizations and other transactions other than the financial assets presented in the table above are provided in notes 17 and 28.

### 40. Leases

#### **Bank as a lessee**

The Bank leases office and branch premises, ATM locations, residential properties for its personnel, and motor vehicles.

The majority of the Bank's property leases are under long term agreements (for a term of 12 years or more in the case of leased real estate assets), with options to extend or terminate the lease according to the terms of each contract and the usual terms and conditions of commercial leases, while motor vehicles generally have lease terms of up to 4 years. Extension options held by the Bank are included in the lease term when it is reasonably certain that they will be exercised based on its assessment. For contracts having an indefinite remaining life as at 1 January 2022, the lease term has been determined at an average of 7 years for the Bank, after considering all relevant facts and circumstances. Depending on the terms of each lease contract, lease payments are adjusted annually in line with the consumer Price Index, as published by the Greek Statistical Authority, plus an agreed fixed percentage.

Information about the leases for which the Bank is a lessee is presented below:

#### *Right-of-Use Assets*

As at 31 December 2022, the right-of-use assets included in property and equipment amounted to € 125 million (31 December 2021: € 167 million) (note 25).

#### *Lease Liabilities*

The lease liability included under other liabilities amounted to € 128 million as at 31 December 2022 (31 December 2021: € 171 million) (note 34). The maturity analysis of lease liabilities as at 31 December 2022, based on the contractual undiscounted cash flows, is presented in note 5.2.3.

#### *Amounts recognised in profit or loss*

Interest on lease liabilities is presented in note 6 and the lease expense relating to short term leases is ca. € 2 million (31 December 2021: € 2 million).

The Bank had total cash outflows for leases of € 25 million in 2022 (31 December 2021: € 29 million).

#### **Bank as a lessor**

#### *Finance lease*

The Bank leases out certain real estate properties and equipment under finance leases, in its capacity as a lessor.

## Notes to the Financial Statements

The maturity analysis of finance lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	<b>2022</b> <b>€ million</b>	<b>2021<sup>(1)</sup></b> <b>€ million</b>
Not later than 1 year	<b>206</b>	310
1-2 years	<b>28</b>	27
2-3 years	<b>19</b>	26
3-4 years	<b>18</b>	18
4-5 years	<b>14</b>	17
Later than 5 years	<b>107</b>	117
Lease payments	<b>392</b>	515
Gross investment in finance leases	<b>392</b>	515
Less: unearned finance income	<b>(30)</b>	(28)
Net investment in finance leases	<b>362</b>	487
Less: Impairment allowance	<b>(133)</b>	(212)
<b>Total</b>	<b>229</b>	275

<sup>(1)</sup> Comparative information has been adjusted in order to align with current year's presentation of the finance lease receivables.

### Operating Leases

The Bank leases out its investment property under the usual terms and conditions of commercial leases. When such leases do not transfer substantially all of the risks and rewards incidental to the ownership of the leased assets, the Bank classifies these lease as operating leases. Information relating to operating leases of investment property, including the rental income recognised by the Bank during the year, is provided in note 26.

The maturity analysis of operating lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	<b>2022</b> <b>€ million</b>	<b>2021</b> <b>€ million</b>
Not later than one year	<b>63</b>	68
One to two years	<b>57</b>	62
Two to three years	<b>53</b>	59
Three to four years	<b>48</b>	56
Four to five years	<b>45</b>	52
More than five years	<b>184</b>	244
<b>Total</b>	<b>450</b>	541

## 41. Contingent liabilities and other commitments

The Bank presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees of medium and low risk according to the Regulation No 575/2013/EU.

## Notes to the Financial Statements

Credit related commitments are analyzed as follows:

	2022 € million	2021 € million
Financial guarantee contracts	1,980	1,604
Commitments to extend credit	3,245	962
Other credit related commitments	759	396
<b>Total</b>	<b>5,984</b>	<b>2,962</b>

As of 31 December 2022, the credit related commitments within the scope of IFRS 9 impairment requirements amounted to € 9.0 billion (31 December 2021: € 5.9 billion), including revocable loan commitments of € 2.6 billion (31 December 2021: € 2.4 billion) and guarantees of € 0.5 billion (31 December 2021: € 0.6 billion) relating to the lending activities of banking subsidiaries for which the equivalent pledged amount is presented within “Due from credit institutions”. The analyses per stage, according to IFRS 9, of the above credit related commitments and the corresponding allowance for impairment losses of € 222 million (31 December 2021: € 339 million) are provided in the note 5.

In addition, the Bank has issued a sovereign risk financial guarantee of € 0.24 billion (31 December 2021: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 28).

### Other commitments

(a) The Bank has signed irrevocable payment commitment and collateral arrangement agreements with the Single Resolution Board (SRB) amounting in total to € 24.4 million as at 31 December 2022 (31 December 2021: € 20 million), representing 15% of its resolution contribution payment obligation to the Single Resolution Fund (SRF) for the years 2016-2022.

According to the agreements, which are backed by cash collateral of an equal amount, the Bank undertook to pay to the SRB an amount up to the above irrevocable payment commitment, in case of a call and demand for payment made by it, in relation to a resolution action taken for another European bank. The said cash collateral has been recognized as a financial asset in the Bank’s balance sheet (note 28).

(b) As at 31 December 2022, the contractual commitments for the acquisition of own used property, equipment and intangible assets amounted to € 26 million (31 December 2021: € 27 million).

### Post balance sheet event

In February 2023, the Bank signed a binding pre-agreement with a third party for the acquisition of a Cypriot holding company, which indirectly owns a land plot to be developed into a modern office complex and proceeded with an advance payment of € 15.2 million, in line with the agreement. The completion of the agreement is expected to take place in 2024.

### Legal proceedings

In the year ended 31 December 2022, the Bank concluded an agreement for the acquisition of the remaining 50% of Hellenic Post Credit S.A. share capital (note 23.1), settled by offsetting receivables it held from the other shareholder. As a result, related provisions of € 34 million which had been recognized, were used to offset the respective receivables, leading to a significant decrease of the provisions for legal proceedings outstanding against the Bank, which as at 31 December 2022 amounted to € 18 million (note 34) (31 December 2021: € 52 million).

Furthermore, in the normal course of its business, the Bank has been involved in a number of legal proceedings, which are either at still a premature or at an advanced trial instance. The final settlement of these cases may require the lapse of a certain time so that the litigants exhaust the legal remedies provided for by the law. Management, is closely monitoring the developments to the relevant cases and having considered the advice of the Legal Services General Division, does not expect that there will be an outflow of resources and therefore does not acknowledge the need for a provision.

## 42. Post balance sheet events

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

- Note 2.1 – Basis of preparation
- Note 4 – Capital Management
- Note 5 – Financial risk management and fair value
- Note 22 – Investment securities

## Notes to the Financial Statements

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Note 23 – Shares in subsidiaries

Note 33 - Debt securities in issue

Note 41 - Contingent liabilities and other commitments

Note 43 – Related parties

### 43. Related parties

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. As at 31 December 2022, the percentage of Eurobank Holdings' 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 Bank pursuant to the provisions of the Law 3864/2010, as in force, including the amendments under law 4941/2022 and the Tripartite Relationship Framework Agreement (TRFA) between Eurobank S.A., Eurobank Holdings and the HFSF signed on 23 March 2020 and amended on 3 February 2022. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report of Eurobank Holdings for the year ended 31 December 2022.

In 2023, Eurobank Holdings announced its intention to submit an offer for the buyback of its 52.08 million shares (corresponding to a participation of 1.4%), presently owned by the HFSF, subject to the receipt of the required approvals from the regulator and the General Meeting of the Company's Shareholders.

