ERB NEW EUROPE HOLDING B.V.

Amsterdam, the Netherlands

FINANCIAL STATEMENTS 2019

ERB NEW EUROPE HOLDING B.V.

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ERB NEW EUROPE HOLDING B.V.

Report of the Managing Directors

In accordance with the Articles of Association of ERB New Europe Holding B.V., The Board of Managing Directors herewith submits the Annual Report of ERB New Europe Holding B.V. (the Company) for the year ended 31 December 2019.

Key Activities

ERB New Europe Holding B.V. was incorporated on 2 July 2003 and has its registered and office address at Herengracht 500, Amsterdam, the Netherlands. The Company is incorporated in The Netherlands and is wholly owned by Eurobank Ergasias S.A. ("the Bank and / or the Group") in Greece. On 1 November 2012 the Company changed its name to ERB New Europe Holding B.V. (former name: EFG New Europe Holding B.V.).

ERB New Europe Holding B.V. is part of and acts as a holding Company for investments within Eurobank Ergasias S.A. Group. The Company's objectives are:

a. to incorporate, to participate in, and to conduct the management of other companies and enterprises;

b. to render administrative, technical, financial, economic or managerial services to other companies, persons and enterprises;

c. to acquire, to dispose of, to manage and to commercialise moveable and immoveable property and other goods, including patents, trademark rights, licenses, permits and other industrial property rights;

d. to borrow and to lend money, to act as surety or guarantor in any other manner, and to bind itself solely and jointly or otherwise in addition to or on behalf of others.

Position of Eurobank Group

The Management taking into consideration the below factors has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

Macroeconomic environment

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

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

Position of Eurobank Group (continued)

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

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

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

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

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

Position of Eurobank Group (continued)

Solvency risk

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

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

Risk Management

The Managing Board utilises a risk management policy and receives regular reports to enable prompt identification of financial risk so that appropriate actions may be taken. The Company employs written policy and procedures that sets out specific guidelines to manage credit risk, interest rate risk, foreign currency risk and liquidity risk. For a further analysis we refer to note 5 in the Notes to the balance sheet and Statement of Comprehensive income of this report.

Position of Eurobank Group (continued)

Credit Rating of Eurobank Group

On 20/3/2020 Moody's Investors Service (Moody's) assigned a Baseline Credit Assessment (BCA) of caa1 and deposit ratings of Caa1/NP to Eurobank S.A.
On 27/3/2020 Standard & Poor’s assigned 'B' long- and short-term issuer counterparty ratings and 'B' long and short term resolution counterparty rating to Eurobank SA. (with stable outlook).
On 27/4/2021 Standard & Poor’s raised their long-term issuer credit ratings (ICRs) on Eurobank S.A, to 'B+' from 'B' (with stable outlook), and assigned 'B+' issue ratings to Eurobank S.A.'s senior preferred notes.

Outlook

There were no changes in the nature of the activities of the Company in 2019 and no changes took place in 2020.

Current year results

During the year under review the Company recorded a profit of EUR 52,456,167. The profit was mainly driven by reversal of impairments on investments in subsidiaries and associates In the previous financial year (2018) a profit recorded amounted EUR 56,221,773.

Related party transactions

The Bank’s shareholding structure

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

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

Post balance sheet events

On 7/4/20 the Company's BoD approved:

a) to acquire from Eurobank Bulgaria A.D. 457 dematerialized, ordinary, voting shares having a nominal value of BGN 1 each and total nominal value of BGN 457, in consideration of a total price of BGN 1361.86 (457 X 2.98 BGN/share) which constitute the remaining in the possession of Eurobank Bulgaria shares out of 11,000 shares acquired by ERB New Europe Holding BV ("buy back of own shares') pursuant to the decision of the BoD of ERB New Europe Holding BV dated 4/10/2019 and the conclusion of the related share transfer agreement between ERB New Europe Holding BV and Eurobank Bulgaria A.D. on 18/10/2019.

b) to acquire from a physical person named Verzhiniya Todorova 10,041 dematerialized, ordinary, voting shares having a nominal value of BGN 1 each and total nominal value of BGN 10,041 , in consideration of a total price of BGN 29,922.18 (10,041 X 2.98 BGN/share) representing 0.002% of the share capital of Eurobank Bulgaria A.D.

On 15/11/21 Interim dividend distribution €58 mil to the shareholder (Eurobank S.A.) was performed as per EGM dated 15.11.2021.

On 22/11/21 the Company's BoD approved the Shares' Transfer of 7,655 shares of Eurobank a.d. Beograd from ERB New Europe Holding BV to Mr. Andrej Jovanovic and of 7,655 shares of Eurobank a.d. Beograd from ERB New Europe Holding BV to Mr. Bojan Milovanovic without consideration, in the context of the December 2021 merger of Eurobank a.d. Beograd with Direktna Banka a.d. Following the completion of the transaction ERB New Europe Holding BV controls 23,097% of the combined bank Eurobank Direktna a.d.

As of 15/07/2022 ERB New Europe Holding BV executed full repayment of the Loan granted by Eurobank Private Bank Luxemburg S.A.

On 25/7/22 an Agreement for the Sale and Purchase of the Share Capital of EUROBANK CYPRUS LTD was signed between ERB New Europe Holding BV (Seller) and Eurobank S.A. (Buyer) regarding the sale of 1,201 ordinary shares of nominal value €10,000 each in the capital of EUROBANK CYPRUS LTD for the consideration of EUR 596,925,000.

On 26/9/22 Interim dividend distribution €160 mil to the shareholder (Eurobank S.A.) was performed as per EGM dated 23.09.2022.

Other events

COVID-19 developments

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

The extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted at this point in time.

We are closely monitoring the situation and its potential impact on our business, and we do not expect a material one. The Company follows guidance from the local health authorities and adheres to the requirements and actions as implemented by the Cypriot government. The Company is proactively executing risk strategies to mitigate the potential adverse impact on the Company's employees and operations.

Current conflict between Russia and Ukraine developments

The current geopolitical upheaval caused by the Russian invasion in Ukraine in February 2022 has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation.
Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows:

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

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

Future developments

The Company’s business strategy and activities are linked to these of Eurobank S.A., which is the direct shareholder of the Company.
The assessment by the directors of the Company's ongoing business model is closely associated with the business decisions and operations of the Parent Company and its subsidiaries. On the basis of the analysis of the Company’s profitability, capitalisation and funding structure, the Directors are satisfied that the Company has adequate resources to continue in business for the foreseeable future.

Amsterdam, 17 January 2023

Managing Directors
ERB New Europe Holding B.V.
Chamber of Commerce number: 34192535

C. Koukoutsaki

S. Psychogios

L.P. Elstershamis

R. Wemmi

ERB NEW EUROPE HOLDING B.V.

