



EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTHS ENDED
31 MARCH 2022**

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Interim Consolidated Balance Sheet

	Note	31 March 2022 € million	31 December 2021 € million
ASSETS			
Cash and balances with central banks		13,064	13,515
Due from credit institutions		1,756	2,510
Securities held for trading		117	119
Derivative financial instruments	14	1,501	1,949
Loans and advances to customers	15	39,293	38,967
Investment securities	16	12,164	11,316
Investments in associates and joint ventures	18	207	267
Property and equipment	19	804	815
Investment property	19	1,487	1,492
Intangible assets		282	269
Deferred tax assets	12	4,389	4,422
Other assets	20	2,026	2,065
Assets of disposal groups classified as held for sale	13	131	146
Total assets		77,221	77,852
LIABILITIES			
Due to central banks	21	11,633	11,663
Due to credit institutions	22	1,015	973
Derivative financial instruments	14	1,817	2,394
Due to customers	23	52,449	53,168
Debt securities in issue	24	2,596	2,552
Other liabilities	25	1,858	1,358
Liabilities of disposal groups classified as held for sale	13	96	109
Total liabilities		71,464	72,217
EQUITY			
Share capital	26	816	816
Share premium	26	8,055	8,055
Reserves and retained earnings		(3,209)	(3,332)
Equity attributable to shareholders of the Company		5,662	5,539
Non controlling interests		95	96
Total equity		5,757	5,635
Total equity and liabilities		77,221	77,852

Notes on pages 6 to 40 form an integral part of these interim consolidated financial statements.

Interim Consolidated Income Statement

	Note	Three months ended 31 March	
		2022 € million	2021 € million
Net interest income	7	339	335
Net banking fee and commission income	8	98	75
Income from non banking services	19	25	24
Net trading income/(loss)	14, 25	225	2
Gains less losses from investment securities		(15)	13
Other income/(expenses)	12, 18	31	(2)
Operating income		703	447
Operating expenses	9	(222)	(216)
Profit from operations before impairments, provisions and restructuring costs		481	231
Impairment losses relating to loans and advances to customers	10	(62)	(131)
Other impairment losses and provisions	11	(25)	(3)
Restructuring costs	11	(49)	(3)
Share of results of associates and joint ventures		10	1
Profit before tax		355	95
Income tax	12	(86)	(25)
Net profit		269	70
Net profit/(loss) attributable to non controlling interests		(1)	0
Net profit attributable to shareholders		270	70
		€	€
Earnings per share			
-Basic and diluted earnings per share	6	0.07	0.02

Notes on pages 6 to 40 form an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

	Three months ended 31 March			
	2022		2021	
	€ million		€ million	
Net profit	<u>269</u>		<u>70</u>	
Other comprehensive income:				
Items that are or may be reclassified subsequently to profit or loss:				
Cash flow hedges				
- changes in fair value, net of tax	3		19	
- transfer to net profit, net of tax	<u>(0)</u>	3	<u>0</u>	19
Debt securities at FVOCI				
- changes in fair value, net of tax	(241)		(55)	
- transfer to net profit, net of tax	<u>109</u>	(132)	<u>43</u>	(12)
Foreign currency translation				
- foreign operations' translation differences	<u>(0)</u>	(0)	<u>(0)</u>	(0)
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax	<u>(15)</u>	(15)	0	0
		<u>(144)</u>		<u>7</u>
Items that will not be reclassified to profit or loss:				
- Gains/(losses) from equity securities at FVOCI, net of tax		(5)		-
- Actuarial gains/(losses) on post employment benefit obligations, net of tax		<u>2</u>		-
		<u>(3)</u>		-
Other comprehensive income		<u>(147)</u>		<u>7</u>
Total comprehensive income attributable to:				
- Shareholders		123		77
- Non controlling interests		<u>(1)</u>		<u>0</u>
		<u>122</u>		<u>77</u>

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Interim Consolidated Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and retained earnings € million	Non controlling interests € million	Total € million
Balance at 1 January 2021, as restated ⁽¹⁾	815	8,055	(3,608)	0	5,262
Net profit	-	-	70	0	70
Other comprehensive income	-	-	7	(0)	7
Total comprehensive income for the three months ended 31 March 2021	-	-	77	0	77
Purchase/sale of treasury shares	1	0	(1)	-	0
Other	-	-	(1)	-	(1)
	1	0	(2)	-	(1)
Balance at 31 March 2021, as restated ⁽¹⁾	816	8,055	(3,533)	0	5,338
Balance at 1 January 2022	816	8,055	(3,332)	96	5,635
Net profit/(loss)	-	-	270	(1)	269
Other comprehensive income	-	-	(147)	(0)	(147)
Total comprehensive income for the three months ended 31 March 2022	-	-	123	(1)	122
Share-based payment:					
- Value of employee services	-	-	1	-	1
Purchase/sale of treasury shares (note 26)	(0)	(0)	0	-	(0)
Other	-	-	(1)	(0)	(1)
	(0)	(0)	0	(0)	(0)
Balance at 31 March 2022	816	8,055	(3,209)	95	5,757
	Note 26	Note 26			

⁽¹⁾ The comparative information has been restated due to the change in accounting policy applied in 2021 in respect of the IFRIC agenda decision for attributing benefit to periods of service (IAS 19). As a result, total equity as of 1 January and 31 March 2021 has increased by € 17 million. Further information is provided in note 2.3 of the consolidated financial statements for the year ended 31 December 2021.

Notes on pages 6 to 40 form an integral part of these interim consolidated financial statements.

Interim Consolidated Cash Flow Statement

	Note	Three months ended 31 March	
		2022	2021
		€ million	€ million
Cash flows from operating activities			
Profit before income tax		355	95
Adjustments for:			
Impairment losses relating to loans and advances to customers	10	62	131
Other impairment losses, provisions and restructuring costs	11	74	6
Depreciation and amortisation	9	29	29
Other (income)/losses on investment securities	29	71	38
(Income)/losses on debt securities in issue	29	16	15
Other adjustments	29	(41)	1
		566	315
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		18	(16)
Net (increase)/decrease in securities held for trading		2	(30)
Net (increase)/decrease in due from credit institutions		890	700
Net (increase)/decrease in loans and advances to customers		(377)	(252)
Net (increase)/decrease in derivative financial instruments		(36)	(58)
Net (increase)/decrease in other assets		12	(54)
Net increase/(decrease) in due to central banks and credit institutions		13	279
Net increase/(decrease) in due to customers		(719)	1,004
Net increase/(decrease) in other liabilities	25	508	25
		311	1,598
Income tax paid		(4)	(4)
Net cash from/(used in) operating activities		873	1,909
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(41)	(29)
Proceeds from sale of fixed and intangible assets		2	9
(Purchases)/sales and redemptions of investment securities		(1,172)	(1,019)
Acquisition of holdings in associates and joint ventures, participations in capital increases		-	(6)
Disposal of subsidiaries, net of cash disposed	17.1	6	-
Disposal of holdings in associates and joint ventures	18	16	7
Net cash from/(used in) investing activities		(1,189)	(1,038)
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	24	28	(41)
Repayment of lease liabilities		(8)	(9)
(Purchase)/sale of treasury shares		(0)	0
Net cash from/(used in) financing activities		20	(50)
Effect of exchange rate changes on cash and cash equivalents		(1)	0
Net increase/(decrease) in cash and cash equivalents		(297)	821
Cash and cash equivalents at beginning of period	29	13,149	6,681
Cash and cash equivalents at end of period	29	12,852	7,502

Notes on pages 6 to 40 form an integral part of these interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

1. General information

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings), which is the parent company of Eurobank S.A. (the Bank) and its subsidiaries (the Group), consisting mainly of Eurobank S.A. Group (note 17.2), are active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Group operates mainly in Greece and in Central and Southeastern Europe. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange.

These interim consolidated financial statements were approved by the Board of Directors on 25 May 2022.

2. Basis of preparation and principal accounting policies

These interim condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 'Interim Financial Reporting' as endorsed by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the consolidated financial statements for the year ended 31 December 2021. Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current period or to reflect changes in the accounting policies that were applied in the year ended 31 December 2021 (note 2.3 of the consolidated financial statements for the year ended 31 December 2021). Unless indicated otherwise, financial information presented in Euro has been rounded to the nearest million. The figures presented in the notes may not sum precisely to the totals provided due to rounding.

The accounting policies and methods of computation in these interim consolidated financial statements are consistent with those in the consolidated financial statements for the year ended 31 December 2021, except as described below (note 2.1).

Going concern considerations

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

After a year of strong economic recovery from the pandemic-induced recession, Greece and the other countries, in which the Group has a substantial presence, were ready to embark on a cycle of sustained growth. However, the current geopolitical upheaval caused from 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 9.1% on an annual basis in April 2022 driven by the rise in energy, food, and transportation prices, compared to -1.1% in April 2021. The European Commission (EC), in its spring economic forecasts (May 2022), estimates that the Greek economy will grow by 3.5% in 2022 and by 3.1% in 2023 (2021: 8.3%). The unemployment rate is expected at 13.7% and 13.1% (2021: 14.7%), and the increase in HICP at 6.3% and 1.9% in 2022 and 2023 respectively (2021: 0.6%). On the fiscal front, the EC expects the general government to post a primary deficit of 1.9% of GDP in 2022 (with pandemic support measures at € 4.1 billion and energy crisis support measures in excess of € 4.3 billion, according to the Stability Programme for 2022 submitted by the Ministry of Finance to the EC in late April 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.

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). In particular, 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. The government plans to submit the second payment request in summer 2022. Greece has been also allocated about € 40 billion through EU's MFF 2021-2027. Furthermore, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the ECB will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. 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 and a 5-year bond of € 1.5 billion (reopening of an older 7-year bond) at a yield of 2.366% on 17 April 2022. As of end-March 2022, the cash reserves of the Greek State stood at nearly € 38 billion.

Notes to the Interim Consolidated Financial Statements

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russian invasion in Ukraine, 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 disruption of the global supply chain, created by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process of many industries due to 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, banks' asset quality and firms' production costs, (d) further increase in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy and food prices, 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 and fiscal balance, (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, and (k) 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 assets, is continuously monitoring the developments on the macroeconomic and geopolitical fronts 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.

In the first quarter of 2022, the net profit attributable to shareholders amounted to € 270 million (first quarter 2021: € 70 million), of which € 44 million (first quarter 2021: € 32 million) was related to the international operations. The adjusted net profit, excluding the € 35 million restructuring costs after tax, amounted to € 305 million (first quarter 2021: € 72 million). As at 31 March 2022, the Group's Total Adequacy Ratio (total CAD) and Common Equity Tier 1 (CET1) ratios, which include full year's transition effects, stood at 15.8% (31 December 2021: 16.1%) and 13.3% (31 December 2021: 13.7%) respectively. Pro-forma with the completion of the sale of Eurobank's merchant acquiring business, the total CAD and CET1 ratios would be 16.5% and 14% respectively (note 4). With regards to asset quality, the Group's NPE stock amounted to € 2.7 billion at 31 March 2022 (31 December 2021: € 2.8 billion), driving the NPE ratio to 6.7% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 70.6% (31 December 2021: 69.2%). In accordance with the business plan for the period 2022-2024, the Group's NPE ratio is expected to decline to 5.8% at the end of 2022 and below 5% in 2024 (note 15).