Fairfax Group, which holds 32.99% of Eurobank Holdings voting rights as of 31 December 2022 (31 December 2021: 33%), is considered to have significant influence over Eurobank Holdings and accordingly over the Bank.

In January 2022, an occupational insurance fund ("Institution for occupational retirement provision-occupational insurance fund Eurobank's Group personnel" henceforth "the Fund") was established as a not-for-profit legal entity under Law 4680/2020, for the benefit of the employees of Eurobank Holdings, the Bank and certain other Greek entities of Eurobank Holdings Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Fund is considered to be related party to the Bank.

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

## Notes to the Financial Statements

The outstanding balances of the transactions with (a) the subsidiaries, (b) Eurobank Holdings, (c) Fairfax Group, (d) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP and (e) other related parties, as well as the relating income and expenses are as follows:

	31 December 2022					31 December 2021				
	Eurobank Holdings <sup>(6)</sup>	Fairfax Group <sup>(3),(8)</sup>	Subsidiaries <sup>(2)</sup>	KMP <sup>(1)</sup> and Entities controlled or jointly controlled by KMP	Other Related Parties <sup>(7)</sup>	Eurobank Holdings <sup>(6)</sup>	Fairfax Group <sup>(3)</sup>	Subsidiaries <sup>(2)</sup>	KMP <sup>(1)</sup> and Entities controlled or jointly controlled by KMP	Other Related Parties <sup>(7)</sup>
Due from credit institutions	-	-	1,187.93	-	-	-	-	970.63	-	-
Derivative financial instruments assets	-	-	44.11	-	-	-	-	13.72	-	-
Investment securities	-	-	-	-	-	-	-	-	-	-
Loans and advances to customers	-	69.93	1,015.67	5.68	0.14	-	0.01	1,011.81	4.94	24.33
Other assets <sup>(5)</sup>	0.67	0.04	19.37	-	87.05	0.32	0.04	94.70	-	76.03
Due to credit institutions	-	-	2,554.84	-	-	-	-	2,133.95	-	-
Derivative financial instruments liabilities	-	-	38.23	-	-	-	-	22.73	-	-
Due to customers	57.72	26.50	659.18	15.25	96.92	63.63	0.24	178.59	15.29	79.28
Debt securities in issue	1,277.68	81.98	110.65	1.27	102.47	950.17	-	40.68	0.20	-
Other liabilities	1.93	0.13	191.39	0.16	8.83	1.44	-	316.68	0.11	39.14
Net interest income	(63.16)	(0.69)	(0.26)	0.01	(4.70)	(60.92)	0.21	13.58	0.01	(2.61)
Net banking fee and commission income	(0.93)	0.01	21.89	-	15.68	(0.90)	-	22.88	-	18.55
Dividend income	-	-	183.89	-	19.27	-	-	179.36	-	19.76
Net trading income	-	-	(54.65)	-	0.01	-	-	(1.12)	-	0.45
Other operating income/(expense)	(3.80)	4.08	1.37	(15.02)	(9.73)	(3.04)	3.04	0.85	(14.97)	(12.07)
Impairment losses relating to loans and advances and collectors' fees	(1.64)	(0.55)	92.79	-	(62.75)	(1.47)	0.02	12.48	-	(85.24)
Guarantees issued <sup>(4)</sup>	-	1.97	407.88	-	-	-	-	736.42	0.01	4.65
Guarantees received	-	-	-	0.01	-	-	-	-	0.01	-

<sup>(1)</sup> Includes the key management personnel of the Bank and their close family members.

<sup>(2)</sup> Equity contributions and other transactions with subsidiaries, associates and joint ventures are presented in note 23 and note 24 respectively.

<sup>(3)</sup> The balances with the Group's associate Eurolife FFH Insurance Group Holdings S.A., which is also a member of Fairfax Group are presented in the column Other Related Parties.

<sup>(4)</sup> Furthermore, as of 31 December 2022, € 0.5 billion guarantees have been issued relating mainly to the lending activities of banking subsidiaries for which the equivalent pledged amount is included above in "Due from credit institutions".

<sup>(5)</sup> For the year ended 31 December 2022, it includes € 14.9 million right of use assets (RoU) (31 December 2021: € 16.5 million).

<sup>(6)</sup> Includes also Eurobank Holdings fellow subsidiaries. Information about the distribution in kind to Eurobank Holdings in 2021 is presented in note 20.

<sup>(7)</sup> Other related parties include associates, joint ventures and as of the first half of 2022 the aforementioned Eurobank Group's personnel occupational insurance fund. In particular, as at 31 December 2022 the outstanding balances of transactions with the Fund refer mainly to deposits of € 1 million received from the Fund.

<sup>(8)</sup> As of 24 March 2022, the Bank ceased to have joint control over its former joint venture Grivalia Hospitality S.A. (note 24). In addition, in the third quarter of 2022, Fairfax Group obtained control over Grivalia Hospitality S.A. Hence, as at 31 December 2022, the company is considered to be a related party of the Group.

For the year ended 31 December 2022, there were no material transactions with the HFSF.

Following the assessment of the recoverable amount of the Bank's funding to its subsidiaries, associates and joint ventures, a reversal of impairment loss of € 92 million (31 December 2021: a reversal of impairment loss of € 12 million) has been recognized in respect of the Bank's loans, receivables and the credit related commitments to its subsidiaries, associates and joint ventures, mainly to reflect the carrying values of their loan's portfolios. As at 31 December 2022, the respective impairment allowance amounted to € 176 million (31 December 2021: € 374 million).

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 6.76 million (31 December 2021: € 6.72 million) and long-term employee benefits of € 1.13 million (31 December 2021: € 1.08 million). Additionally, the Bank has recognised € 1.8 million (31 December 2021: € 0.46 million) expense relating with equity settled share based payments (note 38). Furthermore, as at 31 December 2022, the defined benefit obligation for the KMP amounts to € 1.58 million (31 December 2021: €



## Notes to the Financial Statements

1.48 million), while the respective cost for the year through the income statement amounts to € 0.12 million (31 December 2021: € 0.12 million) and the other comprehensive income (actuarial gain) amounts to € 0.07 million (31 December 2021: € 0.05 million actuarial gain).

### 44. External Auditors

The Bank has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Bank's auditors may provide further to the statutory audit. For any such services to be assigned to the Bank's auditors there are specific controlling mechanisms in order for the Bank's Audit Committee to ensure that a) the non-audit services assigned to "KPMG Certified Auditors S.A.", along with the KPMG network (KPMG), have been reviewed and approved as required and b) there is proper balance between audit and permitted non-audit work.

The total fees of the Bank's independent auditor KPMG, for audit and other services provided are analyzed as follows:

	31 December 2022 € million	31 December 2021 € million
Statutory audit <sup>(1)</sup>	(1.3)	(1.2)
Tax certificate	(0.2)	(0.2)
Other audit related assignments	(0.4)	(0.5)
Non audit assignments	(0.1)	(0.2)
<b>Total</b>	<b>(2.0)</b>	<b>(2.1)</b>

<sup>(1)</sup> Includes fees for statutory audit of the Bank's annual financial statements.

It is noted that the non-audit assignment fees of "KPMG Certified Auditors S.A." Greece, statutory auditor of the Bank, amounted to € 0.05 million.

### 45. Board of Directors

The Board of Directors (BoD) was elected by the Annual General Meeting (AGM) of the Shareholders held on 23 July 2021, for a three years term of office that will expire on 23 July 2024, prolonged until the end of the period the AGM for the year 2024 will take place.