Other Comprehensive Income
for the period ended 31 December 2019
(in EUR)

	Note	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Income and Expenses			
Interest income	15	2.775	2.664
Interest expense	15	-886.011	-893.314
Impairment reversal on investments in subsidiaries and associates	6, 7	52.899.784	18.845.282
Dividend income	15	0	23.156.031
Gain from participation share sale	15	11.786	0
Currency exchange result		34.846	166.172
General and administrative expenses		-105.012	-104.481
Operating Profit		51.958.167	41.172.354
Profit before taxation		51.958.167	41.172.354
Profit for the year from continuing operations		51.958.167	41.172.354
Profit/(Loss) for the year from discontinued operations	8	498.000	15.049.419
Other Comprehensive income		--	--
Loss/Profit for the year		52.456.167	56.221.773
Total comprehensive income for the year		**52.456.167**	**56.221.773**

The notes to the accounts on pages 12 to 34 form an integral part of these financial statements.

ERB NEW EUROPE HOLDING B.V.

Balance Sheet as at 31 December 2019

(In EUR, before appropriation of results)

	Notes	31-12-2019	31-12-2018
ASSETS			
Non-current assets			
Investments in subsidiaries	6	269.746.668	271.520.892
Investments in associates	7	539.429.886	484.771.233
		809.176.554	756.292.124
Current assets			
Trade and other receivables	9	612.827	817.018
Cash and cash equivalents	10	63.466.566	164.694.485
		64.079.393	165.511.503
TOTAL ASSETS		873.255.947	921.803.627
EQUITY			
Equity attributable to equity holders of the Company			
Ordinary shares	4.2	767.728.500	767.728.500
Share premium		8.904	8.904
Accumulated Profit (Losses), excluding the result for the current year		8.522.701	52.300.927
Total comprehensive income for the year		52.456.167	56.221.773
TOTAL EQUITY		828.716.272	876.260.104
LIABILITIES			
Current liabilities			
Loan payable	12	43.813.750	43.813.750
Trade and other payables	13	725.925	1.729.773
		44.539.675	45.543.522
TOTAL EQUITY, PROVISIONS AND LIABILITIES		873.255.947	921.803.627

The notes to the accounts on pages 12 to 34 form an integral part of these financial statements.

ERB NEW EUROPE HOLDING B.V.

Cash Flow Statement
for the period ended 31 December 2019
(in EUR)

	Notes	1/1/2019 - 31/12/2019	1/1/2018 - 31/12/2018
Cash flow from (continuing) operating activities			
Profit / (Loss) before tax for the year		51.958.167	41.172.354
Adjustments for:			
Impairment reversal / loss on investments in subsidiaries and associates	6, 7	-52.899.784	-18.845.282
Gain on disposal and liquidation of investments	7	-11.786	0
Dividend income		0	-23.156.031
Unrealised foreign exchange (loss) / gain		-7.704	139.050
Interest income		-2.775	-2.664
Interest expense		886.011	893.314
		-77.871	**200.741**
Net decrease in trade and Other receivables	9	204.191	-16.987
Net (decrease) / increase in trade and Other payables	13	-1.003.848	25.579
Interest paid		-886.011	-893.404
Net cash used in continuing operating activities		**-1.763.539**	**-684.071**
Cash flows from continuing investing activities			
Interest received	15	2.775	2.664
Acquisition of interests in associates	7	0	-3
Dividends from subsidiaries/associates	15	0	23.156.031
Net cash generated from continuing investing activities		**2.775**	**23.158.692**
Dividends paid to shareholder		-100.000.000	-50.866.723
Net cash used in continuing financing activities		**-100.000.000**	**-50.866.723**
Total cash from continuing operations		**-101.760.764**	**-28.392.102**
Net increase / (decrease) in cash equivalents from continuing operating activities		**-1.760.764**	**22.474.621**
Net cash generated / (used in) discontinued activities	8	498.000	58.710.674
Net increase / (decrease) in cash equivalents		**-101.262.764**	**30.318.571**
Cash and cash equivalents at the beginning of the year	10	164.694.485	134.528.470
Cash and cash equivalents at the end of the year	10	63.466.566	165.016.638
Effect of exchange rate fluctuations on cash held		34.846	169.597
Movement in cash		**101.262.765**	**-30.318.571**

The notes to the accounts on pages 12 to 34 form an integral part of these financial statements.

ERB NEW EUROPE HOLDING B.V.

Statement of Changes in equity
for the period ended 31 December 2019
(in EUR)

	Ordinary Shares	Share premium	Retained earnings	Total equity
Balance as at 1 January 2018 as restated	**767.728.500**	**8.904**	**65.351.484**	**833.088.888**
Impact of adopting IFRS 9 at 1 January 2018 (Note 2.2.2 & 11)	--	--	-50.557	-50.557
Balance as at 1 January 2018 as restated	**767.728.500**	**8.904**	**65.300.927**	**833.038.331**
Dividend payable	--	--	-13.000.000	-13.000.000
Total comprehensive income for the year	--	--	56.221.773	56.221.773
Balance as at 31 December 2018	**767.728.500**	**8.904**	**108.522.700**	**876.260.104**
Balance as at 1 January 2019	**767.728.500**	**8.904**	**108.522.700**	**876.260.104**
Dividend payable	--	--	-100.000.000	-100.000.000
Total comprehensive income for the year	--	--	52.456.167	52.456.167
Balance as at 31 December 2019	**767.728.500**	**8.904**	**60.978.867**	**828.716.272**

The notes to the accounts on pages 12 to 34 form an integral part of these financial statements.

Notes to the Financial Statements as at 31 December 2019

(in EUR)

1 GENERAL

ERB New Europe Holding B.V. (the Company) is a Dutch private company with limited liability, incorporated in Amsterdam on 2 July 2003 under name Cayne Management Group B.V. On 13 March 2007 Eurobank Ergasias S.A. (the 'Parent') acquired all shares in the capital of the Company and on May 2007 the Company changed its name to EFG New Europe Holding B.V. On 1 November 2012 the Company changed its name to ERB New Europe Holding B.V. The Company mainly acts as an intermediate holding and finance company and currently has its office address at Herengracht 500, Amsterdam, the Netherlands. The Company's Chamber of Commerce number is 34192535.

2 BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the financial statements are set out below:

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the IASB, as endorsed by the European Union (EU), and in particular with those IFRSs and IFRS Interpretation Committee's (IC) interpretations, issued and effective or issued and early adopted as at the time of preparing these statements.

The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions 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 actions, actual results ultimately may differ from those estimates.

The Company's presentation currency is the Euro (€) being the functional currency of the parent company.

2.1.1 New and amended standards adopted by the Company as at 1 January 2019

The following new standards, amendments to standards and new interpretations as issued by the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee (IC) and endorsed by the European Union (EU), apply from 1 January 2019:

IFRS 9, Amendments–Prepayment Features with Negative Compensation

The amendments in IFRS 9 requirements allow the measurement of a financial asset at amortised cost, or at fair value through other comprehensive income (FVOCI), depending on the business model, even in the case of prepayment options which could result in the party that triggers the early termination, receiving compensation from the other party (negative compensation). Therefore, these financial assets can now be measured at amortised cost or at FVOCI, regardless of the event or circumstance that caused the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination. Applying IFRS 9 before the amendments would probably result in these financial assets failing the "Solely Payments of Principal and Interest"criterion and thus being measured at FVTPL.