In terms of liquidity, as at 31 March 2022, the Group deposits slightly decreased to € 52.4 billion (31 December 2021: € 53.2 billion), leading the Group's (net) loans to deposits (L/D) ratio to 74.9% (31 December 2021: 73.2%). The funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme reached € 11.6 billion (31 December 2021: € 11.7 billion), while the Liquidity Coverage ratio (LCR) amounted to 151% (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 all 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 concern assessment

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

Notes to the Interim Consolidated Financial Statements

2.1 New and amended standards and interpretations adopted by the Group

The following amendments to standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU) that are relevant to the Group's activities apply from 1 January 2022:

IFRS 3, Amendments, Reference to the Conceptual Framework

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

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

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

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

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

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

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

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

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

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

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

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

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim condensed consolidated financial statements, the significant estimates, judgments and assumptions made by Management in applying the Group's accounting policies and the key sources of estimation uncertainty are the same as those applied in the consolidated financial statements for the year ended 31 December 2021.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 12, 13, 16, 25, 27 and 30.

3.1 Impairment losses on loans and advances to customers

During the first quarter of 2022, the performance of the Group's lending exposures continued its improving trend, as it turns out by the negative NPE formation, reflecting in parallel the improvement in the market sentiment at the beginning of the year on the back of the containment of the covid-19 pandemic.

However, the Russian invasion in Ukraine and the resulting geopolitical crisis along with the spike in the inflation, especially in energy and raw materials prices, have cast uncertainty on the macroeconomic environment in the economies in which the Group operates.

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The resulting conditions may slow down the positive pace of the economic growth, put more pressure on vulnerable corporate borrowers, such as those that operate in the food industry, the supply of raw materials for the construction sector etc. and possibly affect the available income and the debt capacity of the retail customers. The level of the economies' disruption depends on the duration of the war, the effect of the sanctions, as well as the effectiveness of the fiscal measures aiming to alleviate the impact of the rising prices.

In this context, the Group examined reasonable changes in the key macroeconomic variables of the IFRS 9 expected credit losses' models, reinforced the monitoring of the potentially affected by the crisis corporate borrowers and assessed that the credit outlook of its lending portfolios remained stable at 31 March 2022, within the current macroeconomic environment that still evolves.

The Group remains cautious for any developments in the macroeconomic and geopolitical fronts, so as to revise its estimates and assumptions applied to the assessment of impairment losses as appropriate.

4. Capital Management

The Group's capital adequacy position is presented in the following table:

	31 March 2022	31 December 2021
	€ million	€ million
Equity attributable to shareholders of the Company	5,662	5,539
Add: Adjustment due to IFRS 9 transitional arrangements	264	528
Add: Regulatory non-controlling interests	58	57
Less: Goodwill	(2)	(2)
Less: Other regulatory adjustments	(600)	(686)
Common Equity Tier 1 Capital	5,382	5,436
Total Tier 1 Capital	5,382	5,436
Tier 2 capital-subordinated debt	950	950
Add: Other regulatory adjustments	63	-
Total Regulatory Capital	6,395	6,386
Risk Weighted Assets	40,586	39,789
Ratios:	%	%
Common Equity Tier 1	13.3	13.7
Tier 1	13.3	13.7
Total Capital Adequacy Ratio	15.8	16.1

Notes:

a) The profit of € 270 million attributable to the shareholders of the Company for the period ended 31 March 2022 (31 December 2021: profit of € 328 million) has been included in the calculation of the above capital ratios.

b) The Group has elected to apply the phase-in approach for mitigating the impact of IFRS 9 transition on the regulatory capital, according to the Regulation (EU) 2017/2395 (providing a 5-year transition period to recognize the impact of IFRS 9 adoption) and the Regulation 2020/873 (CRR quick fix – see below). The transition effect is included in the regulatory capital as of the first quarter of each year.

c) As of 31 March 2022, the Group is applying the temporary treatment specified in Article 468 of the CRR, amended by the Regulation (EU) 2020/873, therefore the Group's phased in own funds and capital ratios reflect the 60% of unrealised losses for the period 1.1.2020 to 31.3.2022, accounted for as fair value changes of debt instruments measured at fair value through other comprehensive income, corresponding to specific debt exposures, as provided for in the said article. The Group's Common Equity Tier 1 and Total Capital Adequacy ratios, as if the temporary treatment of the aforementioned unrealised losses had not been applied, would be 13.2 % and 15.7% respectively.

d) The Group's CET1 as at 31 March 2022, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the aforementioned IFRS 9 transitional arrangements, would be 12.7% (31 December 2021: 12.7%).

e) The pro-forma Common Equity Tier 1 and Total Capital Adequacy ratios as at 31 March 2022 with the completion of the sale of Eurobank's merchant acquiring business (note 13) would be 14% and 16.5%, respectively.

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) which have been incorporated in the European Union (EU) legislation through the Directive 2013/36/EU (known as CRD IV) as in force, along with the Regulation No 575/2013/EU (known as CRR) as in force. The above Directive has been transposed into Greek legislation by Law 4261/2014 as in force. Supplementary to that, in the context of Internal Capital Adequacy

Notes to the Interim Consolidated Financial Statements

Assessment Process (ICAAP), the Group considers a broader range of risk types and the Group's risk management capabilities. ICAAP aims ultimately to ensure that the Group has sufficient capital to cover all material risks that it is exposed to, over a three-year horizon.

Based on Council Regulation No 1024/2013, the European Central Bank (ECB) conducts annually a Supervisory Review and Evaluation Process (SREP) in order to define the prudential requirements of the institutions under its supervision. The key purpose of the SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system.

Taking into account the 2021 SREP decision, for 2022, the Group is required to meet a Common Equity Tier 1 Ratio of at least 9.50% and a Total Capital Adequacy Ratio of at least 14.31% (Overall Capital Requirement or OCR) including Combined Buffer Requirement of 3.31%, which is covered with CET1 capital and sits on top of the Total SREP Capital Requirement (TSCR). However, in accordance with the ECB's measures to address the effects of Covid-19, banks are allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and, without prejudice to the restrictions set out in CRD IV, the Combined Buffer Requirement (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, Other Systemically Important Institutions Buffer) until the end of 2022. According to the FAQs published by the ECB, the above allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach that requirement.

The breakdown of the Group's CET1 and Total Capital requirements is presented below.

	31 March 2022	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	4.50%	8.00%
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	6.19%	11.00%
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.06%	0.06%
Other systemic institutions buffer (O-SII)	0.75%	0.75%
Overall Capital Requirement (OCR)	9.50%	14.31%

Furthermore, the Regulation 2020/873 (CRR quick fix) provides, among others, for the extension by two years of the transitional arrangements for IFRS 9 and further relief measures, allowing banks to add back to their regulatory capital any increase in new provisions for expected losses that they have recognized in 2020 and 2021 for their financial assets, which have not been defaulted. Accordingly, the relief applied for 2022 is 75%, for 2023 50% and for 2024 25%.

Further disclosures regarding capital adequacy in accordance with the Regulation 575/2013 are provided in the Consolidated Pillar 3 Reports on the Company's website.

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

Under the Directive 2014/59 (Bank Recovery and Resolution Directive or BRRD), as amended by Directive 2019/879 (BRRD II), which was transposed into the Greek legislation pursuant to Law 4799/2021 amending Law 4335/2015, European banks are required to meet the minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board (SRB) has determined Eurobank S.A. as the Group's resolution entity and a Single Point of Entry (SPE) strategy for resolution purposes. Based on the latest official SRB's decision, the fully calibrated MREL (final target) to be met by Eurobank S.A. on a consolidated basis until the end of 2025 is set at ca 26.98% of its total risk weighted assets (RWAs), including a fully-loaded combined buffer requirement (CBR) of 3.67%. The final MREL target is updated by the SRB on an annual basis.

The interim binding MREL target, which is applicable from 1 January 2022, stands at 17.82% of RWAs, including a CBR of 3.31%. As at 31 March 2022, the Bank's MREL ratio at consolidated level stands at 18.14% of RWAs including profit for the period ended 31 March 2022 (31 December 2021: 18.47%), which is above the aforementioned interim binding MREL target.

Climate risk stress test

In January 2022, the European Central Bank (ECB) launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise will be conducted in the first half of 2022

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after which the ECB will publish aggregate results. The results will feed into the Supervisory Review and Evaluation Process (SREP) from a qualitative point of view and could have an indirect potential impact on Pillar 2 requirements through the SREP scores, without however directly impacting capital through Pillar 2 guidance.

5. Operating segment information

Management has determined the operating segments based on the internal reports reviewed by the Strategic Planning Committee that are used to allocate resources and to assess their performance in order to make strategic decisions. The Strategic Planning Committee considers the business both from a business unit and geographic perspective. Geographically, management considers the performance of its business activities originated from Greece and other countries in Europe (International).

Greece is further segregated into retail, corporate, global markets & asset management and investment property. International is monitored and reviewed on a country basis. The Group aggregates segments when they exhibit similar economic characteristics and profile and are expected to have similar long-term economic development.

In more detail, the Group is organized in the following reportable segments:

- Retail: incorporating customer current accounts, savings, deposits and investment savings products, credit and debit cards, consumer loans, small business banking and mortgages.
- Corporate: incorporating current accounts, deposits, overdrafts, loan and other credit facilities, foreign currency and derivative products to corporate entities, custody and clearing services, cash management and trade services and investment banking services including corporate finance, merger and acquisitions advice.
- Global Markets & Asset Management: incorporating financial instruments trading, services to institutional investors, as well as, specialized financial advice and intermediation. In addition, this segment incorporates mutual fund products, institutional asset management and equity brokerage.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania.
- Investment Property: incorporating investment property activities relating to a diversified portfolio of commercial real estate assets.

Other segment of the Group refers mainly to a) property management (including repossessed assets), b) other investing activities (including equities' positions), c) private banking services to medium and high net worth individuals and the Group's share of results of Eurolife Insurance group and d) the results related to the Bank's transformation plan, the notes of Cairo, Pillar and Mexico securitizations, which were retained by the Group, and the Group's share of results of doValue Greece Loans and Credits Claim Management S.A.

The Group's management reporting is based on International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies of the Group's operating segments are the same with those described in the principal accounting policies.

Revenues from transactions between business segments are allocated on a mutually agreed basis at rates that approximate market prices.