Following the aforementioned AGM decision, the BoD was constituted as a body at the BoD meeting of 23 July 2021, as follows:

G. Zanias	Chairman, Non-Executive Member
G. Chryssikos	Vice Chairman, Non-Executive Member
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
A. Athanasopoulos	Deputy Chief Executive Officer
B. P. Martin	Non-Executive Member
A. Gregoriadi	Non-Executive Independent Member
I. Rouvitha Panou	Non-Executive Independent Member
R. Kakar	Non-Executive Independent Member
J. Mirza	Non-Executive Independent Member
C. Basile	Non-Executive Independent Member
E. Deli	Non-Executive Member (HFSF representative under Law 3864/2010)

Athens, 6 April 2023

**Georgios P. Zanias**  
I.D. No AI -414343  
CHAIRMAN  
OF THE BOARD OF DIRECTORS

**Fokion C. Karavias**  
I.D. No AI - 677962  
CHIEF EXECUTIVE OFFICER

**Harris V. Kokologiannis**  
I.D. No AN - 582334  
GENERAL MANAGER OF GROUP FINANCE  
CHIEF FINANCIAL OFFICER

INFORMATION EURO BANK GROUP FOR THE PERIOD 01/01 - 31/12/2022  
PURSUANT TO ARTICLE 6 OF L.4374 / 2016

PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 1 OF ARTICLE 6 OF L.4374/2016 REGARDING LEGAL ENTITIES

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
"SPOT"-APOSTOLOS ELLINAS GENERAL PARTNERSHIP	2.240,44
1908 PUBLISHING PRIVATE COMPANY	20.000,00
1984 ANEXARTITI DIMOSIOGRAFIA CIVIL NON PROFIT COMPANY	10.800,00
24 MEDIA S.A.	47.402,00
A. MYKONIATIS PUBLICATIONS S.A.	2.350,00
ABP PUBLISHING PRIVATE COMPANY	13.500,00
ADESMEFTI ENIMEROSI PRIVATE COMPANY -"VIP MEDIA"	9.000,00
AIRLINK S.A.	3.506,69
AKTI MIAOULI PUBLICATIONS PRIVATE COMPANY	1.000,00
ALITHIA PUBLICATIONS LTD	800,00
ALLIANCE FOR GREECE	2.000,00
ALPHA 989 S.A.	35.349,64
ALPHA SATELLITE TV S.A.	460.755,02
ALTER EGO MEDIA S.A.	870.521,95
AMOS INTERNATIONAL PRIVATE COMPANY	4.500,00
ANDREAS BRATIS & CO LIMITED PARTNERSHIP	540,00
ANDREAS KOUKOURAS SINGLE ENTITY PRIVATE COMPANY	2.165,00
ANTENNA TV SINGLE ENTITY S.A.	478.356,92
ANTONIOS K. MOUNTAKIS	1.732,50
APE-MPE S.A.	23.200,00
ART SAVY SINGLE ENTITY PRIVATE COMPANY	7.500,00
ASLANIDIS GEORG. ANASTASIOS	3.000,00
ATHENS VOICE S.A.	36.781,00
AUTOFOCUS CIVIL NON PROFIT COMPANY	800,00
BANKINGNEWS S.A.	69.000,00
BEAUTE MAGAZINE PRIVATE COMPANY	1.500,00
BEHLIVANOS I. CHRISTOS	6.600,00
BOULEVARD FREE PRESS PRIVATE COMPANY	4.560,00
BOUSSIAS COMMUNICATIONS LLC	1.650,00
BRAINBUZZ MEDIA CONSULTING PRIVATE COMPANY	2.000,00
BROADCASTING PROMOTION S.A. SPORT TV	11.412,44
CAPITAL.GR S.A.	161.583,31
CENTRAL GREECE RADIOTELEVISION ENTERPRISES S.A.	4.968,00
CHIOS RADIOTELEVISION S.A. - "PATRIDA"	600,00
CHRYSSOULA EL. KARAIKAKI	460,00
CRETAPOST PRIVATE COMPANY	2.400,00
D PG DIGITAL MEDIA S.A.	30.187,50
D. KONSTANTOPOULOS & CO LIMITED PARTNERSHIP	3.500,00
DAM PRODUCTIONS S.A.	27.000,00
DG NEWSAGENCY S.A.	24.112,50
DIMOPOULOS DIMITRIOS	2.955,00
DIO DEKA PUBLISHING S.A.	20.928,00
DIONISIOS KOLOKAS S & CO GENERAL PARTNERSHIP	990,00
DIONISIOS MPOURAS & CO LIMITED PARTNERSHIP	17.000,00
DITONE LIMITED INTERNET ENTERPRISES	5.250,00
DOUSIS ANASTASIOS & CO LIMITED PARTNERSHIP	9.000,00
DYADIKI ENIMEROSI LIMITED PARTNERSHIP	30.000,00
EDITCOM SINGLE ENTITY LTD	600,00
EDUCATIONAL CULTURAL ATHLETIC CLUB LIMNOS-RADIO LIMNOS	453,60
EKDOTIKI EKTIPOTIKI S.A. - CHANIOTIKA NEA	1.330,00
EKDOTIKI TILEOPTIKI S.A.	1.100,00
ELCPRODUCTIONS CIVIL NON PROFIT COMPANY	1.950,00
ELEFThERIA TOY TYPOU PUBLISHING S.A.	5.200,00
ELNABI LLC	800,00
EMMANOUIL S. ZACHARIOUDAKIS	1.200,00
ENIGMA M.G. SINGLE ENTITY PRIVATE COMPANY	4.000,00
ENIKOS S.A.	49.500,00
ENTYPOEKDOTIKI INDUSTRIAL AND COMMERCIAL S.A.	10.500,00
EPENDISI PUBLICATIONS S.A.	30.000,00
EPLATFORM INTERNET SERVICES S.A.	500,00
EPSILON NET S.A.	20.000,00
ESTIA INVESTMENTS MME S.A.	35.000,00
ESTIA NEWSPAPER S.A.	75.000,00
ETHOS MEDIA S.A.	8.500,00
EUROPORTAL.GR PRIVATE COMPANY	800,00
EXIT BEE GREECE	5.000,00
EXPLORER S.A.	44.000,01
FAROSNET S.A.	24.675,00
FILELEFThEROS PRESS S.M. S.A.	78.000,00
FINANCIAL MARKETS VOICE S.A.	22.150,00
FORTHNET MEDIA S.A.	99.789,61
FORWARD MEDIA PRIVATE COMPANY	42.500,00
FREED S.A. DIGITAL INTERNET APPLICATIONS	19.800,00
FRONTSTAGE ENTERTAINING S.A.	6.030,05
G. SIMANTONIS & CO GENERAL PARTNERSHIP	700,00
GENERAL RADIOTELEVISION ENTERPRISES S.A.	11.760,80
GEORGIOS THEMISTOKLIS VASSILIADIS	330,00
GIARMADOUROS KONSTANTINOS EVAGGELOS	504,00