The amendments also confirm the modification accounting of financial liabilities under IFRS 9. Specifically, when a financial liability measured at amortised cost is modified without this to result in derecognition, a gain or loss, calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognized in profit or loss.

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IFRIC 23, Uncertainty over Income Tax Treatments

The interpretation clarifies the application of the recognition and measurement requirements in IAS 12 ‘Income Taxes’ when there is uncertainty over income tax treatments. In such a circumstance, recognition and measurement of current or deferred tax asset or liability according to IAS 12 is based on taxable profit (tax loss), tax bases, unused tax losses and tax credits and tax rates as determined by applying IFRIC 23.

According to the interpretation, each uncertain tax treatment is considered separately or together as a group, depending on which approach better predicts the resolution of the uncertainty. The entity also assumes that a taxation authority will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.

If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, it should determine it will determine taxable profits, tax bases, tax losses, tax credits and tax rates consistently with that treatment. If it concludes that it is not probable that the uncertain tax treatment will be accepted, the effect of the uncertainty in its income tax accounting should be reflected in the period in which that determination is made, using the method that best predicts the resolution of the uncertainty (i.e. the single most likely amount, or the expected value method which follows a probability weighted approach).

Judgments and estimates made for the recognition and measurement of the effect of uncertain tax treatments should be reassessed whenever circumstances change or new information that affects those judgments arise (e.g. actions by the tax authority, evidence that it has taken a particular position in connection with a similar item or the expiry of its right to examine a particular tax treatment).

The adoption of the interpretation had no impact on the financial statements.

IFRS 16, Leases

IFRS 16, which supersedes IAS 17 ‘Leases’ and related interpretations, introduces a single, on-balance sheet lease accounting model for lessees, under which the classification of leases for a lessee, as either operating leases or finance leases, is eliminated and all leases are treated similarly to finance leases under IAS 17.

The definition of a lease under IFRS 16 mainly relates to the concept of control. The new standard distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- The right to obtain substantially all of the economic benefits from the use of an identified asset; and
- The right to direct the use of that asset.

IFRS 16 provides for the recognition of a ‘right-of-use-asset’ and a ‘lease liability’ upon lease commencement in case that there is a contract, or part of a contract, that conveys to the lessee the right to use an asset for a period of time in exchange for a consideration.

The right-of-use-asset is, initially, measured at cost, consisting of the amount of the lease liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee and, subsequently, at cost less accumulated depreciation and impairment. The lease liability is initially recognized at an amount equal to the present value of the lease payments during the lease term that are not yet paid.

Consequently, the typical straight line operating lease expense of operating leases under IAS 17 is replaced by the depreciation charge of the ‘right-of-use-asset’ and the interest expense on the ‘lease liability’. The recognition of assets and liabilities by lessees, as described above, is not required for certain short-term leases and leases of low value assets. The accounting treatment for lessors is not substantially affected by the requirements of IFRS 16.

Adoption of IFRS 16

The Company implemented the requirements of IFRS 16 on 1 January 2019. The Company has chosen the modified retrospective application of IFRS 16 and therefore the comparative information was not restated.

Upon transition, the Company adopted the practical expedient available on transition to IFRS 16 not to reassess whether a contract is or contains a lease. Accordingly, existing contracts previously classified as service contracts such as ATMs, APSs and printing services were not classified as leases under IFRS 16, while the definition set out in IFRS 16 is applied to all lease contracts entered into or modified on or after 1 January 2019.

In accordance with IFRS 16, at the commencement date of the lease, the Company as a lessee recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

The Company applied this initial measurement principle to all leases, except for those with a lease term of 12 months or less, and leases of low value (i.e. less than € 5,000) - making use of the relevant short-term leases and leases of low-value assets exemptions. The Company also adopted the practical expedient not to separate non-lease components from lease components.

In applying the modified retrospective transition approach, the Company used the following main estimates and judgments:

- In determining the lease term for the leases in which the Group is the lessee, including those leases having an indefinite life, all relevant facts and circumstances, suc as future housing needs and expected use, were considered and judgment was exercised. Furthermore, options to extend or terminate the lease that are reasonably certain to exercise were considered. These estimates will be revisited on a regular basis over the lease term.
- The present value of the lease liabilities was measured by using the incremental borrowing rate on the transition date, since the interest rate implicit in the leases wa not readily determinable. For the Bank and Greek subsidiaries ("Greek Operations") the incremental borrowing rate was derived from the estimated covered bonds yield curve, which is constructed based on observable Greek Government Bond yields. For Greek Operations, the weighted average discount rate was 2.6%. For international subsidiaries, the incremental borrowing rate was determined on a country basis, taking into consideration specific local conditions. The discount rate used to determine the lease liabilities will be recalculated on a regular basis, using updated input.
- Applicable taxes, Value Added Tax and stamp duties were excluded from the scope of IFRS 16 calculations.

IAS 28, Amendments – Long-Term Interests in Associates and Joint Ventures

The amendments clarify that IFRS 9 'Financial Instruments' including its impairment requirements, applies to long-term interests in associates or joint ventures that form part of the entity's net investment in the associate or joint venture but are not accounted for using equity method of accounting.

According to the amendments, an entity should not take into account any adjustments to the carrying amount of long-term interests (net investment in the associate or joint venture), resulting from the application of IAS 28 'Investments in Associates and Joint Ventures' when applying IFRS 9.

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

IAS 19, Amendments –Plan Amendment, Curtailment or Settlement

The amendments clarify that when a change to a defined benefit plan i.e. an amendment, curtailment or settlement takes place and a remeasurement of the net defined benefit liability or asset is required, the updated actuarial assumptions from the remeasurement should be used to determine current service cost and net interest for the remainder of the reporting period after that event. Additionally, the amendments include clarifications about the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendments applies prospectively to plan amendments, curtailments or settlements that occur on or after the adoption date 1 January 2019.
The adoption of the amendments had no impact on the financial statements.

Annual Improvements to IFRSs 2015-2017 Cycle
The improvements introduce key changes to several standards as set out below:
The amendments to IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements' clarified how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. Specifically, when an entity obtains control of a business that is a joint operation, then the transaction constitutes a business combination achieved in stages and the acquiring party re-measures the entire previously held interest in the assets and liabilities of the joint operation at fair value. Conversely, if a party that participates in, but does not have joint control of, a joint operation obtains joint control of the joint operation, then the previously held interest is not re-measured.
The improvement to IAS 12 'Income Taxes' clarified that all income tax consequences of dividends, including payments on financial instruments classified as equity, should be recognized in profit or loss, other comprehensive income or equity, according to where the originating transaction or event that generated distributable profits giving rise to the dividend, was recognized.
IAS 23 'Borrowing costs' amendments clarified that any borrowing originally performed to develop a qualifying asset should be treated as part of the funds that the entity borrowed generally, when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.
The adoption of the amendments had no impact on the financial statements.