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Operating segments

	For the three months ended 31 March 2022						Total € million
	Retail	Corporate	Global Markets & Asset Mngt	Investment Property	International	Other and Elimination center	
	€ million	€ million	€ million	€ million	€ million	€ million	
Net interest income	96	89	69	(5)	99	(8)	339
Net commission income	20	20	25	(0)	33	0	98
Other net revenue	1	0	204	56	1	4	266
Total external revenue	116	108	298	51	133	(3)	703
Inter-segment revenue	7	10	(10)	1	(0)	(7)	-
Total revenue	123	118	288	52	132	(10)	703
Operating expenses	(103)	(32)	(16)	(8)	(65)	2	(222)
Impairment losses relating to loans and advances to customers	(37)	(8)	-	-	(10)	(7)	(62)
Other impairment losses and provisions (note 11)	(0)	1	(22)	(1)	(1)	(2)	(25)
Share of results of associates and joint ventures	(0)	(0)	0	-	0	10	10
Profit/(loss) before tax before restructuring costs	(17)	79	250	43	56	(6)	404
Restructuring costs (note 11)	(3)	(0)	-	-	(4)	(42)	(49)
Profit/(loss) before tax	(20)	79	250	43	52	(48)	355
Net profit/(loss) attributable to non controlling interests	-	-	-	0	(1)	0	(1)
Profit/(loss) before tax attributable to shareholders	(20)	79	250	43	52	(48)	356

	31 March 2022						Total € million
	Retail	Corporate	Global Markets & & Asset Mngt	Investment Property	International	Other and Elimination center ⁽¹⁾	
	€ million	€ million	€ million	€ million	€ million	€ million	
Segment assets	14,723	14,855	12,825	1,509	20,228	13,082	77,221
Segment liabilities	29,504	9,946	6,753	366	18,532	6,363	71,464

The International segment is further analyzed as follows:

	For the three months ended 31 March 2022					Total € million
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	
	€ million	€ million	€ million	€ million	€ million	
Net interest income	48	16	27	7	1	99
Net commission income	17	5	10	2	(0)	33
Other net revenue	(1)	1	0	0	(0)	1
Total external revenue	64	22	38	8	(0)	133
Inter-segment revenue	0	(0)	-	(0)	-	(0)
Total revenue	64	22	38	8	(0)	132
Operating expenses	(31)	(16)	(12)	(5)	(1)	(65)
Impairment losses relating to loans and advances to customers	(9)	(3)	(1)	0	2	(10)
Other impairment losses and provisions	(1)	(0)	0	(0)	(0)	(1)
Share of results of associates and joint ventures	-	-	-	-	0	0
Profit/(loss) before tax before restructuring costs	25	3	25	3	0	56
Restructuring costs (note 11)	-	(4)	-	-	-	(4)
Profit/(loss) before tax	25	(1)	25	3	0	52
Net profit/(loss) attributable to non controlling interests	(0)	(0)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders	25	(1)	25	3	0	52

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	31 March 2022					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets ⁽²⁾	7,372	2,421	8,147	2,237	160	20,228
Segment liabilities ⁽²⁾	6,630	2,142	7,460	2,055	356	18,532

	For the three months ended 31 March 2021						
	Retail	Corporate	Global Markets & Asset Mngt	Investment Property	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	112	82	51	(4)	91	2	335
Net commission income	12	17	19	0	26	(0)	75
Other net revenue	1	1	7	23	0	6	37
Total external revenue	125	100	78	19	117	7	447
Inter-segment revenue	5	9	(7)	1	0	(8)	-
Total revenue	130	109	71	20	117	(1)	447
Operating expenses	(102)	(31)	(13)	(10)	(59)	(1)	(216)
Impairment losses relating to loans and advances to customers	(88)	(23)	-	-	(20)	1	(131)
Other impairment losses and provisions (note 11)	(0)	(0)	1	(0)	(0)	(3)	(3)
Share of results of associates and joint ventures	0	0	0	(0)	(0)	1	1
Profit/(loss) before tax before restructuring costs	(61)	56	58	10	38	(3)	98
Restructuring costs (note 11)	(2)	(0)	(0)	-	(0)	(0)	(3)
Profit/(loss) before tax	(63)	55	58	10	37	(3)	95
Net profit/(loss) attributable to non controlling interests	-	-	-	0	0	0	0
Profit/(loss) before tax attributable to shareholders	(63)	55	58	10	37	(3)	95

	31 December 2021						
	Retail	Corporate	Global Markets & Asset Mngt	Investment Property	International	Other and Elimination center ⁽¹⁾	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets	14,878	14,696	13,265	1,495	19,870	13,648	77,852
Segment liabilities	29,562	10,869	6,828	356	18,183	6,420	72,217

	For the three months ended 31 March 2021					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	45	13	25	6	3	91
Net commission income	14	3	8	2	(1)	26
Other net revenue	(0)	0	0	0	(0)	0
Total external revenue	58	16	32	8	2	117
Inter-segment revenue	0	(0)	0	(0)	-	0
Total revenue	59	16	32	8	2	117
Operating expenses	(29)	(12)	(11)	(5)	(1)	(59)
Impairment losses relating to loans and advances to customers	(10)	(4)	(2)	(0)	(4)	(20)
Other impairment losses and provisions	(0)	(0)	1	(0)	(0)	(0)
Share of results of associates and joint ventures	-	(0)	-	-	-	(0)
Profit/(loss) before tax before restructuring costs	19	(0)	19	3	(3)	38
Restructuring costs	-	-	-	(0)	-	(0)
Profit/(loss) before tax	19	(0)	19	3	(3)	37
Net profit/(loss) attributable to non controlling interests	0	0	-	-	-	0
Profit/(loss) before tax attributable to shareholders	19	(0)	19	3	(3)	37

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	31 December 2021					
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million
Segment assets ⁽²⁾	7,159	2,404	8,027	2,231	159	19,870
Segment liabilities ⁽²⁾	6,422	2,121	7,341	2,051	358	18,183

⁽¹⁾ Interbank eliminations between International and the other Group's segments are included.

⁽²⁾ Intercompany balances among the Countries have been excluded from the reported assets and liabilities of International segment.

6. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period, excluding the average number of ordinary shares purchased by the Group and held as treasury shares.

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 March 2022, the Group's dilutive potential ordinary shares relate to the share options that were allocated to key executives with grant date in July 2021 (note 26). The weighted average number of shares is adjusted for the share options by calculating the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period). The number of shares resulting from the above calculation is added to the weighted average number of ordinary shares in issue in order to determine the weighted average number of ordinary shares used for the calculation of the diluted earnings per share.

	€ million	Three months ended 31 March	
		2022	2021
Net profit for the period attributable to ordinary shareholders	€ million	270	70
Weighted average number of ordinary shares in issue for basic earnings per share	Number of shares	3,707,965,683	3,707,660,947
Weighted average number of ordinary shares in issue for diluted earnings per share	Number of shares	3,714,589,757	-
Earnings per share			
- Basic and diluted earnings per share	€	0.07	0.02

7. Net interest income

	31 March 2022 € million	31 March 2021 € million
Interest income		
Customers	304	306
Banks and other assets	4	1
Securities	48	34
Derivatives	116	113
	472	454
Interest expense		
Customers	(9)	(15)
Banks ⁽¹⁾⁽²⁾	12	22
Debt securities in issue	(23)	(18)
Derivatives	(112)	(107)
Lease liabilities - IFRS 16	(1)	(1)
	(133)	(119)
Total	339	335

⁽¹⁾ For the period ended 31 March 2022, it includes a benefit of € 30 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (31 March 2021: € 33 million) (note 21).

⁽²⁾ Interest from financial assets with negative rates is recorded in interest expense.

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8. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments (note 5).

	31 March 2022					
	Retail	Corporate	Global Markets & Asset Mngt	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Lending related activities	2	15	2	4	(0)	23
Mutual funds and assets under management	3	0	11	3	2	19
Network activities and other ⁽¹⁾	14	2	7	25	(0)	47
Capital markets	-	3	5	2	(1)	9
Total	20	20	25	33	0	98

	31 March 2021					
	Retail	Corporate	Global Markets & Asset Mngt	International	Other and Elimination center	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Lending related activities	2	14	2	3	0	21
Mutual funds and assets under management	2	0	8	2	2	14
Network activities and other ⁽¹⁾	8	1	6	20	(2)	33
Capital markets	-	1	4	1	0	6
Total	12	17	19	26	(0)	75

⁽¹⁾ Including income from credit cards related services.

9. Operating expenses

	31 March 2022 € million	31 March 2021 € million
Staff costs	(111)	(107)
Administrative expenses	(64)	(60)
Contributions to resolution and deposit guarantee funds	(18)	(20)
Depreciation of real estate properties and equipment	(11)	(10)
Depreciation of right of use assets	(10)	(10)
Amortisation of intangible assets	(8)	(9)
Total	(222)	(216)

The average number of employees of the Group during the period was 11,902 (31 March 2021: 11,486). As at 31 March 2022, the number of branches and business/private banking centers of the Group amounted to 647 (31 December 2021: 668).

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10. Impairment allowance for loans and advances to customers

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL). Information with regards to the estimates applied for the expected credit loss measurement as at 31 March 2022 is provided in note 3.

	31 March 2022			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL - Stage 3 and POCI ⁽¹⁾	Total
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January	171	311	1,391	1,872
Transfers between stages	16	(12)	(4)	-
Impairment loss for the period	(24)	7	66	49
Recoveries from written - off loans	-	-	9	9
Loans and advances derecognised during the period ⁽²⁾	(0)	(0)	(0)	(0)
Amounts written off	-	-	(11)	(11)
Unwinding of Discount	-	-	(5)	(5)
Foreign exchange and other movements	6	(0)	(24)	(18)
Impairment allowance as at 31 March	168	305	1,421	1,895

	31 March 2021			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL - Stage 3 and POCI ⁽¹⁾	Total
	€ million	€ million	€ million	€ million
Impairment allowance as at 1 January	183	439	2,855	3,477
Transfers between stages	17	(0)	(17)	-
Impairment loss for the period	(19)	(40)	205	146
Recoveries from written - off loans	-	-	6	6
Loans and advances derecognised during the period ⁽²⁾	-	-	(3)	(3)
Amounts written off	-	-	(28)	(28)
Unwinding of Discount	-	-	(13)	(13)
Foreign exchange and other movements	(5)	(2)	(27)	(33)
Impairment allowance as at 31 March	176	398	2,978	3,551

⁽¹⁾ The impairment allowance for POCI loans of € 7 million is included in 'Lifetime ECL –Stage 3 and POCI' (31 March 2021: € 4 million).

⁽²⁾ It represents the impairment allowance of loans derecognized during the period due to a) substantial modifications of the loans' contractual terms and b) sale transactions for the comparative period.

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 31 March 2022 amounted to € 62 million (31 March 2021: € 131 million) and are analyzed as follows:

	31 March 2022 € million	31 March 2021 € million
Impairment loss on loans and advances to customers	(49)	(146)
Net income / (loss) from financial guarantee contracts ⁽¹⁾	(10)	-
Modification gain / (loss) on loans and advances to customers	(0)	16
Impairment (loss)/ reversal for credit related commitments	(3)	(1)
Total	(62)	(131)

⁽¹⁾ It refers to purchased financial guarantee contracts, not integral to the guaranteed loans (projects Wave I and II).

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11. Other impairments, restructuring costs and provisions

	31 March 2022 € million	31 March 2021 € million
Impairment and valuation losses on real estate properties	(2)	(1)
Impairment (losses)/ reversal on bonds (note 16)	(21)	1
Other impairment losses and provisions ⁽¹⁾	(2)	(3)
Other impairment losses and provisions	(25)	(3)
Voluntary exit schemes and other related costs (note 25)	(42)	(2)
Other restructuring costs	(7)	(1)
Restructuring costs	(49)	(3)
Total	(74)	(6)

⁽¹⁾ Includes impairment losses on software, other assets and provisions on litigations and other operational risk events.