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
GOC HELLAS SINGLE ENTITY PRIVATE COMPANY	2,000,00
GRAFIMA ADVERTISING S.A.	4,000,00
GRAFOTECHNIKI KRITIS S.A.	1,300,00
GREEN BOX PUBLISHING S.A.	12,600,00
HAZLIS AND RIVAS COMMUNICATIONS LTD	5,000,00
HELLENIC TELECOMMUNICATIONS ORGANIZATION S.A.	86,794,89
HELLENIC-AMERICAN CHAMBER	1,120,00
HELLENIC-FRENCH CHAMBER OF COMMERCE AND INDUSTRY	1,250,00
HT PRESS ONLINE SINGLE ENTITY PRIVATE COMPANY	9,500,00
I EFIMERIDA TON SINTAKTON S.A.	56,514,00
I. DIONATOS AND CO LIMITED PARTNERSHIP (DELTA PRESS)	30,000,00
I.KASTANAS - G. MONANTEROS GENERAL PARTNERSHIP	968,00
ICAP S.A.	8,600,00
IKAROS RADIOTELEVISION COMPANY S.A.	60,880,00
ILIAS P. KOTSALIS	1,148,24
INFINITAS INTERNET MULTIMEDIA PRIVATE COMPANY	4,000,00
INTERBUS S.A.	149,383,08
IOANNIS FIL. KYRIAKOPOULOS	3,000,00
KAL. & MIC. KOZYRI GENERAL PARTNERSHIP	1,387,50
KALAITZAKIS PUBLISHING ENTERPRISES S.A.	1,725,00
KARAGIANNPOULOS KON. IOANNIS	1,160,00
KARANTZOUNIS DIMITRIOS GEORGIOS	1,750,00
KASTORINI-TOMELITOU I. (NEWSPAPER)	850,00
KATHIMERINES PUBLICATIONS S.A.	455,332,35
KAVOULAKOS ILIAS	860,00
KE HEALTH-TRAVEL GENERAL PARTNERSHIP	30,000,00
KERKYRA PUBLICATIONS S.A.	800,00
KONSTANTINOS M. GIANNARAS	725,40
KONTRA PUBLISHING ENTERPRISES PRIVATE COMPANY	27,572,02
KYRIAKOPOULOS IOANNIS & CO LIMITED PARTNERSHIP	2,000,00
KYRTSOS GROUP LIMITED PARTNERSHIP	1,000,00
LAMIAKOS TYPOS S.A.	2,046,00
LIQUID PUBLISHING S.A.	62,875,00
LOVE RADIO BROADCASTING S.A.	5,000,00
LYCABETTUS PUBLICATIONS SINGLE ENTITY PRIVATE COMPANY	2,280,00
M. KOKKALI & CO LIMITED PARTNERSHIP	990,00
MANESIOTIS NIKOLAOS-PSOMIADIS KONSTANTINOS G.P.	1,800,00
MARAGKELLIS NIKOLAOS IOANNIS	300,00
MARIA VASILAKI PUBLISHING ENTERPRISES SINGLE ENTITY LTD CO.	6,000,00
MARKETING AND MEDIA SERVICES SINGLE ENTITY PRIVATE COMPANY	4,000,00
MATHIOUDAKIS MEDIA S.A.	1,000,00
MEDIA LINE PRIVATE COMPANY	280,00
MEDIA2DAY PUBLISHING S.A.	117,000,00
METRON ARISTON COMMUNICATION SERVICES SINGLE ENTITY LTD CO.	1,500,00
MINDSUPPORT PRIVATE COMPANY	5,000,00
MINDTHEGAP MEDIA COMMUNICATIONS SINGLE ENTITY PRIVATE COMPANY	4,500,00
MODERN ERA PUBLISHING S.A.	1,672,00
MONOCLE MEDIA LAB MONONEWS PRIVATE COMPANY	74,020,00
MPAM MEDIA SINGLE ENTITY PRIVATE COMPANY	2,500,00
MUNICIPAL TELEVISION CORPORATION OF ASPROPYRGOS	7,248,00
N.K. MEDIA GROUP LLC	16,560,00
NAFTEMPORIKI	72,723,00
NEA KRITI KYKLOS S.A.	2,000,00
NEA TELEORASI S.A.	387,970,56
NEO CHRIMA PUBLISHING S.A.	80,000,00
NEW MEDIA NETWORK SYNOPSIS S.A.	84,700,00
NEWPOST PRIVATE COMPANY	36,000,00
NEWS DOT COM RADIOTELEVISION S.A.	632,499,81
NEWSIT LLC	80,300,00
NEWSMEDIA PRIVATE COMPANY	6,705,00
NEWSROOM PRIVATE COMPANY	11,340,00
NIKELCO HUB LIMITED PARTNERSHIP	1,000,00
NIKOLAOS A. KOLLIAS	3,000,00
NIKOLAOS G. KOSMOPOULOS	1,000,00
NIKOLAOS VASSILEIOS SAMOURKAS	1,000,00
NOESIS PRIVATE COMPANY	1,500,00
NOTICE CONTENT & SERVICES SINGLE ENTITY PRIVATE COMPANY	8,000,00
NSK PUBLISHING LLC	18,372,00
OKTAS MEDIA PRIVATE COMPANY	33,000,00
ONDECK GROUP LIMITED PARTNERSHIP	1,500,00
ONE DIGITAL SERVICES S.A.	60,000,00
ONLINE TECHPRESS PUBLISHING LLC	2,400,00
ONMEDIA DIGITAL SINGLE ENTITY S.A.	19,000,00
OPINION POST ELECTRONIC PUBLICATIONS S.A.	16,500,00
ORTHODOXI KIVOTOS PUBLICATIONS S.A.	1,500,00
P. ELECTRONIC PUBLICATIONS PRIVATE COMPANY	2,500,00
P.D. PUBLICATIONS LTD	5,000,00
PALO DIGITAL TECHNOLOGIES LTD	11,050,00
PANAGIOTA G. ALEXANDROPOULOU	6,075,00
PANAGIOTIS DIM. KATSONIS	1,750,00
PANAGIOTIS SPANOS	505,50
PANCRETIAN RADIO TV S.A.	13,000,39
PANTELEIMON KONSTANTINOS KYDONIS	771,84
PAPAGIANNAKIS G. STAVROS	1,180,00
PAPALIOS MEDIA GROUP PRIVATE COMPANY	8,300,00

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS (pre taxes and charges)
PAPASTAMOULOS D. GEORGIOS	1.750,00
PARA ENA NETWORK SERVICES LLC	53.500,00
PARAPOLITIKA PUBLICATIONS S.A.	41.000,00
PASIAKOS E. IOANNIS	1.490,00
PAYLOPOULOS S. NETWORK & SOCIALNETWORK INFORMATION SINGLE ENTITY LLC	1.000,00
PELOPONNESE PATRON EDITIONS S.A.	7.500,00
PERFECT MEDIA ADVERTISING SINGLE ENTITY PRIVATE COMPANY	50.000,00
PLEFSIS LIMITED PARTNERSHIP	3.000,00
POLITICAL PUBLISHING PRIVATE COMPANY	4.000,00
POLITIS LIMITED PARTNERSHIP	1.050,00
POWERGAME MEDIA PRIVATE COMPANY	36.000,00
PREMIUM S.A.	34.000,00
PRESSROOM MEDIA SINGLE ENTITY PRIVATE COMPANY	8.000,00
PRIME APPLICATIONS S.A.	32.500,00
PROTAGON S.A.	40.000,00
PROTO THEMA PUBLISHING S.A.	389.150,96
PUBLISHING S.A. AGRICULTURAL NEWS	1.900,00
R MEDIA PUBLISHING LIMITED PARTNERSHIP	2.000,00
RADIO COMMUNICATION S.A.	2.448,47
RADIOTELEVISION ENTERPRISES REAL FM S.A.	123.200,00
RADIOTELEVISION S.A.	73.162,46
RADIOTILEOPTIKI KILKIS S.A.	3.798,20
RAGAVIS CHR. KONSTANTINOS	3.104,84
REAL MEDIA S.A.	24.980,00
REPORT PRIVATE COMPANY	3.000,00
S.S. IPPOKAMPOS HELLAS PRIVATE COMPANY	6.800,00
SABD PUBLISHING S.A.	85.000,00
SARONIC GLAM PRIVATE COMPANY	3.000,00
SELANA S.A.	4.000,00
SIMOUSI LIMITED PARTNERSHIP	4.500,00
SOCIAL COOPERATIVE ENTERPRISE FOR INCLUSION OF VULNERABLE PEOPLE- ANTHIZO	1.000,00
SOLAR MEDIA S.A.	6.650,00
SPORTNEWS INTERNET SERVICES S.A.	12.290,00
STAMOULIS PUBLICATIONS S.A.	3.000,00
STAR S.A. RADIOTELEVISION ORGANIZATION OF CENTRAL GREECE	21.996,00
TELEVISION ENTERPRISES S.A. - "ALITHIA"	400,00
TELIA COMMUNICATIONS S.A.	1.250,00
TELIA INTERNET PRIVATE COMPANY	2.875,00
THE TOC DIGITAL MEDIA INFORMATION SERVICES S.A.	40.000,00
THE WALT DISNEY COMPANY GREECE SINGLE ENTITY LIMITED COMPANY	22.732,06
THEOFANIDIS MEDIA GROUP SINGLE ENTITY PRIVATE COMPANY	2.900,00
THEOHARIS SPYR. GEORGIOS	6.750,00
TILEOPTIKI RETHYMNOY S.A.	3.456,00
TO MANIFESTO PRIVATE COMPANY	18.900,00
TOMORROW NEWS PRIVATE COMPANY	10.000,00
TYPOS MEDIA LLC	1.200,00
UNION OF HELLENIC CHAMBERS OF COMMERCE-INSTITUTE OF RESEARCH & STUDIES	1.900,00
V. SKOUTARAS S.A.	11.752,35
VAROUXIS JOURNALISM ORGANISATION PRIVATE COMPANY	2.000,00
VERGINA HYBRIDIKI S.A.	1.500,00
VICTORY SINGLE ENTITY LLC	1.500,00
VITO PR & EVENTS	6.000,00
VORIA GR S.A.	5.800,00
VOULGARIDOU CHRYSSEA	8.000,00
WALL STREET FINANCE PRIVATE COMPANY	4.800,00
ZOUGLA G.R. S.A.	70.000,00
<b>TOTAL</b>	<b>7.282.551,90</b>