New standards, amendments to standards and interpretations not yet adopted by the Company

A number of new standards, amendments to existing standards and interpretations are effective after 2019, as they have not yet been endorsed by the European Union, or have not been early applied by the Company. Those that may be relevant to the Company are set out below:

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7 (effective 1 January 2020)

In September 2019, the IASB issued amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' to address the implications for certain hedge accounting requirements related to the uncertainties arising from the market-wide reform of several interest rate benchmarks (referred to as 'IBOR reform'). As a result of the IBOR reform, there may be uncertainties about: a) the interest rate benchmark designated as a hedged risk and/or b) the timing or amount of the benchmark-based cash flows of the hedged item or the hedging instrument, during the period before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate (an 'RFR'). The amendments modify certain hedge accounting requirements under IAS 39 or IFRS 9 to provide temporary reliefs from the potential effect of uncertainty, during that period. These reliefs are related mainly to the highly probable requirement for the cash flows hedges, the compliance with the identifiable nature of the risk component and the application of prospective and retrospective effectiveness tests.

The IASB addresses the IBOR reform and its potential effects on financial reporting in two phases. These amendments conclude phase one that focuses on issues affecting financial reporting in the period before the interest rate benchmark reform, while the second phase focuses on potential issues that might affect financial reporting once the existing rate is replaced with an RFR.

As described in note 2.2.3, the Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Therefore, the amendments to IAS 39 and IFRS 7 will be applicable for the Company.

The Company has set up an IBOR transition program to implement the transition to alternative interest rates that focuses on key areas of impact on customers' contracts, systems and processes, financial reporting, valuation, capital and liquidity planning and communication.

The Company is currently assessing the amendments in order to define the extent to which the reliefs provided will be applied in its hedging relationhsips.

Amendments to the Conceptual Framework for Financial Reporting, including amendments to references to the Conceptual Framework in IFRS Standards (effective 1 January 2020)

In March 2018, the IASB issued its revised "Conceptual Framework for Financial Reporting" (Conceptual Framework). The revised Conceptual Framework is not a standard nor overrides any requirements of individual standards. This replaces the previous version of the Conceptual Framework issued in 2010. Revisions performed by IASB introduced guidance on measurement, presentation and disclosure on derecogntion concepts. In addition, the revision includes updated definitions of an asset/liability and of recognition criteria, as well as clarifications on important areas.

Alongside the revised Conceptual Framework, the IASB has published an accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards" which contains consequential amendments to affected standards so that they refer to the new Framework.

The adoption of the amended Framework is not expected to impact the financial statements.

Amendments to IFRS 3 Business Combinations (effective 1 January 2020, not yet endorsed by EU)

The IASB issued amendments to the definition of a business in IFRS 3 "Business Combinations" to help entities determine whether an acquired set of activities and assets is a business or not. They clarify the minimum requirements for a business, remove the assessment of whether market participants are capable of replacing any missing elements and add guidance to help entities assess whether an acquired process is substantive. In addition, with the introduction of the amendments the definitions of a business and of outputs are narrowed, while an optional fair value concentration test is introduced.

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

Amendments to IAS 1 and IAS 8: Definition of Material (effective 1 January 2020)

The amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" aim to align the definition of 'material' across the standards and to clarify certain aspects of the definition. According to the new definition, an information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify that materiality will depend on the nature or magnitude of information, or both.

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

IAS 1, Amendments, Classification of Liabilities as Current or Non-Current (effective 1 January 2022, not yet endorsed by EU)

The amendments affect only the presentation of liabilities in the statement of financial position 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, a entity can ignore only those conversion options that are recognised as equity.

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

IFRS 17, Insurance Contracts (effective 1 January 2021, not yet endorsed by EU)

IFRS 17, which supersedes IFRS 4 'Insurance Contracts' provides a comprehensive and consistent accounting model for insurance contracts. It applies to insurance contracts issued, all reinsurance contracts and to investment contracts with discretionary participating features provided that the entity also issues insurance contracts. 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 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 2019, the IASB issued exposure draft Amendments to IFRS 17, including a deferral of the effective date by one year, so that entities would be required to apply IFRS 17 for annual periods beginning on or after 1 January 2022.

IFRS 17 is not relevant to the Company's activities, other than through its associate Eurolife ERB Insurance Group Holdings S.A.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

2.2.2 Transition to IFRS 9 –Impact

The impact of transitioning to IFRS 9 amounts to € 50.557 as depicted in the table below. The transition to IFRS 9 results in a decrease of the Company's equity by the same amount, which is recognized as an opening balance adjustment at 1 January 2018.

	IFRS 9 impact
Impact attributable to:	
Impairment	
Cash and cash equivalent	(50.557)
Classification & Measurement	-
Hedging	-
Total IFRS 9 impact	**(50.557)**

The table below presents the impact of transition to IFRS 9 to Retained earnings:

Retained earnings	**IFRS9 impact**
Closing balance under IAS39	65.351.484
Remeasurement under IFRS9 ECL impairment	(50.557)
Opening balance under IFRS9	**65.300.927**

Classification and measurement

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

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

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

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

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

Business model assessment

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

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

• the stated policies and objectives for each portfolio;
• how the performance of each portfolio is evaluated and reported;
• the risks associated with the performance of the business model and how those risks are managed;
• how managers are compensated; and
• past experience on how the cash flows from those portfolios were collected, expectations about future sales activity and how the Company's stated objective for managing the financial assets is achieved.

SPPI assessment

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets

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

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

The new standard uses a 'three stage approach' that will reflect changes in credit quality since initial recognition. At each reporting date, a loss allowance equal to 12-month ECL will be recognized for debt investment securities that are determined to have a low credit risk at the reporting date, and for all other financial assets for which there is no significant increase in credit risk since initial recognition. 12-month ECL are the portion of ECL that result from default events that are possible within the next 12 months after the reporting date. For financial assets that have experienced a significant increase in credit risk since initial recognition where no specific loss event has been identified, a loss allowance equal to lifetime expected credit losses will be recognized. The loss allowance for purchased or originated credit impaired financial assets will always be measured at an amount equal to lifetime ECL. Financial assets where 12-month ECL are recognized are considered to be in 'stage-1'; financial assets which have experienced a significant increase in credit risk are in 'stage-2' and financial assets that are credit impaired are in 'stage-3'. The measurement of expected credit losses will be a probability-weighted average amount that will reflect the time value of money. In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions should be considered. The new impairment model is expected to result in a higher loss allowance for the Company compared to IAS 39.