For the period ended 31 March 2022, the Group recognized € 7 million restructuring costs, of which € 4 million relate to the merger of Eurobank a.d. Beograd with Direktna Banka a.d., while the remaining costs mainly relate to the Bank's transformation plan.

12. Income tax

	31 March 2022 € million	31 March 2021 € million
Current tax	(12)	(9)
Deferred tax	(74)	(16)
Total income tax	(86)	(25)

According to Law 4172/2013 currently in force, the nominal Greek corporate tax rate for credit institutions that fall under the requirements of article 27A of Law 4172/2013 regarding eligible DTAs/deferred tax credits (DTCs) against the Greek State is 29%. As at 31 March 2022, the Greek corporate tax rate for legal entities other than the aforementioned credit institutions was 22%. In addition, the withholding tax rate for dividends distributed, other than intragroup dividends, is 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

The nominal corporate tax rates applicable in the banking subsidiaries incorporated in the international segment of the Group (note 5) are as follows: Bulgaria 10%, Serbia 15%, Cyprus 12.5% and Luxembourg 24.94%.

Tax certificate and open tax years

The Company and its subsidiaries, associates and joint ventures, which operate in Greece (notes 17.1 and 18) have in principle 1 to 6 open tax years. For fiscal years starting from 1 January 2016 onwards, an 'Annual Tax Certificate' on an optional basis, is provided for the Greek entities, with annual financial statements audited compulsorily, pursuant to the Law 4174/2013, which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. The Company and (as a general rule) the Group's Greek companies will continue to obtain such certificate.

The tax certificates, which have been obtained by the Company and its subsidiaries, associates and joint ventures, which operate in Greece, are unqualified for the open tax years 2016-2020. In particular, for the tax year 2016 a tax audit by the tax authorities is currently in progress. In addition, for the year ended 31 December 2021, the tax audits from external auditors are in progress.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. in principle five years as from the end of the fiscal year within which the relevant tax return should have been submitted), irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2015 (included) has been time-barred for the Company and the Group's Greek entities as at 31 December 2021.

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The open tax years of the foreign banking entities of the Group are as follows: (a) Eurobank Cyprus Ltd, 2018-2021, (b) Eurobank Bulgaria A.D., 2016-2021, (c) Eurobank Direktna a.d. (Serbia), 2016-2021, and (d) Eurobank Private Bank Luxembourg S.A., 2017-2021. The remaining foreign entities of the Group (notes 17.1 and 18), which operate in countries where a statutory tax audit is explicitly stipulated by law, have 2 to 6 open tax years in principle, subject to certain preconditions of the applicable tax legislation of each jurisdiction.

In reference to its total uncertain tax positions, the Group assesses all relevant developments (e.g. legislative changes, case law, ad hoc tax/legal opinions, administrative practices) and raises adequate provisions.

Deferred tax

Deferred tax is calculated on all deductible temporary differences under the liability method as well as for unused tax losses at the rate in effect at the time the reversal is expected to take place.

The net deferred tax is analyzed as follows:

	31 March 2022 € million	31 December 2021 € million
Deferred tax assets	4,389	4,422
Deferred tax liabilities	(27)	(26)
Net deferred tax	4,362	4,396

The movement on deferred tax is as follows:

	31 March 2022 € million
Balance at 1 January	4,396
Income statement credit/(charge)	(74)
Investment securities at FVOCI	42
Cash flow hedges	(1)
Other	(1)
Balance at 31 March	4,362

Deferred income tax (charge)/credit is attributable to the following items:

	31 March 2022 € million	31 March 2021 € million
Impairment/ valuation relating to loans, disposals and write-offs	(23)	14
Unused tax losses	0	(1)
Tax deductible PSI+ losses	(13)	(13)
Carried forward debit difference of law 4831/2021	(27)	-
Change in fair value and other temporary differences	(11)	(16)
Deferred income tax (charge)/credit	(74)	(16)

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Deferred tax assets/(liabilities) are attributable to the following items:

	31 March 2022	31 December 2021
	€ million	€ million
Impairment/ valuation relating to loans and accounting write-offs	1,044	1,034
PSI+ tax related losses	989	1,001
Losses from disposals and crystallized write-offs of loans	2,334	2,365
Carried forward debit difference of law 4831/2021	46	73
Other impairments/ valuations through the income statement	(55)	(38)
Unused tax losses	0	0
Costs directly attributable to equity transactions	5	5
Cash flow hedges	4	5
Defined benefit obligations	6	6
Real estate properties, equipment and intangible assets	(66)	(61)
Investment securities at FVOCI	(70)	(112)
Other ⁽¹⁾	125	118
Net deferred tax	4,362	4,396

⁽¹⁾ It includes, among others, DTA on deductible temporary differences relating to operational risk provisions and the leasing operations.

Further information, in relation to the aforementioned categories of deferred tax assets as at 31 March 2022, is as follows:

- (a) € 1,044 million refer to deductible temporary differences arising from impairment/valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- (b) € 989 million refer to losses resulted from the Group's participation in PSI+ and the Greek's state debt buyback program which are subject to amortization for tax purposes over a thirty-year period, i.e. 1/30 of losses per year starting from year 2012 onwards (see below – DTCs section);
- (c) € 2,334 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period (see below – DTCs section);
- (d) € 46 million refer to the unutilized part of the amortization of the aforementioned crystallized tax losses (debit difference) that can be carried forward for offsetting over a twenty-year period according to Law 4831/2021 (see below).

Assessment of the recoverability of deferred tax assets

The recognition of the above presented deferred tax assets is based on management's assessment that the Group's legal entities will have sufficient future taxable profits, against which the deductible temporary differences and the unused tax losses can be utilized. The deferred tax assets are determined on the basis of the tax treatment of each deferred tax asset category, as provided by the applicable tax legislation of each jurisdiction and the eligibility of carried forward losses for offsetting with future taxable profits. Additionally, the Group's assessment on the recoverability of recognized deferred tax assets is based on (a) the future performance expectations (projections of operating results) and growth opportunities relevant for determining the expected future taxable profits, (b) the expected timing of reversal of the deductible and taxable temporary differences, (c) the probability that the Group entities will have sufficient taxable profits in the future, in the same period as the reversal of the deductible and taxable temporary differences or in the years into which the tax losses can be carried forward, and (d) the historical levels of Group entities' performance in combination with the previous years' tax losses caused by one off or non-recurring events.

In particular, for the period ended 31 March 2022, the deferred tax asset (DTA) recoverability assessment has been based on the three-year Business Plan that was approved by the Board of Directors in December 2021, for the period up to the end of 2024, and was submitted to the Single Supervisory Mechanism (SSM). For the years beyond 2024, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself. Specifically, the management projections for the Group's future profitability adopted in the Business Plan, have considered, among others, (a) the macroeconomic growth in Greece and the region underpinned by the Recovery and Resilience Fund (RRF) grants and loans, (b) the increase in loan volumes and investment securities, (c) the higher fee and commission income mostly from assets under management, bancassurance, network and capital markets, (d) the discipline in operating expenses' targets, (e) the gradual reduction of cost of risk and (f) the expected sale in first half of 2022 of Eurobank's merchant acquiring business (note 13). The major initiatives

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introduced in the context of the Group's transformation plan "Eurobank 2030", will contribute to the achievement of the above financial objectives.

The Group closely monitors and constantly assesses the developments on the macroeconomic and geopolitical front (note 2) including the inflationary pressures mainly related with the energy prices and agrofood and their potential effect on the achievement of its Business Plan in terms of asset quality and profitability and will continue to update its estimates accordingly.

Deferred tax credit against the Greek State and tax regime for loan losses

As at 31 March 2022, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,510 million (31 December 2021: € 3,547 million). The DTCs are accounted for on: (a) the unamortised losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, which are subject to amortisation over a thirty-year period and (b) on the sum of (i) the unamortized part of the DTC eligible crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss.

According to the Law 4831/2021 (article 125), which was enacted in September 2021 and amended Law 4172/2013, the amortization of the PSI tax related losses is deducted from the taxable income at a priority over that of the crystallized tax losses (debit difference) arising from write-offs and disposals of loans. In addition, the amount of the annual tax amortization of the above crystallized tax losses is limited to the amount of the annual taxable profits, calculated before the deduction of such losses and following the annual tax deduction of the PSI tax related losses. The unutilized part of the annual tax amortization of the crystallized loan losses can be carried forward for offsetting over a period of 20 years. If at the end of the 20-year utilization period, there are balances that have not been offset, these will qualify as a tax loss, which is subject to the 5-year statute of limitation. The above provisions apply as of 1 January 2021 and cover the crystallized tax losses that have arisen from write-offs and disposals of loans as of 1 January 2016 onwards.

Taking into account the tax regime in force, the recovery of the Bank's deferred tax asset recorded on loans and advances to customers and the regulatory capital structure are further safeguarded, contributing substantially to the achievement of NPE management targets through write-offs and disposals, in line with the regulatory framework and SSM requirements.

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 31 March 2022, an amount of € 1.5 million has been recognized in "Other income/(expenses)".

13. Disposal groups classified as held for sale

	31 March 2022	31 December 2021
	€ million	€ million
Assets of disposal groups		
Real estate properties	25	31
Village Roadshow Operations Hellas S.A. and Intertech S.A. – International Technologies	77	81
IMO 03 E.A.D. (note 17.1)	-	6
Credit card acquiring - project Triangle	20	28
Vouliagmeni Residence Single Member S.A.	9	-
Total	131	146
Liabilities of disposal groups		
Village Roadshow Operations Hellas S.A.	64	72
Credit card acquiring - project Triangle	32	37
Total	96	109

Real estate properties

Starting from the end of 2019, the Group, in the context of its strategy for the active management of its real estate portfolio (repossessed, investment properties and own used properties), has gradually classified as held for sale (HFS) certain pools of real estate assets of total remaining carrying amount ca. € 25 million as at 31 March 2022, after their remeasurement in accordance with

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the IFRS 5 requirements. The Group remains committed to its plan to sell the aforementioned assets, which is expected to be completed up to the end of 2022.

The above non-recurring fair value measurements were categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used, with no change occurring up to 31 March 2022.

Village Roadshow Operations Hellas S.A. and Intertech S.A. – International Technologies

In the third quarter of 2021, the Bank acquired 100% of the shares and voting rights of Village Roadshow Operations Hellas S.A. for a cash consideration of € 1 million; and 29.48% of the shares and voting rights of Intertech S.A. – International Technologies for a cash consideration of € 2 million. The acquisitions took place following the enforcement of collaterals on the companies' shares under Bank's lending arrangements.

Village Roadshow Operations Hellas S.A. was accounted for in accordance with the provisions of IFRS 5 for subsidiaries acquired with a view to sale. As at 31 March 2022, the company's assets of € 75 million (net of intragroup cash deposit) have been measured based on a) the fair value of the identifiable liabilities of € 64 million (net of the carrying amount of the intragroup borrowing) and b) the fair value of the net assets less costs to sell, determined at € 1 million by reference to the transaction price.