**NOTES:**

1. Not including charges in favor of Greek government (V.A.T, Special TV tax.) and in favor of third parties (advertisement tax), total amount € 1.657.579,74.

INFORMATION EURO BANK GROUP FOR THE PERIOD 01/01 - 31/12/2022	
PAYMENTS ON CONSOLIDATED BASIS PURSUANT TO PARAGRAPH 2 OF ARTICLE 6 OF L.4374 / 2016	
LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS
"MIRACLE BABIES" ASSOCIATION	1.000,00
1ST PRIMARY SCHOOL MUNICIPALITY OF ALEXANDREIA	231,35
401 HELLENIC ARMY ATHENS GENERAL HOSPITAL	3.537,00
AIR FORCE PERSONNEL SERVICE COMPLEX (SEPA)	5.567,00
ALBA GRADUATE BUSINESS SCHOOL	2.000,00
AMERICAN COLLEGE OF GREECE	7.000,00
ANATOLIA COLLEGE BOARD OF TRUSTEES	55.000,00
ANDROS NAUTICAL CLUB	20.000,00
ANGELINIS-HADJINIKOU CHARITABLE FOUNDATION	500,00
ANGELS OF JOY CIVIL NON PROFIT COMPANY	1.000,00
ARGO PUBLISHING AND ADVERTISING SINGLE ENTITY LLC	3.060,00
ARISTOTLE UNIVERSITY OF THESSALONIKI RESEARCH COMMITTEE	800,00
ARK OF THE WORLD	1.580,00
ARMY PENSION FUND	7.506,00
ASSOCIATION FOR AID OF CHIOS ELECTRICIANS	100,00

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS
ASSOCIATION OF CERTIFIED FRAUD EXAMINERS - GREECE CHAPTER	1.500,00
ATHENA RESEARCH CENTER - RESEARCH & INNOVATION INFORMATION TECHNOLOGIES	1.000,00
ATHENS ARMY PHARMACY	363,00
ATHENS CHAMBER OF TRADESMEN	10.000,00
ATHENS CHAMBER OF TRADESMEN*	16.129,03
ATHENS CHILDRENS' HOSPITAL - "AGLAIA KYRIAKOU"	1.000,00
ATHENS CONCERT HALL ORGANISATION S.A.	12.740,00
ATHENS GENERAL HOSPITAL FOR THORACIC DISEASES - " SOTIRIA"*	149.500,00
ATHENS OLYMPIC MUSEUM	50.000,00
ATHENS UNIVERSITY OF ECONOMICS AND BUSINESS SPECIAL RESEARCH FUND	7.500,00
ATHLETIC AND CULTURAL CLUB OF PANAGIOUDA - "O THISSEAS"	256,41
ATLAS IOANNINON ATHLETIC CLUB	400,00
AUEB PROPERTY MANAGEMENT & DEVELOPMENT S.A.	5.500,00
AUXILIARY FUND INSURANCE OF LIABILITY & OTHER BENEFITS STASY STAFF	730,00
BE-LIVE	50.000,00
BE-LIVE*	1.226,00
BENIA MARIA & CO LIMITED PARTNERSHIP	5.000,00
BEQUEST OF P.M. MICHAELIS- PUBLIC BENEFIT FOUNDATION*	642,20
BOUSSIAS COMMUNICATIONS LLC	11.000,00
BRITISH HELLENIC CHAMBER OF COMMERCE	1.000,00
BUSINESS AND INDUSTRY ASSOCIATION OF THESSALY	500,00
BUSINESS DEVELOPMENT SOCIETY OF LASITHI	1.854,84
CAPITAL LINK INC	15.000,00
CENTRE FOR DEVELOPMENT OF GREEK COMMERCE AND ENTERPRISE	1.641,00
CENTRE FOR INDIVIDUALS WITH SPECIAL NEEDS-"HARA"	15.500,00
CHALKI ATHLETIC CLUB	1.186,00
CHAMBER OF CHIOS	500,00
CHAMBER OF LESVOS	2.000,00
CHANIA GENERAL HOSPITAL - " O AGIOS GEORGIOS"	2.600,00
CHILDRENS' ART MUSEUM	4.000,00
CIVIL ACT CIVIL NON PROFIT COMPANY	3.000,00
CONSTANTINOS SIMITIS FOUNDATION	3.000,00
CULTURAL AND LOCAL IMPROVEMENT CLUB OF KARYOTANS	1.000,00
CULTURAL AND SPORTS CLUB - "ECHEDOROS"	1.000,00
CULTURAL CLUB OF HELLENIC COAST GUARD EMPLOYEES	250,00
DELPHI ECONOMIC FORUM	35.000,00
DIAZOMA NON PROFIT ASSOCIATION	4.032,26
DIMITRIOS VIKELAS CULTURE AND SPORT PUBLIC ENTITY	1.000,00
DISTRICT HEATING MUNICIPAL COMPANY OF PTOLEMAIDA (D.H.C.P.)	3.326,00
EDUCATIONAL CLUB OF VARVASI CHIOS	3.000,00
ELEPAP-REHABILITATION FOR THE DISABLE	4.200,00
ELLA-DIKA MAS CIVIL NON PROFIT COMPANY	5.000,00
ETHOS MEDIA S.A.	24.564,52
EXCESS SINGLE ENTITY LTD	300,00
FOUNDATION FOR ECONOMIC & INDUSTRIAL RESEARCH	29.000,00
FRIENDS OF CHILDREN CANCER PATIENTS SOCIETY -"STORGI"	1.000,00
FRIENDS OF CORFU DETENTION FACILITY SCHOOL	3.700,00
FULBRIGHT FOUNDATION - GREECE	5.000,00
GENERAL HOSPITAL OF ARTA	248,00
GENERAL HOSPITAL OF KARDITSA	1.600,00
GENERAL HOSPITAL OF KARDITSA*	2.850,00
GENERAL HOSPITAL OF LAKONIA	224,00
GENERAL HOSPITAL OF RODOS*	2.023,36
GENERAL HOSPITAL OF SERRES	4.000,00
GENERAL HOSPITAL OF VOLOS*	28.225,81
GREEK CENTER FOR VALUE INVESTMENTS CIVIL NON PROFIT COMPANY	65.868,00
GREEK eCOMMERCE ASSOCIATION	20.000,00
GREEK SOCIETY FOR THE PROMOTION OF SAFETY OF SPORTS AND RECREATIONAL MEANS THE SEA AND WATER-"SAFE	2.000,00
GYMNASTICS CLUB - "AKRITAS 2016"	2.000,00
HELLENIC ADVERTISERS' ASSOCIATION	5.000,00
HELLENIC ASSOCIATION OF COMMUNICATIONS AGENCIES - EDEE	7.000,00
HELLENIC ASSOCIATION OF MOBILE APPLICATION COMPANIES	6.500,00
HELLENIC ASSOCIATION OF TREASURERS	9.000,00
HELLENIC BANK ASSOCIATION	200.000,00
HELLENIC EXPORTERS' ASSOCIATION	10.000,00
HELLENIC FEDERATION OF ENTERPRISES	40.000,00
HELLENIC INSTITUTE OF CUSTOMER SERVICE	5.000,00
HELLENIC SHIP FINANCIERS	1.500,00
HELLENIC SOCIETY FOR THE PROTECTION OF NATURE	24.000,00
HELLENIC-AMERICAN CHAMBER	13.000,00
HELLENIC-AMERICAN EDUCATIONAL FOUNDATION	35.589,00
HOLY METROPOLIS OF IOANNINA	5.000,00
HOME FOR THE ELDERLY - PANAGIA ELEOUSSA	1.000,00
HOSPICE FOR NEURO-DISABILITY - "O AGIOS PANTELEIMON"	570,00
I. PAPADIMITROPOULOS & CO GENERAL PARTNERSHIP	9.678,71
INFORMA GLOBAL MARKETS (UK) LTD	18.900,00
INTERNATIONAL RELATIONS FOR CULTURE CIVIL NON PROFIT COMPANY*	109.236,00
IONIAN RADIOTELEVISION ENTERPRISES S.A.	3.000,00
K. SARANTOPOULOS CHARITABLE FOUNDATION	6.000,00
LAWYERS AND INTERNS GUILD - "E-THEMIS"	2.000,00
MAKE A WISH FOUNDATION HELLAS	300,00
MAKEDONES AXIOU ATHLETIC CLUB	500,00
MARCOM TZELEPOGLOU SINGLE ENTITY LTD	1.000,00
MARKETING GREECE S.A.	50.000,00
METAdrasi – ACTION FOR MIGRATION AND DEVELOPMENT	1.500,00
METKE S.A.	300,00