Transition

The new requirements of IFRS 9 will be applied retrospectively by adjusting the Company's balance sheet on the date of transition on 1 January 2018. The Company intends to apply the exemption not to restate comparative figures for prior periods, therefore the Company's 2017 comparatives will be presented on an IAS 39 basis. Moreover, the following assessments will have to be made on the basis of facts and circumstances that exist at the date of initial application:

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

Prior year comparison

The accounting policies have been consistently applied to the years presented. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

Foreign currencies

All monetary investments and liabilities denominated in currencies other than EUR have been translated at the rates of exchange prevailing on balance sheet date. All transactions in foreign currencies have been translated into EUR at rates of exchange approximating those prevailing on the dates of the transaction. Unless otherwise indicated, any resulting exchange differences are included in the Statement of Comprehensive income. Income and expenses are translated at the rates of date of transaction.

The Company's presentation currency is the EUR being the functional currency of the parent company. Except as indicated, financial information presented in EUR has been rounded to the nearest million.

Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has control. The Company controls an entity when is exposed to, 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 investments in subsidiaries are accounted for at cost less any accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the subsidiary is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the subsidiary and its carrying value and recognises the amount to the profit and loss. The recoverable amount of the investment is the higher of its fair value less costs to sell and its value in use. For the further explanation please see page 19 'Subsidiaries'.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for at cost less any accumulated impairment losses. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount to the profit and loss. The recoverable amount of the investment is the higher of its fair value less costs to sell and its value in use.

Investment securities

Under investment securities are classified all investments over which the Company has neither significant influence nor control, generally accompanying a shareholding of below 20% of the voting rights. Investment securities are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Gains and losses arising from changes in the fair value of the investment securities are recognised directly in equity, until the financial investment is derecognised or impaired at which time the cumulative gain or loss previously recognised in equity is recognised in profit or loss. The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset (debt and equity securities). If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit and loss, is removed from equity in profit and loss.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Trade and other receivables

Trade and other receivables are amounts due from customers in the ordinary course of business and its value is assumed to be a close approximation of their fair value. Trade and other receivables are included in the current assets if collection is expected in one year or less. If not, they are presented as non-current assets.

Trade and other payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.
Borrowings and trade and other payables are classified as current liabilities if payment is due to one year or less. If not, they are presented as non-current liabilities.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less, that is readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Provisions

Provisions are recognised for legally enforceable or constructive obligations existing at the balance sheet date, the settlement of which is likely to require an outflow of resources and the extent of which can be reliably estimated. Provisions are measured on the basis of the best estimate of the amounts required to settle the obligation at the balance sheet date. Unless indicated otherwise, provisions are stated at the present value of the expenditure expected to be required to settle the obligations.

Interest income and expenses

Interest income and expenses are recognised in the income statement for all interest bearing instruments on an accruals basis, using the effective interest rate 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 net carrying amount of the financial asset or financial liability.

Dividend income is recognised when the right to receive payment is established.

De-recognition of financial assets and liabilities

A financial asset is derecognised when the contractual cash flows of the loan expire, or the Company transfers its rights to receive those cash flows in an outright sale in which substantially all the risk and rewards of ownership have been transferred. A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Non-current assets classified as held for sale

Non-current assets are classified as held for sale when the carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less cost to sell.

3 PRINCIPLES OF DETERMINATION OF RESULT

General

Result is determined as the difference between dividend/investment income and interest income on loans granted and interest expense from loans issued and other charges for the year. Income from transactions is recognised in the year in which it is realised.

4 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of risks. Exposure to credit, interest rate, currency and liquidity risk arises in the normal course of the Company's business. The Company's overall risk management policy focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on its financial performance. The management considers there is no significant concentration of the following risks at the balance sheet date.

The procedures for assessing the risk are also shown below:

Credit Rating of Eurobank Group

On 20/3/2020 Moody's Investors Service (Moody's) assigned a Baseline Credit Assessment (BCA) of caa1 and deposit ratings of Caa1/NP to Eurobank S.A.
On 27/3/2020 Standard & Poor's assigned 'B' long- and short-term issuer counterparty ratings and 'B' long and short term resolution counterparty rating to Eurobank SA. (with stable outlook).
On 27/4/2021 Standard & Poor's raised their long-term issuer credit ratings (ICRs) on Eurobank S.A, to 'B+' from 'B' (with stable outlook), and assigned 'B+' issue ratings to Eurobank S.A.'s senior preferred notes.

Since Eurobank S.A. is the ultimate parent entity of the Company , the Company doesn't have any specific policy in place to monitor the risk.

Interest rate risk

The interest rate applied for the year 2019 was EURIBOR plus 2%. Effective from 28 March 2017 in the event of EURIBOR is less than zero, then shall be deemed zero.

The Company analyses its interest rate exposure on a dynamic basis and simulated a scenario based upon which the Company calculates the impact of an interest rate shift on the Company's profit and loss account.

The excess of cash which the Company currently has is invested in short-term deposits, which bear a fixed interest rate for the period. Due to the fact that the deposits are agreed for a short-term period only, the risk is considered minimal.

Foreign currency risk

The Company holds several financial investments in foreign currencies. It holds bank accounts in Serbian Dinars, which have an immaterial amount in aggregate. In addition, the Company holds bank accounts in United States Dollars which is disclosed in note 11 of these financial statements. Moreover, the Company has other intercompany loans receivable in USD as disclosed in note 10 of these financial statements. Any resulting exchange differences on the items mentioned above, are included in the Statement of Comprehensive income. Foreign currency risk is continued monitored by the management and is regarded manageable.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Company also holds several participations in Eastern Europe Countries as disclosed in notes 6 and 7 of these financial statements for which there is no foreign currency risk for the Company's profit and loss account as it uses the historical cost for the valuation of its participations.

		Less than 1 year		**Over 1 year**	
As at 31 December 2019	CCY	Amount in CCY	Amount in EUR	Amount in CCY	Amount in EUR
Trade and other receivables	USD	429.624	382.433	--	--
Cash and cash equivalents	RSD	64.041	545	--	--
Cash and cash equivalents	USD	1.646.402	1.465.552	--	--
		Less than 1 year		**Over 1 year**	
As at 31 December 2018	CCY	Amount in CCY	Amount in EUR	Amount in CCY	Amount in EUR
Trade and other receivables	USD	429.624	375.219	--	--
Cash and cash equivalents	RSD	64.041	542	--	--
Cash and cash equivalents	USD	1.643.245	1.435.149	--	--

Based on an analysis of the Company's foreign currency risk and the materiality of the balances, the impact on the profit and loss account by a increase/decrease in USD rate of 10%, would cause a maximum increase/decrease of EUR 203,278 and 162,933 respectively. By comparing the same analysis on the Company's 2018 balances a shift of 10% of the USD rate, would have caused a maximum increase/decrease of EUR 199,140 and 162,933 respectively.

Foreign currency risk is continued monitored by the management and is regarded manageable.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.1 Liquidity risk

Management considers liquidity risk to be minimal at this stage. The Company has a significant cash position as at year end. The Company acts as a holding company and day-to-day cash flows are limited.

The table below analyses the Company's financial liabilities into relevant groupings based on the remaining period at the balance sheet to the contractual maturity date.