The aforementioned fair value measurement for Village Roadshow Operations Hellas S.A has been categorized as level 3 of the fair value hierarchy based on the significance of the unobservable inputs used.

Intertech S.A. – International Technologies, which is a listed company in Athens Stock Exchange, has been classified as held for sale as of the acquisition date. Following the sale of company's shares through the Athens Stock Exchange in 2021, the Bank's holding in the company stood at 29.36% as at 31 March 2022 and was measured at its carrying amount of € 1.9 million, which was lower than its fair value less cost to sell based on the market value of the company's shares.

Eurobank Merchant Acquiring business -Project 'Triangle'

On 7 December 2021, the Company announced that its subsidiary Eurobank S.A. ("Eurobank") has signed a binding agreement with Worldline B.V. ("Worldline") that includes: a) the sale of 80% of Eurobank's merchant acquiring business ("PayCo") to Worldline with Eurobank maintaining the remaining 20%, subject to a combination of call and put options and b) a long term agreement for the exclusive distribution of PayCo products in Greece through Eurobank's sales network.

The agreement values 100% of PayCo at € 320 million, subject to customary adjustments as of the date of completion of the Transaction. The transaction also entails an additional conditional payment, referral fees from PayCo and customary minority protection rights.

On the basis of the aforementioned agreement, Eurobank Merchant Acquiring business has been classified as held for sale since 31 December 2021 and has been measured at the lower of its carrying amount and fair value less costs to sell. Accordingly, as at 31 March 2022, the associated assets with a carrying amount of € 20 million (mainly relating to due from banks) and the associated liabilities with a carrying amount of € 32 million (mainly relating to credit card transactions under settlement), have been classified as held for sale.

The Transaction is expected to be completed by the end of the second quarter of 2022, subject to obtaining the relevant regulatory approvals and to contribute ca. 80 bps to the Group's CET I ratio (note 4).

Vouliagmeni Residence S.A.

In March 2022, the Bank signed an agreement setting out the main terms for the sale of its participation interest of 100% in Vouliagmeni Residence S.A. to a third party. According to the agreement, the consideration was set at the amount of € 9.3 million, to be increased with the cash and other assets of the company (other than investment property) and reduced by the amount of other liabilities at the time of the sale, which is expected to be completed by the end of third quarter of 2022. The completion of the sale is subject to terms and conditions provided for in the aforementioned agreement.

The sale is considered highly probable, therefore as of 31 March 2022, Vouliagmeni Residence S.A, was classified as held for sale and measured by reference to the agreed consideration, being the lower of its carrying amount and fair value less costs to sell, in accordance with IFRS 5. Following the above, the company's assets (mainly relating to investment property) with a carrying amount of € 9.3 million were classified as held for sale and an impairment loss of € 0.7 million was recognised in the income statement line "Other impairment losses and provisions".

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14. Derivative financial instruments

	31 March 2022		31 December 2021	
	Fair values		Fair values	
	Assets € million	Liabilities € million	Assets € million	Liabilities € million
Derivatives for which hedge accounting is not applied/ held for trading	1,411	1,052	1,837	1,479
Derivatives designated as fair value hedges	82	714	82	804
Derivatives designated as cash flow hedges	8	51	30	111
Total derivatives assets/liabilities	1,501	1,817	1,949	2,394

As at 31 March 2022, the derivative assets and liabilities decreased by € 448 million and € 577 million, respectively, compared to 31 December 2021, mainly as a result of (a) the upward movement of the euro interest rate curve and (b) the liquidations of certain derivatives positions in the context of the reassessment of the Group's hedging strategies. Regarding the latter, the Group discontinued hedge accounting by revoking the designation of certain hedging relationships, as due to market conditions these positions had fulfilled to a significant extent their hedging purpose, and subsequently proceeded to the gradual unwinding of the relating interest rate swaps, which contributed significantly to the recognition of approximately € 212 million gains from derivative financial instruments in the first quarter of 2022.

As at 31 March 2022, the net carrying value of the derivatives with the Hellenic Republic amounted to € 431 million (31 December 2021: € 1,100 million).

15. Loans and advances to customers

	31 March 2022 € million	31 December 2021 € million
Loans and advances to customers at amortised cost		
- Gross carrying amount	41,164	40,815
- Impairment allowance	(1,895)	(1,872)
Carrying Amount	39,269	38,943
Loans and advances to customers at FVTPL	23	23
Total	39,293	38,967

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The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 31 March 2022:

	31 March 2022				31 December 2021
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL - Stage 3 and POCI ⁽¹⁾ € million	Total amount € million	Total amount € million
Loans and advances to customers at amortised cost					
Mortgage lending:					
- Gross carrying amount	6,940	2,649	506	10,095	10,105
- Impairment allowance	(16)	(136)	(185)	(337)	(325)
Carrying Amount	6,923	2,512	322	9,757	9,780
Consumer lending:					
- Gross carrying amount	2,608	314	359	3,281	3,242
- Impairment allowance	(44)	(39)	(262)	(345)	(340)
Carrying Amount	2,564	275	97	2,936	2,902
Small Business lending:					
- Gross carrying amount	2,597	705	463	3,765	3,753
- Impairment allowance	(42)	(58)	(233)	(334)	(326)
Carrying Amount	2,555	647	230	3,432	3,427
Wholesale lending: ⁽²⁾					
- Gross carrying amount	20,925	1,676	1,422	24,022	23,716
- Impairment allowance	(66)	(72)	(741)	(878)	(881)
Carrying Amount	20,859	1,604	681	23,144	22,835
Total loans and advances to customers at AC					
- Gross carrying amount	33,070	5,343	2,750	41,164	40,815
- Impairment allowance	(168)	(305)	(1,421)	(1,895)	(1,872)
Carrying Amount	32,902	5,038	1,330	39,269	38,943
Loans and advances to customers at FVTPL					
Carrying Amount ⁽³⁾				23	23
Total				39,293	38,967

⁽¹⁾ As at 31 March 2022, POCI loans of € 49 million gross carrying amount (of which € 48 million included in non performing exposures) and € 7 million impairment allowance are presented in 'Lifetime ECL – Stage 3 and POCI' (31 December 2021: € 44 million gross carrying amount and € 6 million impairment allowance).

⁽²⁾ Includes a) € 1,049 million related to the senior notes of the Pillar securitization and b) € 2,407 million and € 1,589 million related to the senior notes of the Cairo and the Mexico securitizations respectively, which are under the Hellenic Asset Protection Scheme. The notes have been categorized in Stage 1.

⁽³⁾ Includes € 9.9 million related to the mezzanine notes of the Pillar, Cairo and Mexico securitizations.

In line with the regulatory framework and Single Supervisory Mechanism's (SSM) requirements for Non-Performing Exposures' (NPE) management, in March 2022, the Group submitted its NPE Management Strategy for 2022-2024, along with the annual NPE stock targets at both Bank and Group level. The plan envisages the decrease of the Group's NPE ratio at 5.8% at the end of 2022 and below 5% in 2024. As at 31 March 2022, the Group's NPE stock amounted to € 2.7 billion (31 December 2021: € 2.8 billion) driving the NPE ratio to 6.7% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 70.6% (31 December 2021: 69.2%).

In addition, in the context of its NPE management strategy, the Group is contemplating an NPE securitization transaction, as part of a joint initiative with the other Greek systemic banks initiated since 2018 (project 'Solar'). It is expected that the participating banks will seek to include 'Solar' securitization under the Hellenic Asset Protection Scheme (HAPS), thus the senior note of the securitization to become entitled to the Greek State's guarantee, which is subject to the accounting derecognition of the securitized loan portfolio from the participating banks' balance sheet. The Group's contribution on the above securitization transaction refers to a portfolio of corporate NPE of gross carrying amount of ca. € 0.3 billion. Following the closing of the transaction that will eventually result to the loans' derecognition from the Group's balance sheet, the NPE ratio will stand at ca. 6%.

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16. Investment securities

	31 March 2022			
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Lifetime ECL- Stage 3 € million	Total € million
Debt securities at amortised cost				
- Gross carrying amount	6,901	-	27	6,928
- Impairment allowance	(11)	-	(6)	(17)
Debt securities at FVOCI	4,990	-	12	5,002
Total	11,880	-	33	11,913
Debt securities at FVTPL				1
Equity securities at FVOCI				38
Equity securities at FVTPL				212
Total Investment securities				12,164

	31 December 2021		
	12-month ECL- Stage 1 € million	Lifetime ECL- Stage 2 € million	Total € million
Debt securities at amortised cost			
- Gross carrying amount	4,672	-	4,672
- Impairment allowance	(6)	-	(6)
Debt securities at FVOCI	6,456	9	6,465
Total	11,122	9	11,131
Debt securities at FVTPL			1
Equity securities at FVOCI			44
Equity securities at FVTPL			140
Total Investment securities			11,316

The investment securities per category are analyzed as follows:

	31 March 2022			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	1,675	3,757	-	5,432
- Greek government treasury bills	276	-	-	276
- Other government bonds	1,763	1,172	-	2,935
- Other issues	1,288	1,982	1	3,271
	5,002	6,911	1	11,914
Equity securities	38	-	212	250
Total	5,040	6,911	213	12,164

	31 December 2021			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	1,872	3,159	-	5,031
- Greek government treasury bills	277	-	-	277
- Other government bonds	2,475	519	-	2,994
- Other issues	1,841	988	1	2,830
	6,465	4,666	1	11,132
Equity securities	44	-	140	184
Total	6,509	4,666	141	11,316

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In December 2021, Eurobank S.A. completed the acquisition of a 12.6% holding in Hellenic Bank Public Company Limited (“Hellenic Bank”).

Hellenic Bank is one of the largest financial institutions in Cyprus, active in personal, business and international banking. The above investment is aligned with the overall strategy of the Group to further strengthen its presence in all key markets in which retains a strategic interest and thus has been designated at FVOCI. Its fair value as at 31 March 2022 amounted to € 38 million (2021: € 44 million).

Following the significant worldwide restrictions and sanctions introduced against Russia, resulting in significant uncertainty on the ability of the Russian government and other debt issuers to repay their obligations on foreign currency-denominated bonds, the Group classified its Russian debt exposures of € 33 million (carrying value) as credit impaired and recognized an impairment loss of € 16 million as at 31 March 2022.

Post balance sheet event

In April 2022, one of the aforementioned debt exposures, a Russian government bond of carrying value € 12 million at 31 March 2022, was fully repaid.