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS
MINDVIEW BUSINESS & RESEARCH CONSULTANTS	5.000,00
MINISTRY OF CITIZEN PROTECTION*	11.619,33
MINISTRY OF DEVELOPMENT*	26.839,24
MINISTRY OF HEALTH*	11.250,00
MK SAILING LIMITED	20.000,00
MK SAILING LIMITED*	800,00
MUNICIPAL PUBLIC BENEFIT COMPANY OF ELEFSINA	4.000,00
MUNICIPAL PUBLIC BENEFIT COMPANY OF MARKOPOULO-MESOGAIA	90,00
MUNICIPAL WATER & SEWAGE ENTERPRISE OF ALEXANDROUPOLI	4.400,00
MUNICIPAL WATER & SEWAGE ENTERPRISE OF LAMIA	2.800,00
MUNICIPAL WATER & SEWAGE ENTERPRISE OF XANTHI	1.600,00
MUNICIPALITY OF AGIA PARASKEVI*	6.849,70
MUNICIPALITY OF AGION ANARGYRON-KAMATEROU	1.000,00
MUNICIPALITY OF AGIOS EFSTRATIOS*	4.032,26
MUNICIPALITY OF AGRAFA	1.500,00
MUNICIPALITY OF AGRINIO*	4.000,00
MUNICIPALITY OF AIGALEO	2.000,00
MUNICIPALITY OF ANCIENT OLYMPIA*	8.650,00
MUNICIPALITY OF CHALANDRI*	1.763,44
MUNICIPALITY OF CORINTH*	2.767,10
MUNICIPALITY OF DELTA*	24.582,67
MUNICIPALITY OF ELEFSINA	2.000,00
MUNICIPALITY OF KO	4.600,00
MUNICIPALITY OF LYKOVRISSI - PEFKI	1.600,00
MUNICIPALITY OF MARATHON	1.100,00
MUNICIPALITY OF MARKOPOULO MESOGAIAS	425,00
MUNICIPALITY OF NAXOS AND LESSER CYCLADES*	1.488,00
MUNICIPALITY OF PAPAGOS-CHOLARGOS	1.500,00
MUNICIPALITY OF SARONIKOS*	10.480,00
MUNICIPALITY OF SPARTA*	5.769,91
MUNICIPALITY OF THERMAIKOS*	12.605,70
MUNICIPALITY OF VOLOS	5.000,00
NATIONAL AND KAPODISTRIAN UNIVERSITY OF ATHENS*	1.370,15
NATIONAL THEATRE	5.923,00
NEAPOLI GENERAL HOSPITAL / HEALTH CENTER - "DIALYNAKEIO"	15.000,00
NETWORK FOR CHILDRENS' RIGHTS	7.000,00
NETWORK FOR REFORM IN GREECE AND EUROPE	3.000,00
NEW METROPOLITAN ATTICA S.A.*	7.619,80
NEXT IS NOW LIMITED PARTNERSHIP	40.000,00
NOMIKI BIBLIOTHIKI S.A.	6.000,00
OLYMPIC MUSEUM	400,00
ONE DIGITAL SERVICES S.A.	5.000,00
PANHELLENIC SOCIETY FOR CANCER PREVENTION-"STOCHOS -PROLIPSI"	7.000,00
PANOSANDCRESSIDA4LIFE.ORG	3.000,00
PAPADOPOULEION NURSERY OF KALAMATA	3.000,00
PARENTS AND GUARDIANS ASSOCIATION OF AUTISTIC PEOPLE - "HELIOS"	3.000,00
PARENTS ASSOCIATION OF CHILDREN WITH NEOPLASTIC DISEASES - "I FLOGA"	9.480,00
PENTELE SWIMMING CLUB	500,00
PHARMACISTS OF THE WORLD	1.000,00
PHARMACISTS OF THE WORLD*	175,00
PIRAEUS MARINE CLUB	1.000,00
PIRAEUS SYN. LOCAL GOVERNMENT DEVELOPMENT ORGANISATION SINGLE ENTITY S.A.	96,00
PNOE-FRIENDS OF CHILDREN IN INTENSIVE CARE	22.910,51
PREFECTURE OF NORTHERN AEGEAN	30.046,00
PREFECTURE OF NORTHERN AEGEAN*	2.992,35
PREVEZA JAZZ FESTIVAL	10.000,00
PRIMARY EDUCATION DIRECTORATE OF LARISSA*	403,22
PRIVATE LEGAL ENTITY TOGETHER FOR THE CHILD	20.000,00
PROPERTY DEVELOPMENT AND MANAGEMENT COMPANY OF NATIONAL AND KAPODISTRIAN UNIVERSITY OF ATHENS	750,00
PROPERTY DEVELOPMENT AND MANAGEMENT COMPANY OF THE UNIVERSITY OF CRETE	2.250,00
PUBLIC AFFAIRS & NETWORKS SINGLE ENTITY PRIVATE COMPANY	4.000,00
PUBLIC BENEFIT COMPANY MUNICIPALITY OF KAVALA-"DIMOFELEIA"	1.500,00
QUALITY NET WORK CIVIL NON PROFIT COMPANY	4.500,00
RACE FOR AUTISM GR	3.000,00
SAMOS DRAMA CLUB	400,00
SAMOURKA FOUNDATION	300,00
SANI S.A.	40.000,00
SCH. COM. PRIM.-EDUC. MUNICIPALITY OF ARISTOTELIS CHALKIDIKI	2.000,00
SCH. COM. PRIM.-EDUC. MUNICIPALITY OF EAST SAMOS*	2.275,00
SCH. COM. PRIM.-EDUC. MUNICIPALITY OF KONITSA*	500,00
SMALL VINTNERS ASSOCIATION OF GREECE	4.000,00
SOCIAL IMPACT AND INNOVATION CIVIL NON PROFIT COMPANY	12.000,00
SOCIETY FOR THE ENVIRONMENT AND CULTURAL HERITAGE - ELLET	2.000,00
SOCIETY FOR THE STUDY OF MERCANTILE AND FINANCIAL LAW	2.000,00
SOLIDARITYNOW	5.000,00
SOS CHILDREN'S VILLAGES GREECE	3.500,00
SPECIAL ACCOUNT FOR HELLENIC ARMY MUTUAL ASSISTANCE (ELOAS)	630,00
SPECIAL ACCOUNT FOR RESEARCH FUNDING (E.L.K.E.) OF NATIONAL TECHNICAL UNIVERSITY OF ATHENS (N.T.U.A.)	1.500,00
SPECIAL ACCOUNT FOR RESEARCH FUNDING OF NATIONAL TECHNICAL UNIVERSITY OF CRETE (N.T.U.C.)	2.000,00
SPECIAL CENTER FOR THE SUPPLY OF ARMY UNITS (EKEMS)	1.001,00
STRAY SHELTER	7.000,00
SYN ENOSIS - GREEK SHIPOWNERS' SOCIAL WELFARE COMPANY	6.000,00
TECH TOUR EUROPE S.A.	15.000,00
TEDXATHENS EVENT COMPANY	20.000,00
THE ALUMNI OF AMERICAN COLLEGE ANATOLIA	8.500,00
THE BEE CAMP CIVIL NON PROFIT COMPANY	1.720,00