As at 31 December 2019	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Over 12 months
Liabilities:				
Loan payable	43.813.750	--	--	--
Trade and other payables	--	225.925	--	--

As at 31 December 2018	Less than 1 month	Between 1 to 3 months	Between 3 to 12 months	Over 12 months
Liabilities:				
Loan payable	43.813.750	--	--	--
Trade and other payables	--	729.773	--	--

4.2 Capital management

The Company actively manages capital base to cover risk inherent to the business. The Company’s objectives, when managing capital are:

• To provide an adequate level of capital so a to enable the Company to continue its operations as a going concern
• To maintain a strong capital base to support the development of its business

The Company is not required to comply with any capital requirements set by the regulators.
There have been no material changes in the Company’s management of capital during the year.

The capital of the Company is presented below:

	31 December 2019	**31 December 2018**
Issued and paid-up capital	767.728.500	767.728.500
Share premium	8.904	8.904
Reatained Earnings	108.522.700	65.300.927
Dividend payable	-100.000.000	-13.000.000
Total comprehensive income for the year	52.456.167	56.221.773
Total equity	**828.716.271**	**876.260.105**

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

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 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 valuation techniques that are appropriate in the circumstances, and maximise the use of relevant observable inputs and minimise 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.

Financial instruments not carried at fair value

The carrying amounts of loan granted to subsidiary undertakings, trade payables, trade receivables and cash and cash equivalents are assumed to approximate their fair values.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Impairment of investments

The Company follows the guidance of IAS36 to determine when an investment is impaired. An impairment loss is recognised for the amount by which the carrying amount of the investment exceeds its recoverable amount. The recoverable amount is the higher of an investment's fair value less costs of disposal and its value in use. When an investment is impaired, the loss regarding this impairment is recognised in the profit and loss.

An impairment loss recognised in prior periods for an investment shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset shall be increased to its recoverable amount which cannot be higher than the acquisition cost. That increase is a reversal of an impairment loss and is recognised immediately in profit or loss.

6 INVESTMENTS IN SUBSIDIARIES

The movements in the investments in subsidiaries are as follows:

	2019	2018
Opening balance as at 1 January	271.520.894	273.432.005
Reversal of impairment loss / (Impairment loss)	(1.774.226)	(1.911.111)
Balance as at 31 December	269.746.668	271.520.894

The impairment of the subsidiaries is based on the latest available management estimates on the recoverable amount.

6 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The Company has shares in the following Subsidiaries which are part of the Eurobank Group:

Name		**Ownership and voting rights**	**Cost price in euro 2019**	**Cost price in euro 2018**
1 Eurobank Cyprus Limited **Cyprus**				
	Opening balance	100%	257.454.482	257.454.482
	Closing balance	100%	257.454.482	257.454.482
2 ERB New Europe Funding II B.V. **The Netherlands**				
	Opening balance	100%	12.000.200	12.000.200
	Closing balance	100%	12.000.200	12.000.200
3 Eurobank Finance SA **Romania**				
	Opening balance	80,35%	559.384	559.384
	(Impairment loss) / Reversal of impairment loss		(267.398)	--
	Closing balance	80,35%	291.986	559.384
4 ERB IT Shared Services S.A. **Romania**				
	Opening balance	98,90%	1.506.827	3.417.938
	(Impairment loss) / Reversal of impairment loss	--	(1.506.827)	(1.911.111)
	Closing balance	98,90%	--	1.506.827
5 Bulgarian Retail Services A.D. **Bulgaria**				
	Opening balance	99,999%	1	1
	impairment loss / (Impairment loss)		-1	
	Closing balance	99,999%	0	1

On 29/11/2019, Bulgarian Retail Services A.D. was deleted from local Trade Register (was absorbed by ERB Leasing Bulgaria EAD)

7 INVESTMENTS IN ASSOCIATES

The movements in the investments in associates are as follows:	**Cost price in euro 2019**	**Cost price in euro 2018**
Opening balance as at January 1,	484.771.235	464.014.842
Transfer of shares to Eurobank Bulgaria AD	(12.381)	--
Reversal of impairment loss / (Impairment loss)	54.671.032	20.756.393
Balance as at December 31,	539.429.886	484.771.235

The impairment is based on the latest available management estimate on the recoverable amount.

The Company has shares in the following Associates:

Name		**Ownership and voting rights**	**Cost price in euro 2019**	**Cost price in euro 2018**
1 Eurobank A.D. Beograd Serbia				
	Opening balance	42,74%	188.733.071	186.454.249
	Reversal of impairment loss		7.025.374	2.278.822
	Closing balance	42,74%	195.758.446	188.733.071

The reversal of impairment for 2019 is based on the latest available management estimate on the recoverable amount. During 2019 Eurobank A.D. Beograd Serbia has managed to achieve a net profit of € 2,3 million and increase its total equity to an amount of € 451 million. Profitable performance has continued during 2020, a fact that has been also taken into consideration for the estimation of the recoverable amount.

7 INVESTMENTS IN ASSOCIATES (CONTINUED)

	Name		**Ownership and voting rights**	**Cost price in euro 2019**	**Cost price in euro 2018**
2	**ERB Leasing A.D. Beograd Serbia**				
		Opening balance	32,99%	264.899	264.899
		(Impairment loss) / Reversal of impairment loss		(51.585)	--
		Closing balance	32,99%	213.314	264.899
3	**Eurobank Bulgaria AD Bulgaria**				
		Opening balance	43,85%	295.773.259	277.295.688
		Transfer of shares to Eurobank Bulgaria	--	(12.377)	--
		Reversal of impairment loss		47.697.243	18.477.571
		Closing balance	43,85%	343.458.125	295.773.259

In 7 April 2019 the Company made a transfer of shares to Eurobank Bulgaria. Following the above, an amount of € 12.377 has been recognized in the income statement as a gain from the sale of shares. The reversal of impairment for 2019 is based on the latest available management estimate on the recoverable amount. During 2019 Eurobank Bulgaria AD has managed to achieve a net profit of € 99,4 million and increase its total equity to an amount of € 751 million. Profitable performance has continued during 2020, a fact that has been also taken into consideration for the estimation of the recoverable amount.

4	**IMO Property Investments Bucuresti S.A. Romania**				
		Opening balance	0,001%	1	1
		Closing balance	0,001%	1	1
5	**IMO II Property Investments S.A. Romania**	Opening balance	0,010%	1	1
		Closing balance	0,010%	1	1

8 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Group Operations in Romania

The Company has shares in the following Investments held for sale:

		Ownership and voting rights	Cost price in EUR 2019		Cost price in EUR 2018
1 Bancpost SA Romania					
	Opening balance	5,37%	0		10.468.758
	Share Capital Decrease	--	--		(2.712.850)
	Disposal	-5,37%	--		(7.755.908)
	Closing balance	0,00%	0		0

		Ownership and voting rights	Cost price in EUR 2019		Cost price in EUR 2018
2 ERB Retail Services IFN SA Romania					
	Opening balance	99,3203%	0		**25.834.260**
	Disposal	0,0000%	--	-99,3203%	(25.834.260)
	Closing balance	0,0000%	0		0

		Ownership and voting rights	Cost price in EUR 2019		Cost price in EUR 2018
3 ERB Leasing IFN SA Romania					
	Opening balance	0,000%	0		6.801.360
	Disposal	-97,642%	--		(6.801.360)
	Closing balance	0,000%	0		0

On 15 September 2017, Eurobank announced that has entered into negotiations with Banca Transilvania (BT) with regards to the potential sale of Bancpost S.A., ERB Retail Services IFN S.A. and ERB Leasing IFN S.A. in Romania (Romanian disposal group). The sale was considered highly probable; therefore the Romanian disposal group was classified as held for sale in the Company's financial statements.