17. Group composition

17.1 Shares in subsidiaries

The following is a listing of the Company’s subsidiaries as at 31 March 2022, included in the interim consolidated financial statements for the period ended 31 March 2022:

<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Eurobank S.A.		100.00	Greece	Banking
Be Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services		98.01	Greece	Business-to-business e-commerce, accounting, tax and sundry services
Eurobank Asset Management Mutual Fund Mngt Company Single Member S.A.		100.00	Greece	Mutual fund and asset management
Eurobank Equities Investment Firm Single Member S.A.		100.00	Greece	Capital markets and advisory services
Eurobank Leasing Single Member S.A.		100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Hellenic Post Credit S.A.	c	100.00	Greece	Credit card management and other services
Herald Greece Single Member Real Estate development and services S.A. 1		100.00	Greece	Real estate
Herald Greece Single Member Real Estate development and services S.A. 2		100.00	Greece	Real estate
Standard Single Member Real Estate S.A.		100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 1 Single Member Development S.A. (Under liquidation) Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Vouliagmeni Residence Single Member S.A. ⁽¹⁾		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 2 Development S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 3 Development S.A.		100.00	Greece	Real estate
Tenberco Properties Development and Exploitation Single Member S.A.		100.00	Greece	Real estate
Value Touristiki S.A.		100.00	Greece	Real estate
Village Roadshow Operations Hellas S.A. ⁽¹⁾		100.00	Greece	Cinema entertainment services
Eurobank Bulgaria A.D.		99.99	Bulgaria	Banking
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramónio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate

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<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
Neviko Ventures Ltd		100.00	Cyprus	Real estate
Staynia Holdings Ltd	d	100.00	Cyprus	Holding company
Zivar Investments Ltd		100.00	Cyprus	Real estate
Amvanero Ltd		100.00	Cyprus	Real estate
Revasono Holdings Ltd		100.00	Cyprus	Real estate
Volki Investments Ltd		100.00	Cyprus	Real estate
Adariano Investments Ltd		100.00	Cyprus	Real estate
Elerovio Holdings Ltd		100.00	Cyprus	Real estate
Sagiol Ltd		100.00	Cyprus	Holding company
Macoliq Holdings Ltd		100.00	Cyprus	Holding company
Senseco Trading Limited		100.00	Cyprus	Holding company
Eurobank Private Bank Luxembourg S.A.		100.00	Luxembourg	Banking
Eurobank Fund Management Company (Luxembourg) S.A.		100.00	Luxembourg	Fund management
ERB Lux Immo S.A.		100.00	Luxembourg	Real estate
ERB New Europe Funding B.V.		100.00	Netherlands	Finance company
ERB New Europe Funding II B.V.		100.00	Netherlands	Finance company
ERB New Europe Holding B.V.		100.00	Netherlands	Holding company
ERB IT Shared Services S.A.		100.00	Romania	Informatics data processing
IMO Property Investments Bucuresti S.A.		100.00	Romania	Real estate services
IMO-II Property Investments S.A.		100.00	Romania	Real estate services
Eliade Tower S.A.		99.99	Romania	Real estate
Retail Development S.A.		99.99	Romania	Real estate
Seferco Development S.A.		99.99	Romania	Real estate
Eurobank Direktna a.d.		70.00	Serbia	Banking
ERB Leasing A.D. Beograd-in Liquidation		85.15	Serbia	Leasing
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd		100.00	Serbia	Real estate
ERB Istanbul Holding A.S. in liquidation		100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company		-	Ireland	Special purpose financing vehicle

⁽¹⁾ The company has been classified as a held for sale subsidiary (note 13).

The following entities are not included in the interim consolidated financial statements mainly due to immateriality:

(i) the Group's special purpose financing vehicles and the related holding entities, which are dormant and/or are under liquidation: Themeleion III Holdings Ltd, Themeleion IV Holdings Ltd, Themeleion Mortgage Finance Plc, Themeleion II Mortgage Finance Plc, Themeleion III Mortgage Finance Plc, Themeleion IV Mortgage Finance Plc, Themeleion V Mortgage Finance Plc, Themeleion VI Mortgage Finance Plc, Anaptyxi APC Ltd, Byzantium II Finance Plc and Maximus Hellas Designated Activity Company.

(ii) the holding entity of Karta II Plc: Karta II Holdings Ltd.

(iii) dormant entity: Enalios Real Estate Development S.A.

(iv) entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A., Societe Anonyme for trade of veterinary products, pet food and accessories single member S.A. and Promivet S.A.

(a) IMO 03 E.A.D., Bulgaria

In February 2022, the Bank disposed of its participation interest of 100% in IMO 03 E.A.D. (which as of 31 December 2021 was classified as held for sale) to a third party for a cash consideration of € 5.8 million. The resulting loss on the disposal was immaterial.

(b) (Under liquidation) Real Estate Management Single Member S.A., Greece

In February 2022, the liquidation of the company was completed.

(c) Hellenic Post Credit S.A., Greece

In February 2022, the Bank reached an agreement with the other shareholder for the acquisition of the remaining 50% of the share capital of Hellenic Post Credit S.A. Further information in relation to the transaction is provided in note 30.

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(d) Staynia Holdings Limited, Cyprus

In February 2022, the liquidation of the company was decided.

17.2 Consolidated balance sheet and income statement of Eurobank S.A.

Eurobank Holdings Group comprises Eurobank S.A. Group, which constitutes its most significant component and the Company's directly held subsidiary Be Business Exchanges S.A. The consolidated balance sheet and income statement of Eurobank S.A. including explanatory information regarding the main differences with those of Eurobank Holdings are set out below:

	31 March 2022	31 December 2021
	€ million	€ million
ASSETS		
Cash and balances with central banks	13,064	13,515
Due from credit institutions	1,756	2,510
Securities held for trading	118	120
Derivative financial instruments	1,501	1,949
Loans and advances to customers	39,293	38,967
Investment securities	12,164	11,316
Investments in associates and joint ventures	207	267
Property and equipment	804	815
Investment property	1,487	1,492
Intangible assets	282	269
Deferred tax assets	4,389	4,422
Other assets	2,023	2,060
Assets of disposal groups classified as held for sale	131	146
Total assets	77,219	77,848
LIABILITIES		
Due to central banks	11,633	11,663
Due to credit institutions	1,015	973
Derivative financial instruments	1,817	2,394
Due to customers	52,513	53,232
Debt securities in issue	2,598	2,554
Other liabilities	1,858	1,358
Liabilities of disposal groups classified as held for sale	96	109
Total liabilities	71,530	72,283
EQUITY		
Share capital	3,941	3,941
Reserves and retained earnings	1,653	1,528
Equity attributable to shareholders of the Bank	5,594	5,469
Non controlling interests	95	96
Total equity	5,689	5,565
Total equity and liabilities	77,219	77,848

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	Three months ended 31 March	
	2022	2021
	€ million	€ million
Net interest income	339	335
Net banking fee and commission income	98	75
Income from non banking services	25	24
Net trading income/(loss)	225	2
Gains less losses from investment securities	(15)	13
Other income/(expenses)	31	(2)
Operating income	703	447
Operating expenses	(220)	(214)
Profit from operations before impairments, provisions and restructuring costs	483	233
Impairment losses relating to loans and advances to customers	(62)	(132)
Other impairment losses and provisions	(25)	(3)
Restructuring costs	(49)	(3)
Share of results of associates and joint ventures	10	1
Profit before tax	357	96
Income tax	(86)	(25)
Net profit	271	71
Net profit/(loss) attributable to non controlling interests	(1)	0
Net profit attributable to shareholders	272	71

As at 31 March 2022, the total assets and total liabilities of Eurobank S.A. Group are € 2 million lower and € 66 million higher than those of Eurobank Holdings Group, respectively. Hence, the total equity of Eurobank S.A. Group amounting to € 5,689 million is € 68 million lower than that of Eurobank Holdings Group mainly due to the intercompany assets and liabilities of the latter and its direct subsidiary with the Bank. The net profit attributable to shareholders of Eurobank S.A. Group for the period amounting to € 272 million is € 2 million higher than that of Eurobank Holdings Group mainly due to € 2 million higher operating expenses of Eurobank Holdings Group.

Notes to the Interim Consolidated Financial Statements
18. Investments in associates and joint ventures

The following is the listing of the Group's associates and joint ventures as at 31 March 2022:

<u>Name</u>	<u>Country of incorporation</u>	<u>Line of business</u>	<u>Group's share</u>
Femion Ltd	Cyprus	Special purpose investment vehicle	66.45
(Under liquidation) Tefin S.A.	Greece	Dealership of vehicles and machinery	50.00
Sinda Enterprises Company Ltd	Cyprus	Special purpose investment vehicle	48.00
Global Finance S.A. ⁽¹⁾	Greece	Investment financing	33.82
Rosequeens Properties Ltd ⁽²⁾	Cyprus	Special purpose investment vehicle	33.33
Odyssey GP S.a.r.l.	Luxembourg	Special purpose investment vehicle	20.00
Eurolife FFH Insurance Group Holdings S.A. ⁽¹⁾	Greece	Holding company	20.00
Alpha Investment Property Commercial Stores S.A.	Greece	Real estate	30.00
Peirga Kythnou P.C.	Greece	Real estate	50.00
Information Systems Impact S.A.	Greece	Information systems services	23.50
doValue Greece Loans and Credits Claim Management S.A.	Greece	Loans and Credits Claim Management	20.00
Perigenis Business Properties S.A.	Greece	Real estate	18.90
Intertech S.A. - International Technologies ⁽³⁾	Greece	Trade - import of electrical and electronic products	29.36

⁽¹⁾ Eurolife Insurance group (Eurolife FFH Insurance Group Holdings S.A. and its subsidiaries) and Global Finance group (Global Finance S.A. and its subsidiaries) are considered as the Group's associates.

⁽²⁾ Rosequeens Properties Ltd (including its subsidiary Rosequeens Properties SRL) is considered as a Group's joint venture.

⁽³⁾ The holding in the company has been classified as held for sale (note 13).

Grivalia Hospitality S.A., Luxembourg

On 24 March 2022, the Bank signed a Share Purchase Agreement for the disposal of a 5.1% shareholding in the Group's joint venture Grivalia Hospitality S.A. for a total consideration of € 15.9 million. As a result of the transaction, the Bank's shareholding in Grivalia Hospitality S.A. decreased from 25% to 19.9% and in combination with the terms of the revised Shareholders' Agreement signed with the other shareholders on the same date, the Bank ceased to have joint control over the entity and hence has discontinued the use of the equity method of accounting. Following the aforementioned sale, as of 31 March 2022, the retained interest in the entity has been measured as a financial asset at FVTPL with any change in the carrying amount to be recognized in the income statement. Accordingly, the difference between: (i) the fair value of the retained interest, amounting to € 71.2 million and the proceeds received from the aforementioned partial disposal and (ii) the previous carrying amount of the investment in the entity under the equity method amounting to € 54.2 million, resulted in a total gain of € 32.3 million, net of the recycling of € 0.6 million foreign currency translation losses (previously recognized in other comprehensive income), that was recognised in the income statement in "Other income/(expenses)".

19. Property and equipment and Investment property

The carrying amounts of property and equipment and investment property are analyzed as follows:

	31 March 2022	31 December 2021
	<u>€ million</u>	<u>€ million</u>
Land, buildings, leasehold improvements	450	458
Furniture, equipment, motor vehicles	44	43
Computer hardware, software	87	84
Right of use of assets ⁽¹⁾	223	230
Total property and equipment	804	815
Investment Property	1,487	1,492
Total	2,291	2,307

⁽¹⁾ The respective lease liabilities are presented in "other liabilities" (note 25).