LEGAL ENTITY / NAME OF INDIVIDUAL	AMOUNTS
THE BOARDROOM GMBH	25.000,00
THE EMPRESS THEOFANO FOUNDATION	50.000,00
THE ENTERPRISE TOUR GOLF EVENT GENERAL PARTNERSHIP	3.000,00
THE GREEK TOURISM CONFEDERATION -"SETE"	130.000,00
THE HELLENIC AGENCY FOR LOCAL DEVELOPMENT AND LOCAL GOVERNMENT (E.E.T.A.A.) S.A*	645,00
THE INSTITUTE OF INTERNAL AUDITORS GREECE	1.500,00
THE MARKETING HUB ORGANIZATION CIVIL NON PROFIT COMPANY	2.000,00
THE OFFICIAL INVESTMENT AND TRADE PROMOTION AGENCY OF GREECE - ENTERPRISE GREECE S.A.	15.000,00
THE SMILE OF THE CHILD	80,00
THESSALONIKI CENTRAL MARKET S.A.	4.725,00
THESSALONIKI CENTRE FOR CULTURE SINGLE ENTITY S.A.	8.064,51
TSOMOKOS PUBLIC RELATIONS S.A.	6.000,00
UNIVERSITY OF PATRAS SPECIAL RESEARCH FUND	1.500,00
UPWARD CONSULTING SERVICES P.C.	1.300,00
VARI SPORTS CLUB - "O ANAGIROUS"	3.000,00
VEIKEIO FOUNDATION AT NEOI EPIVATES	300,00
VERTICAL SOLUTIONS S.A.	10.000,00
VIOTIA CHAMBER	200,00
WE4ALL CIVIL NON PROFIT COMPANY	150.000,00
<b>TOTAL</b>	<b>2.264.804,38</b>

**NOTES:**

1. Not including charges for Greek Government and in favor of third parties (V.A.T., etc), total amount € 249.577,85.
2. Where (\*) relates to grants / donations in kind.

INFORMATION UNDER PARAGRAPH 2 OF ARTICLE 6 OF L.4374/2016 REGARDING INDIVIDUALS	
	AMOUNTS WITHOUT TAX
1149 HONOURS STUDENTS "MOVING EDUCATION FORWARD"	919.200,00
10 INDIVIDUALS	38.000,00
<b>TOTAL</b>	<b>957.200,00</b>

FIXED ASSETS DONATIONS	
NAME	ITEM
ASSOCIATION OF EXTERNAL GUARD EMPLOYEES - DETENTION FACILITY OF ELEONAS THIVON	OFFICE FURNITURE
ASSOCIATION OF THE UKRAINIAN DIASPORA IN GREECE «UKRAINIAN-HELLENIC THOUGHT»	ELECTRONIC EQUIPMENT
CENTRAL PORT AUTHORITY OF RAFINA	OFFICE FURNITURE
CULTURAL AND EDUCATIONAL ASSOCIATION OF AGIOS SOSTIS FTHIOTIDAS - "SINCRHONOI INACHIEIS"	OFFICE FURNITURE
CULTURAL AND LOCAL IMPROVEMENT ASSOCIATION AGIAS MARINAS - "I PROODOS"	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
ECUMENICAL FEDERATION OF CONSTANTINOPOLITANS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
EFTHIMEIO CENTER OF CORINTH	ELECTRONIC EQUIPMENT
EUROPEAN EXPRESSION - FOUNDATIONS FEDERALISM FREEDOM	ELECTRONIC EQUIPMENT
GENERAL HOSPITAL OF ARGOS	OFFICE FURNITURE
GENERAL HOSPITAL OF CORINTH	ELECTRONIC EQUIPMENT
GENERAL HOSPITAL OF LIMNOS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
GENERAL HOSPITAL OF SPARTA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
GENERAL HOSPITAL OF XANTHI	OFFICE FURNITURE
HELLENIC BIBLICAL ASSOCIATION	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
HELLENIC ORGANIZATION OF PROVIDENCE & EQUALITY - "BREATH OF HOPE"	ELECTRONIC EQUIPMENT
HELLENIC RED CROSS	OFFICE FURNITURE
HISTORICAL AND LITERARY SOCIETY TRIKALON - "F.I.LO.S"	ELECTRONIC EQUIPMENT
KALAVRITA SKI RESORT - MUNICIPALITY OF KALAVRITA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
KONSTANTOPOULEIO HOME FOR THE ELDERLY	ELECTRONIC EQUIPMENT
MINISTRY OF CITIZEN PROTECTION (HELLENIC POLICE - DIRECTORATE OF XANTHI, P.D. OF KERATSINI-DRAPETSONA, TRIPOLI FIRE SERVICE , HELLENIC POLICE - DIRECTORATE OF AKARNANIA, MEGARA FIRE SERVICE, HELLENIC POLICE - TRAFFIC DEPARTMENT OF NORTHERN EAST ATTICA, NATIONAL SECURITY SCHOOL, D.A.A.-DEPARTMENT OF APPROPRIATIONS FUNDS MANAGEMENT, STATE POLICE OF WEST ACHAIA, MEGALOPOLI FIRE SERVICE, STATE POLICE OF PERISTERI)	OFFICE FURNITURE, ELECTRONIC AND TELECOMMUNICATIONS EQUIPMENT
MINISTRY OF NATIONAL DEFENCE (98TH NATIONAL GUARD BATALLION "ARCHIPELAGO", 301 TECHNICAL BASE FACILITY, I.T. & RESEARCH DIRECTORATE - GENERAL STAFF HQ, 1ST SESAE, SUPPORT DIVISION, ADJUTANT -ENGINEER CORE, K.A.A.Y. AGIOS ANDREAS, 212 BATTLE TANK SQUADRON, COMMAND CENTER - IV MECHANISED INFANTRY "PELOPONNISOS", 30TH MECHANISED INFANTRY BRIGADE "TOMORITSA", 4th HELLENIC ARMY HELICOPTER BATALLION, SPECIAL FORCES TRAINING CENTER, 29th MECHANISED INFANTRY BRIGADE - "POGRADETS", 124 BASIC TRAINING WING, 3rd MECHANISED INFANTRY BRIGADE, 311 BATTLE TANK SQUADRON, 2ND SESAE, PARATROOPERS SPECIAL BRANCH, 5th INFANTRY BRIGADE -"5th CRETAN BRIGADE", ARTILLERY TRAINING CENTER, HIGH COMMAND ARMY SUPPORT - "THISSEAS", HELLENIC AIRFORCE CALIBRATION SERVICE, SUPPORT BASE COMMAND, 725 ENGINEER CORE BATALLION, 111 COMBAT WING, 79 NATIONAL GUARD BATALLION - "MYKALI", TECHNICAL CORE TRAINING CENTER, ARMY AVIATION TRAINING CENTER, HELLENIC NAVY-UDC, 575 MARINE CORE BATALLION, AMMUNITIONS BATALLION - SPECIAL OPS SUPPORT UNIT.	OFFICE FURNITURE, ELECTRONIC, TELECOMMUNICATIONS AND OTHER EQUIPMENT
MUNICIPAL WATER & SEWAGE ENTERPRISE OF FAISTOS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
MUNICIPAL WATER & SEWAGE ENTERPRISE OF PATRA	OFFICE FURNITURE
MUNICIPALITY OF AG. ANARGYROI-KAMATERO	OFFICE FURNITURE, ELECTRONIC, TELECOMMUNICATIONS AND OTHER EQUIPMENT
MUNICIPALITY OF AGRAFA/COMMUNITY OF PALAIOKATOUNA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
MUNICIPALITY OF DESKATI	ELECTRONIC EQUIPMENT
MUNICIPALITY OF GALATSI	OFFICE FURNITURE