Following the classification of the disposal group as held for sale, in accordance with IFRS5, management has measured it at the lower of its carrying amount and the fair value less costs to sell. The determination of fair value less costs to sell was determined based on the terms of the aforementioned agreement with BT. In the above context the Group is closely monitoring the developments of all the related issues and is in the process of analyzing the potential implications that may affect its legal rights and obligations, including those arising under the SPA with BT.

On 24 November 2017, the Bank announced that it has reached an agreement with Banca Transilvania to sell the shares in Romanian disposal group. On 3 April 2018, the Group disposed the Romanian disposal Group, after all regulatory approvals were obtained.

The consideration of the transaction reached € 56,44 million, in addition to the € 24,71 million special dividend and € 2.71 million capital return received in 2017 and in the first quarter 2018, respectively. The consideration is subject to adjustments following the finalization of the completion statements of Romanian disposal group and the fulfillment of certain conditionalities as per the aforementioned agreement with Banca Transilvania.

Following the above, an amount of € 15 million profit after tax has been recognized in the income statement for the period ended 31 December 2018.

Following the final determination of the completion accounts and in line with the SPA, Eurobank paid to Banca Transilvania the amount of €14,6 million, as the final adjustment to the Share Consideration, out of which € 0,5 million relates to the ERB New Europe Holding BV. Hence, the latter compensated Eurobank the aforementioned amount, and recognized in the income statement a profit from discontinued operations of € 498 k (being the release out of the total € 1 mil provision that was recognized in the year 2018).

	2019	2018
Other income / (expenses)	498.000	(1.000.000)
Cash proceeds from disposal	--	56.440.947
Derecognition of Group Operations in Romania	--	(40.391.528)
Net (loss)/profit from discontinued operations	498.000	15.049.419

9 TRADE AND OTHER RECEIVABLES

As at 31 December 2019, this item can be detailed as follows:

Name	CCY	Amount in CCY	2019	2018
EFG International Bermuda Ltd			1	1
EFG Investment II (UK)	USD	429.624	382.432	375.218
* Income tax receivable			230.394	441.797
			612.827	817.016

* Note 14 of the financial statements provides a detailed breakdown of the Income tax receivable.

No change in the carrying amounts and the classifications of financial assets upon transition to IFRS 9 as of 1 January 2018.

10 CASH AND CASH EQUIVALENTS

Cash at banks

As at 31 December 2019, this item can be detailed as follows:

Description	CCY	Amount in CCY	Rate	2019	2018
Current accounts	USD	1.646.402	0,89015	1.465.552	1.435.149
Current accounts	RSD	64.041	0,00860	545	542
Current accounts	EUR			62.051.025	163.309.351
Impairment due from other credit institutions	EUR			-50.557	-50.557
				63.466.566	164.694.485

All Cash and Cash equivalents is at free disposal of the Company.

11 EQUITY

The Company's authorised share capital amounts to EUR 1,000,000,000 and consists of 1,000,000 ordinary shares with a nominal value of 1,000 each. On 29 June 2015 the nominal value of the ordinary shares has been decreased from the original nominal value of EUR 1,000 with EUR 55.52 each, resulting in the new nominal value of EUR 944.48 per share. In order to decrease the negative reserve, the Company made a set off on 29 June 2015 of the share premium for the amount of EUR 401.027.926 against the negative reserve of EUR 448.215.769 which was in the books as at 29 June 2015. The remainder repayment of the negative reserve has been facilitated by decreasing the nominal value of the shares. As at December 31, 2016, 850,000 shares were issued and fully paid-up. As at 18 September 2017 the Share Capital of the Company was decreased by the total amount of EUR 35.079.500 from EUR 802.808.000 to 767.728.500, by decreasing the nominal value of each share in the capital of the Company from EUR 944.48 to EUR 903.21. As at 31 December, 2019, 850,000 shares were issued and fully paid-up (as at 31 December, 2018, 850,000 shares were issued and fully paid-up). For the movements in the Equity we refer to the Statement of changes in Equity on page 11 of this report.

12 LOAN PAYABLE

As at 31 December 2019, the Company's outstanding borrowings are detailed as follows:

Name	Description	CCY	2019	2018
Eurobank Private Bank Luxemburg S.A.	Loan	EUR	43.813.750	43.813.750
			43.813.750	43.813.750

The interest rate applied for the year 2019 was EURIBOR plus 2%. Effective from 28 March 2017 in the event of EURIBOR is less than zero, then shall be deemed zero.

13 TRADE AND OTHER PAYABLES

As at 31 December 2019, this item can be detailed as follows:

Name	Description	2019	2018
Other provisions	General and admin. expenses	500.000	1.000.000
Trade and other payables	General and admin. expenses	225.925	729.773
		725.925	1.729.773

14 CORPORATE INCOME TAX CREDIT

For the year ended 31 December 2019, this item can be detailed as follows:

	2019
Profit for the year	52.456.167
- Raealized results from participations	(498.000)
- Non deductible amounts	(3.596)
- Unrealized Negative result from foreign participations	(52.896.806)
Fiscal profit computation	(942.235)
- Participation exemption*	488.214
Taxable amount	**(454.021)**
Corporate Income Tax paid during 2019	--
Corporate Income Tax received from previous years	--
Corporate Income Tax position 2019	--

The nominal Corporate income tax rate in the Netherlands is 20% for the first EUR 200,000 and the remaining taxable result 25%.

*The participation exemption applies to dividends received from subsidiaries/associates and sale of subsidiaries/associates.

14 CORPORATE INCOME TAX CREDIT (CONTINUED)

The movements in the Corporate Income tax receivable / (payable) are as follows:

	2019	2018
Opening balance	441.797	441.797
Payments made/(receipts) during the year relating to previous years	(211.403)	--
Balance as at 31 December 2019	230.394	441.797

The Company has fiscal tax loss available to carry forward as at 31 December 2019 amounting to € 9,707,778. No relevant deferred tax asset has been recognised since management does not expect that the Company will have adequate future taxable profits.

15 RELATED PARTY TRANSACTIONS

The Bank's shareholding structure

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

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

15 RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Cash and cash equivalents (Eurobank S.A.)

Description	Closing balance 2019	2018
Current accounts held with subsidiaries / associates	993.375	1.778.839
Current accounts held with shareholder / parent entity	62.523.748	162.966.203
	63.517.122	164.745.042

(b) Loan payable (Eurobank Private Bank Luxembourg S.A.)