In the period ended 31 March 2022, the Group recognized rental income of € 24 million from investment properties in the income statement line 'income from non banking services' (31 March 2021: € 23 million).

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The valuation methods and key assumptions required under each method, based on which the carrying value of investment property portfolio is determined, as well as the sensitivity analysis on key assumptions, are described in the consolidated financial statements for the year ended 31 December 2021. The Group will continue to monitor closely the effect of the economic environment on the valuation of its investment properties.

20. Other assets

	31 March 2022	31 December 2021
	€ million	€ million
Receivable from Deposit Guarantee and Investment Fund	706	706
Reposessed properties and relative prepayments	598	597
Pledged amount for a Greek sovereign risk financial guarantee	235	235
Balances under settlement ⁽¹⁾	28	18
Deferred costs and accrued income	112	104
Other guarantees	144	128
Income tax receivable ⁽²⁾	24	30
Other assets	179	247
Total	2,026	2,065

⁽¹⁾ Includes settlement balances with customers relating to banking and brokerage activities.

⁽²⁾ Includes withholding taxes, net of provisions.

As at 31 March 2022, other assets net of provisions, amounting to € 179 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

21. Due to central banks

	31 March 2022	31 December 2021
	€ million	€ million
Secured borrowing from ECB	11,633	11,663

Based on the ECB's decision in January 2021, the reduction of the interest rate on TLTRO III facilities to -0.50% was extended to the period from June 2021 to June 2022, while for the banks subject to meeting the required lending thresholds for the additional observation period ended 31 December 2021 the interest rate is capped at -1% (i.e. the minimum of the average deposit facility rate minus 0.5% and the rate of -1%).

The Group assessed the terms of the program and concluded that TLTRO III contains a significant benefit in comparison to the market's pricing for other similarly collateralized borrowings available to the Group and accounts for this benefit as a government grant under IAS 20. Consequently, the Group considers that the grant is intended to compensate for its funding costs incurred over the term of each TLTRO-III facility and therefore, the benefit is allocated systematically under interest expense.

As at 31 March 2022, the Group had borrowed € 11.8 billion under the TLTRO III- refinancing program, whereas the recognized benefit during the first quarter of 2022 from the above program amounted to € 30 million, including the benefit resulting from the program's more favorable interest rates for which the Group has reasonable assurance that it will receive.

22. Due to credit institutions

	31 March 2022	31 December 2021
	€ million	€ million
Secured borrowing from credit institutions	226	270
Borrowings from international financial and similar institutions	593	619
Current accounts and settlement balances with banks	194	81
Interbank takings	2	3
Total	1,015	973

As at 31 March 2022, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted mainly with collateralized debt securities (note 16). In addition, borrowings from international financial and similar

Notes to the Interim Consolidated Financial Statements

institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

23. Due to customers

	31 March 2022	31 December 2021
	<u>€ million</u>	<u>€ million</u>
Savings and current accounts	40,739	40,601
Term deposits	11,509	12,367
Repurchase agreements	201	200
Total	52,449	53,168

For the period ended 31 March 2022, due to customers for the Greek and International operations amounted to € 36,062 million and € 16,387 million, respectively (31 December 2021: € 37,016 million and € 16,152 million, respectively).

24. Debt securities in issue

	31 March 2022	31 December 2021
	<u>€ million</u>	<u>€ million</u>
Securitisations	552	552
Subordinated notes (Tier 2)	963	948
Medium-term notes (EMTN)	1,081	1,052
Total	2,596	2,552

Securitisations

The carrying value of the class A asset backed securities issued by the Bank's special purpose vehicles Karta II plc and Astarti DAC as at 31 March 2022, amounted to € 302 million and € 250 million, respectively.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 31 March 2022, amounted to € 963 million, including € 15 million accrued interest and € 3 million unamortized issuance costs.

Covered bonds

Financial disclosures required by the Act 2620/28.08.2009 of the Bank of Greece in relation to the covered bonds issued, are available at the Bank's website (Investor Report for Covered Bonds Programs).

Medium-term notes (EMTN)

During the period ended 31 March 2022, the Bank proceeded with the issue of medium term notes of face value of € 28 million, which were designated for Group's customers.

Notes to the Interim Consolidated Financial Statements
25. Other liabilities

	31 March 2022	31 December 2021
	€ million	€ million
Balances under settlement ⁽¹⁾	389	374
Lease liabilities	241	248
Deferred income and accrued expenses	208	157
Other provisions	61	95
ECL allowance for credit related commitments	51	48
Standard legal staff retirement indemnity obligations	21	23
Employee termination benefits	96	64
Sovereign risk financial guarantee	35	36
Acquisition obligation	10	10
Income taxes payable	19	15
Deferred tax liabilities (note 12)	27	26
Trading liabilities	521	43
Other liabilities	179	219
Total	1,858	1,358

⁽¹⁾ Includes settlement balances relating to bank cheques and remittances, credit card transactions, other banking and brokerage activities.

As at 31 March 2022, other liabilities amounting to € 179 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, and (c) duties and other taxes.

As at 31 March 2022, other provisions amounting to € 61 million (31 December 2021: € 95 million) mainly include: (a) € 28 million for outstanding litigations against the Group (note 30) and (b) € 29 million for other operational risk events, of which € 22 million is relating to the sale of former Romanian subsidiaries.

As at 31 March 2022, trading liabilities amounting to € 521 million (31 December 2021: € 43 million) reflect the higher levels of short positions in debt instruments, entered into in the context of the Group's economic hedging strategies, aiming to manage on a pool basis market driven risks that derive from asset positions. In the first quarter of 2022, the gain recognized in net trading income from the aforementioned short positions amounted to € 12 million.

For the period ended 31 March 2022, an amount of € 41 million has been recognised in the Group's income statement for employee termination benefits in respect of the new Voluntary Exit Scheme (VES) that was launched by the Group in February 2022 for eligible units in Greece and offered to employees over a specific age limit. The new VES is implemented through either lump-sum payments or long term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof. The estimated saving in personnel expenses amounts to € 13 million on an annual basis.

26. Share capital, share premium and treasury shares

As at 31 March 2022, the par value of the Company's shares is € 0.22 per share (31 December 2021: € 0.22). All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Share capital	Treasury shares	Net	Share premium	Treasury shares	Net
	€ million	€ million	€ million	€ million	€ million	€ million
Balance at 1 January 2022	816	0	816	8,056	(1)	8,055
Purchase of treasury shares	-	(0)	(0)	-	(0)	(0)
Sale of treasury shares	-	0	0	-	0	0
Balance at 31 March 2022	816	(0)	816	8,056	(1)	8,055

Notes to the Interim Consolidated Financial Statements

The following is an analysis of the movement in the number of shares issued by the Company:

	Number of shares		
	Issued Shares	Treasury Shares	Net
Balance at 1 January 2022	3,709,161,852	(784,540)	3,708,377,312
Purchase of treasury shares	-	(677,254)	(677,254)
Sale of treasury shares	-	489,743	489,743
Balance at 31 March 2022	3,709,161,852	(972,051)	3,708,189,801

Treasury shares

In the ordinary course of business, the Company's subsidiaries, except for the Bank, may acquire and dispose of treasury shares. According to paragraph 1 of Article 16c of Law 3864/2010, during the period of the participation of the HFSF in the share capital of the Company, the Company is not permitted to purchase treasury shares without the approval of the HFSF.

In addition, as at 31 March 2022 the number of the Company's shares held by the Group's associates in the ordinary course of their insurance and investing activities was 64,163,790 in total (31 December 2021: 64,163,790).

Share options

Under the share options plan approved in 2021, 12,374,561 share options were granted to key executives of the Group in July 2021 at an exercise price of € 0.23. The options are exercisable in portions, annually during the period from 2022 to 2025. Each portion may be exercised wholly or partly and converted into shares at the employees' option, provided they remain employed by the Group until the first available exercise date. A retention period of one year applies to the first portion of the share options vesting one year after the grant date.

As at 31 March 2022, the share options outstanding have the following expiry dates:

Expiry date	Share options
	31 March 2022
2022	3,607,200
2023	3,607,200
2024	4,634,321
2025	525,840
Weighted average remaining contractual life of share options outstanding at the end of the period	1.33

The terms of the share options granted to the employees of the Group, along with the valuation method and the inputs used to measure the share options, are presented in Note 39 of the consolidated financial statements for the year ended 31 December 2021.

27. Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price). When a quoted price for an identical asset or liability is not observable, fair value is measured using another valuation technique that is appropriate in the circumstances and maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. Observable inputs are developed using market data, such as publicly available information about actual events or transactions, and reflect assumptions that market participants would use when pricing financial instruments, such as quoted prices in active markets for similar instruments, interest rates and yield curves, implied volatilities and credit spreads.

The Group's financial instruments measured at fair value or at amortized cost for which fair value is disclosed are categorized into the three levels of the fair value hierarchy based on whether the inputs to the fair values are observable or unobservable, as follows:

- (a) Level 1-Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Group can access at the measurement date. A market is considered active when quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments held or issued by the

Notes to the Interim Consolidated Financial Statements

Group, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

- (b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over the counter (OTC) derivatives, less liquid debt instruments held or issued by the Group and equity instruments.
- (c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers including securitized notes of loan portfolios originated by the Group and recognized in financial assets and debt securities issued by the Group.

Financial instruments carried at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities measured at fair value is presented in the following tables:

	31 March 2022			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	117	-	-	117
Investment securities at FVTPL	76	16	121	213
Derivative financial instruments	0	1,500	1	1,501
Investment securities at FVOCI	4,799	241	-	5,040
Loans and advances to customers mandatorily at FVTPL	-	-	24	24
Financial assets measured at fair value	4,992	1,757	146	6,895
Derivative financial instruments	1	1,816	-	1,817
Trading liabilities	521	-	-	521
Financial liabilities measured at fair value	522	1,816	-	2,338

	31 December 2021			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	119	-	-	119
Investment securities at FVTPL	78	16	47	141
Derivative financial instruments	0	1,949	0	1,949
Investment securities at FVOCI	6,212	297	-	6,509
Loans and advances to customers mandatorily at FVTPL	-	-	23	23
Financial assets measured at fair value	6,409	2,262	70	8,741
Derivative financial instruments	1	2,393	-	2,394
Trading liabilities	43	-	-	43
Financial liabilities measured at fair value	44	2,393	-	2,437

The Group recognizes transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. There were no material transfers between levels during the period ended 31 March 2022.

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Reconciliation of Level 3 fair value measurements

	31 March 2022 € million
Balance at 1 January	70
Transfers into Level 3	1
Transfers out of Level 3	0
Additions, net of disposals and redemptions (note 18) ⁽¹⁾	67
Total gain/(loss) for the period included in profit or loss	7
Foreign exchange differences and other	1
Balance at 31 March	146

⁽¹⁾ Including capital returns on equity instruments.