NAME	ITEM
MUNICIPALITY OF GALATSI REAL ESTATE DEVELOPMENT COMPANY	OFFICE FURNITURE
MUNICIPALITY OF MAKRAKOMI	ELECTRONIC EQUIPMENT
MUNICIPALITY OF MARKOPOULO-MESOGAIAS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
MUNICIPALITY OF SIFNOS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
MUNICIPALITY OF SIKIONION	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
MUNICIPALITY OF XYLOKASTRO-EVROSTINI	ELECTRONIC EQUIPMENT
NATIONAL CENTER FOR SOCIAL RESEARCH - E.K.K.E.	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
PANELEFSINIAKOS ATHLETIC CLUB	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 101st PRIMARY SCHOOL - MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 10th PRIMARY & 148th NURSERY SCHOOL - MUNICIPALITY OF EVOSMOS	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 16th PRIMARY SCHOOL - MUNICIPALITY OF EVOSMOS	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 1st PRIMARY SCHOOL - MUNICIPALITY OF KALAMARIA	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 1st PRIMARY SCHOOL - MUNICIPALITY OF NEA IONIA	OFFICE FURNITURE
PARENTS AND GUARDIANS ASSOCIATION OF 90th PRIMARY SCHOOL - MUNICIPALITY OF ATHENS	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF 94th PRIMARY SCHOOL - MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
PARENTS AND GUARDIANS ASSOCIATION OF SECONDARY SCHOOL - MUNICIPALITY OF MAKROCHORI	ELECTRONIC EQUIPMENT
POLICE EMPLOYEES UNION OF CORINTHIA	OFFICE FURNITURE
POLICE EMPLOYEES UNION OF XANTHI	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. 2nd MUNICIPAL COMMUNITY OF ATHENS	OFFICE FURNITURE
SCH. COM. PRIM. EDUC. 3rd MUNICIPAL COMMUNITY OF ATHENS	OFFICE FURNITURE
SCH. COM. PRIM. EDUC. 5th MUNICIPAL COMMUNITY OF ATHENS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. 6th MUNICIPAL COMMUNITY OF ATHENS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF AGIOS DIMITRIOS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF AGRINIO	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF AIGALEO	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF DRAMA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF EDESSA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ELEFSINA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ELLINIKO - ARGYROUPOLI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF GLIFADA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF ILION	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KALLITHEA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KATERINI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KERATSINI-DRAPETSONA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KILKIS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF KORINTHIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LIMNOS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF LOUTRAKI-AGIOI THEODOROI-PERACHORA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF MEGARA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF MOSCHATO-TAVROS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF NEAPOLI-SYKEON	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF NEO IRAKLEIO	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF NIKAIA - AG. IOANNIS RENTI	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF PENTELI	OFFICE FURNITURE
SCH. COM. PRIM. EDUC. MUNICIPALITY OF PIRAEUS	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF RAFINA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF SALAMINA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF THERMI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF THESSALONIKI	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF VEROIA	ELECTRONIC EQUIPMENT
SCH. COM. PRIM. EDUC. MUNICIPALITY OF VISALTIA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. 1st MUNICIPAL COMMUNITY OF ATHENS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. 4th MUNICIPAL COMMUNITY OF ATHENS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. 5th MUNICIPAL COMMUNITY OF ATHENS	OFFICE FURNITURE
SCH. COM. SEC. EDUC. MUNICIPALITY OF ACHARNES	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF AGIOS DIMITRIOS	OFFICE FURNITURE
SCH. COM. SEC. EDUC. MUNICIPALITY OF DAFNI-IMITTOS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF EDESSA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ELLINIKO-ARGIROUPOLI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF GLIFADA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF IOANNINA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF ISTIAIA-AIDIPPOS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF LAGKADAS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF LOUTRAKI-AGIOI THEODOROI-PERACHORA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF MEGARA	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF NEA SMYRNI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF NEAPOLI-SYKEON	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF NIKAIA - AG. IOANNIS RENTI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF PALLINI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF PIRAEUS	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF THERMI	ELECTRONIC EQUIPMENT
SCH. COM. SEC. EDUC. MUNICIPALITY OF VYRONAS	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
SCOUTS OF GREECE	ELECTRONIC EQUIPMENT
SECONDARY EDUCATION DIRECTORATE OF MAGNISIA	ELECTRONIC EQUIPMENT

NAME	ITEM
SOCIAL COOPERATIVE - "OLOI EMEIS"	ELECTRONIC EQUIPMENT
SOCIAL INITIATIVE CLUB OF VEROIA - "PROTOVOULIA GIA TO PAIDI"	ELECTRONIC EQUIPMENT
SPECIAL CENTER FOR THE REHABILITATION AND CARE OF PEOPLE WITH SPECIAL NEEDS - E.K.A.M.E.	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
UNIFIED ASSOCIATION OF WORKERS - PSYCHIATRIC HOSPITAL OF ATTICA	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
UNITED SOCIETIES OF BALKANS - U.S.B.	ELECTRONIC EQUIPMENT
VOLUNTEERS OF PROFITIS ILIAS ACHARNON CIVIL NON PROFIT COMPANY	OFFICE FURNITURE & ELECTRONIC EQUIPMENT
WOMENS' ASSOCIATION OF SOLYGEIA - " I LELA IATRIDI"	ELECTRONIC EQUIPMENT
YOUTH AND LIFELONG LEARNING INSTITUTE (I.NE.DI.VI.M)	ELECTRONIC EQUIPMENT

The table above relates to Bank's fixed assets donations with residual value € 369,95.