Description	Closing balance 2019	2018
Loan payable	43.813.750	43.813.750
	43.813.750	43.813.750

(c) General and administrative expenses

Description	Closing balance 2019	2018
Dividend payable (Eurobank S.A.)	100.000.000	--
	100.000.000	--

(d) Financial income and expenses

Description	Closing balance 2019	2018
Interest income on deposit account held with shareholder (Eurobank S.A.)	2.775	2.664
Dividend income from continuing operations (New Europe Funding II B.V.)	--	10.000.000
Dividend income from continuing operations (Eurobank Bulgaria A.D.)	--	13.156.031
Interest expense on loan payable to group company (Eurobank Private Bank Luxembourg S.A.)	(886.011)	(893.314)
Gain from participation share sale	11.786	-
Gain relates to previous year	2.978	-
	(868.472)	22.265.381

The dividend income from continued operations in 2018 amounting to EUR 10,000,000 originates from its subsidiary ERB New Europe Funding II B.V. and EUR 13,156,031 originates from its subsidiary Eurobank Bulgaria A.D.

16 OTHER INFORMATION ON GENERAL AND ADMINISTRATIVE EXPENSES

During the year under review the Company did not have any employees. Hence, it did not pay any wages and related social security contributions.

The audit fees of EUR 15,000 (2018: EUR 15,000) comprises the fees of external independent auditor KPMG for the audit of the financial statements. The external independent auditor has not charged any fees relating to other assurance related services, tax, consulting or any other consulting services.

17 CONTINGENT LIABILITIES, LITIGATIONS AND COMMITMENTS

No contingent liabilities, litigations or commitments that would affect the financial statements of the entity are outstanding as at 31 December 2019 (2018: nil). No off balance sheet contractual commitments or obligations, affecting the financial statements, have occurred to date.

18 DIRECTORS

During the year under review, the Company had four Managing Directors, who received no remuneration during the current or the previous financial year. The Company has no Supervisory Directors.

19 OTHER INFORMATION

Position of Eurobank Group

The Management taking into consideration the below factors has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

Macroeconomic environment

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

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

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

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

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

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

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

19 OTHER INFORMATION (CONTINUED)

Solvency risk

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

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

Going forward, the Bank is in process of completing the next two steps of its plan, specifically, a) the sale of 20% of the mezzanine and junior notes of a securitization of a mixed assets portfolio of NPEs with a gross book value of ca. € 7.5 bn (Project Cairo) and b) the sale of a majority stake in Financial Planning Services S.A. (FPS), the licensed 100%-owned loan servicer of Eurobank.

Post balance sheet events

On 7/4/20 the Company's BoD approved:

a) to acquire from Eurobank Bulgaria A.D. 457 dematerialized, ordinary, voting shares having a nominal value of BGN 1 each and total nominal value of BGN 457, in consideration of a total price of BGN 1361.86 (457 X 2.98 BGN/share) which constitute the remaining in the possession of Eurobank Bulgaria shares out of 11,000 shares acquired by ERB New Europe Holding BV ("buy back of own shares') pursuant to the decision of the BoD of ERB New Europe Holding BV dated 4/10/2019 and the conclusion of the related share transfer agreement between ERB New Europe Holding BV and Eurobank Bulgaria A.D. on 18/10/2019.
b) to acquire from a physical person named Verzhiniya Todorova 10,041 dematerialized, ordinary, voting shares having a nominal value of BGN 1 each and total nominal value of BGN 10,041 , in consideration of a total price of BGN 29,922.18 (10,041 X 2.98 BGN/share) representing 0.002% of the share capital of Eurobank Bulgaria A.D.

On 15/11/21 Interim dividend distribution €58 mil to the shareholder (Eurobank S.A.) was performed as per EGM dated 15.11.2021.

On 22/11/21 the Company's BoD approved the Shares' Transfer of 7,655 shares of Eurobank a.d. Beograd from ERB New Europe Holding BV to Mr. Andrej Jovanovic and of 7,655 shares of Eurobank a.d. Beograd from ERB New Europe Holding BV to Mr. Bojan Milovanovic without consideration, in the context of the December 2021 merger of Eurobank a.d. Beograd with Direktna Banka a.d. Following the completion of the transaction ERB New Europe Holding BV controls 23,097% of the combined bank Eurobank Direktna a.d.

As of 15/07/2022 ERB New Europe Holding BV executed full repayment of the Loan granted by Eurobank Private Bank Luxemburg S.A.

On 25/7/22 an Agreement for the Sale and Purchase of the Share Capital of EUROBANK CYPRUS LTD was signed between ERB New Europe Holding BV (Seller) and Eurobank S.A. (Buyer) regarding the sale of 1,201 ordinary shares of nominal value €10,000 each in the capital of EUROBANK CYPRUS LTD for the consideration of EUR 596,925,000.

On 26/9/22 Interim dividend distribution €160 mil to the shareholder (Eurobank S.A.) was performed as per EGM dated 23.09.2022.

19 OTHER INFORMATION (CONTINUED)

Other events

COVID-19 developments

During 2020 and the first quarter of 2021, the outbreak of Covid-19 pandemic and the measures adopted to contain the virus expansion defined the economic environment in Greece and globally. More specifically, the Covid-19 pandemic posed substantial uncertainties and risks for both the macroeconomic environment and the ability of numerous businesses to operate under the restrictive measures, including countywide and local lockdowns, adopted to contain the virus expansion.

The extent to which COVID-19 impacts our business will depend on future developments, which are highly uncertain and cannot be predicted at this point in time.

We are closely monitoring the situation and its potential impact on our business, and we do not expect a material one. The Company follows guidance from the local health authorities and adheres to the requirements and actions as implemented by the Cypriot government. The Company is proactively executing risk strategies to mitigate the potential adverse impact on the Company's employees and operations.

Current conflict between Russia and Ukraine developments

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

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

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

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

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

Appropriation of result

The profit sustained by the Company during the year under review will be credited to the retained earnings. This proposed appropriation of the result has not been reflected in these financial statements and is subject to the approval of the General Meeting of Shareholders.

The Board of Managing Directors,

C. Koukoutsaki

S. Psychogios

L.P. Elstershamis

R. Wemmi

Amsterdam, 17 January 2023

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To the Shareholders of
ERB New Europe Holding B.V.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of ERB New Europe Holding B.V. (the “Company”) which comprise the Balance Sheet as at 31 December 2019, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Financial Statements present fairly, in all material respects, the financial position of ERB New Europe Holding B.V. as at 31 December 2019 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). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants* and the ethical requirements that are relevant to the audit of the financial statements and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors’ Report, 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 respect.

Certified Auditors
GCR 001352601000

Responsibilities of Management for the Financial Statements

Management 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 Management 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, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- 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 Management 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.

Athens, 18 January 2023

KPMG Certified Auditors S.A.