Group's valuation processes and techniques

The Group's processes and procedures governing the fair valuations are established by the Group Market Counterparty Risk Sector in line with the Group's accounting policies. The Group uses widely recognized valuation models for determining the fair value of common financial instruments that are not quoted in an active market, such as interest and cross currency swaps, that use only observable market data and require little management estimation and judgment. Specifically, observable prices or model inputs are usually available in the market for listed debt and equity securities, exchange-traded and simple over-the-counter derivatives. Availability of observable market prices and model inputs reduces the need for management judgment and estimation and also reduces the uncertainty associated with determining fair values.

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them. All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values' estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and the counterparty, where appropriate.

Valuation controls applied by the Group may include verification of observable pricing, re-performance of model valuations, review and approval process for new models and/or changes to models, calibration and back-testing against observable market transactions, where available, analysis of significant valuation movements, etc. Where third parties' valuations are used for fair value measurement, these are reviewed in order to ensure compliance with the requirements of IFRS 13.

The fair values of OTC derivative financial instruments are estimated by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Group and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Group considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data such as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Group applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorized as Level 3 in the fair value hierarchy. A reasonably possible change in the main unobservable input (i.e. the recovery rate), used in their valuation, would not have a significant effect on their fair value measurement.

The Group determines fair values for debt securities held using quoted market prices in active markets for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or using discounted cash flows method.

Unquoted equity instruments at FVTPL under IFRS 9 are estimated mainly (i) using third parties' valuation reports based on investees' net assets, where management does not perform any further significant adjustments, and (ii) net assets' valuations, adjusted where considered necessary.

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Loans and advances to customers including securitized notes of loan portfolios originated by the Group with contractual cash flows that do not represent solely payments of principal and interest (SPPI failures), are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate or by reference to other comparable assets of the same type that have been transacted during a recent time period. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy.

Financial instruments not measured at fair value

The following tables present the carrying amounts and fair values of the Group's financial assets and liabilities which are not carried at fair value on the balance sheet:

	31 March 2022	
	Carrying amount € million	Fair value € million
Loans and advances to customers	39,269	38,358
Investment securities at amortised cost	6,911	6,080
Financial assets not measured at fair value	46,180	44,438
Debt securities in issue	2,596	2,520
Financial liabilities not measured at fair value	2,596	2,520
	31 December 2021	
	Carrying amount € million	Fair value € million
Loans and advances to customers	38,943	38,369
Investment securities at amortised cost	4,666	4,313
Financial assets not measured at fair value	43,609	42,682
Debt securities in issue	2,552	2,539
Financial liabilities not measured at fair value	2,552	2,539

The assumptions and methodologies underlying the calculation of fair values of financial instruments not measured at fair value, are in line with those used to calculate the fair values for financial instruments measured at fair value. Particularly:

- (a) Loans and advances to customers including securitized notes of loan portfolios originated by the Group: quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Group makes assumptions on expected prepayments, product spreads and timing of collateral realization. The discount rates for loans to customers incorporate inputs for expected credit losses and interest rates, as appropriate;
- (b) Investment securities measured at amortized cost: the fair values are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non active markets for identical or similar financial instruments, or by using the discounted cash flows method; and
- (c) Debt securities in issue: the fair values are determined using quoted market prices, if available. If quoted prices are not available, fair values are determined based on third party valuations, quotes for similar debt securities or by discounting the expected cash flows at a risk-adjusted rate, where the Group's own credit risk is determined using inputs indirectly observable, i.e. quoted prices of similar securities issued by the Group or other Greek issuers.

Notes to the Interim Consolidated Financial Statements

For other financial instruments, which are short term or re-price at frequent intervals (cash and balances with central banks, due from credit institutions, due to central banks, due to credit institutions and due to customers), the carrying amounts represent reasonable approximations of fair values.

28. Interest Rate Benchmark reform – IBOR reform

During the first quarter of 2022, the Group's IBOR transition program managed successfully the transition of IBOR rates (CHF, GBP, JPY, 1W and 2M USD and Euro Libor) that ceased after 31 December 2021 to the new risk-free rates (RFRs). In particular, the majority of the Group's financial instruments, such as loans to customers and deposit contracts, referencing to the abovementioned IBOR rates, was successfully transitioned to the new RFRs on their first repricing date up to 31 March 2022, while any remaining contracts will transition later during the year, on their next roll date. For derivatives, the migration to the new RFRs was performed through the activation of their fallback clauses. Further information regarding the Group's IBOR transition program is provided in note 5.2.4 of the consolidated financial statements for the year ended 31 December 2021.

Following the transition of the majority of IBOR rates as described above, the Group focuses on the exposures referencing the remaining USD LIBOR tenors ahead of 30 June 2023 scheduled cessation date.

29. Cash and cash equivalents and other information on interim cash flow statement

For the purpose of the cash flow statement, cash and cash equivalents comprise the following balances with original maturities of three months or less:

	31 March 2022 <u>€ million</u>	31 December 2021 <u>€ million</u>
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	12,211	12,644
Due from credit institutions	641	505
Total	12,852	13,149

Other (income)/losses on investment securities presented in operating activities are analyzed as follows:

	31 March 2022 <u>€ million</u>	31 March 2021 <u>€ million</u>
Amortisation of premiums/discounts and accrued interest	56	51
(Gains)/losses from investment securities	15	(13)
Total	71	38

In the period ended 31 March 2022, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 16 million (31 March 2021: € 15 million).

In the period ended 31 March 2022, other adjustments of € 41 million include € 32 million gain resulting from the disposal of a 5.1% shareholding in the Group's former joint venture Grivalia Hospitality S.A. and the measurement of the retained interest in the entity as a financial asset at FVTPL (note 18).

30. Contingent liabilities and commitments

The Group presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees of medium and low risk according to the Regulation No 575/2013/EU.

Notes to the Interim Consolidated Financial Statements

Credit related commitments are analyzed as follows:

	31 March 2022	31 December 2021
	<u>€ million</u>	<u>€ million</u>
Financial guarantee contracts	1,224	1,068
Commitments to extend credit	1,997	1,572
Other credit related commitments	832	634
Total	4,053	3,274

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 7.6 billion (31 December 2021: € 6.8 billion), including revocable loan commitments of € 3.5 billion (31 December 2021: € 3.6 billion), while the corresponding allowance for impairment losses amounts to € 51 million (31 December 2021: € 48 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.24 billion (31 December 2021: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 20).

Legal proceedings

In the period ended 31 March 2022, the Bank concluded an agreement for the acquisition of the remaining 50% of Hellenic Post Credit S.A share capital (note 17.1), settled by offsetting receivables it held from the other shareholder. As a result, related provisions of € 34 million which had been recognized, were used to offset the respective receivables, leading to a significant decrease of the provisions for legal proceedings outstanding against the Group, which as at 31 March 2022 amounted to € 28 million (note 25) (31 December 2021: € 64 million).

Furthermore, in the normal course of its business, the Group has been involved in a number of legal proceedings, which are either at still a premature or at an advanced trial instance. The final settlement of these cases may require the lapse of a certain time so that the litigants exhaust the legal remedies provided for by the law. Management, is closely monitoring the developments to the relevant cases and, having considered the advice of the Legal Services General Division, does not expect that there will be an outflow of resources and therefore does not acknowledge the need for a provision.

31. Post balance sheet events

Details of post balance sheet events are provided in the following notes:

Note 2 - Basis of preparation and principal accounting policies

Note 16 - Investment securities

32. Related parties

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank).

The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the key management personnel (KMP) of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 31 March 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. Further information in respect of the HFSF rights based on the aforementioned framework is provided in the section "Report of the Directors and Corporate Governance Statement" of the Annual Financial Report for the year ended 31 December 2021.

Fairfax Group, which holds 33% of Eurobank Holdings voting rights as of 31 March 2022 (31 December 2021: 33%), is considered to have significant influence over the Company.

Notes to the Interim Consolidated Financial Statements

In January 2022, an occupational insurance fund (“Institution for occupational retirement provision-occupational insurance fund Eurobank’s Group personnel” henceforth “the Fund”) was established as a not-for-profit legal entity under Law 4680/2020, for the benefit of the employees of the Company, the Bank and certain other Greek entities of the Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Group is considered to be related party to the Fund. For the period ended 31 March 2022, the Group has not entered into any transactions with the Fund.

	31 March 2022			31 December 2021		
	KMP and Entities controlled or jointly controlled by KMP ⁽¹⁾			KMP and Entities controlled or jointly controlled by KMP ⁽¹⁾		
	Fairfax Group ⁽³⁾ € million	Associates and joint ventures ⁽⁴⁾ € million	Associates and joint ventures ⁽⁴⁾ € million	Fairfax Group ⁽³⁾ € million	Associates and joint ventures ⁽⁴⁾ € million	Associates and joint ventures ⁽⁴⁾ € million
Loans and advances to customers	17.21	4.88	5.00	0.01	4.95	26.52
Other assets ⁽²⁾	-	0.18	62.20	0.37	0.19	76.04
Due to customers	0.35	16.43	66.21	0.24	21.90	80.68
Debt securities in issue	-	0.20	-	-	0.20	-
Other liabilities	-	0.28	32.34	-	0.32	40.86
Guarantees issued	-	-	4.73	-	0.01	4.65
Guarantees received	-	0.01	-	-	0.01	-
	Three months ended 31 March 2022			Three months ended 31 March 2021		
Net interest income	0.07	-	0.83	0.09	(0.01)	(0.37)
Net banking fee and commission income	-	0.05	2.83	-	-	1.51
Impairment losses relating to loans and advances including relative fees	(0.11)	-	(13.15)	(0.04)	-	(22.62)
Other operating income/(expenses)	2.28	(3.74)	(3.09)	-	(3.90)	(3.09)

⁽¹⁾ Includes the key management personnel of the Group and their close family members.

⁽²⁾ For the period ended 31 March 2022, it includes € 0.2 million right of use assets (RoU) related to an entity controlled by KMP.

⁽³⁾ The balances with the Group’s associate Eurolife FFH Insurance Group Holdings S.A., which is also a member of Fairfax Group, are presented in the column associates and joint ventures.

⁽⁴⁾ As of 24 March 2022, the Bank ceased to have joint control over its former joint venture Grivalia Hospitality S.A. (note 18). Accordingly, the company is no longer considered to be a related party of the Group.

For the period ended 31 March 2022, there were no material transactions with the HFSF.

For the period ended 31 March 2022, an impairment of € 0.4 million (31 March 2021: an impairment of € 0.1 million) has been recorded against loan balances with Group’s associates and joint ventures, while the respective impairment allowance amounts to € 0.6 million (31 December 2021: € 0.4 million).

Key management compensation (directors and other key management personnel of the Group)

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 1.64 million (31 March 2021: € 1.62 million) and long-term employee benefits of € 0.26 million (31 March 2021: € 0.23 million). Additionally, the Group has recognized € 0.34 million expense relating with equity settled share based payments (note 26). Furthermore, as at 31 March 2022, the defined benefit obligation for the KMP amounts to € 1.51 million (31 December 2021: € 1.48 million), while the respective cost for the period through the income statement amounts to € 0.03 million (31 March 2021: € 0.02 million).

Notes to the Interim Consolidated Financial Statements

33. Board of Directors

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

Following the aforementioned AGM decision, the BoD was constituted as a body at the BoD meeting of 23 July 2021, as follows:

G. Zanias	Chairman, Non-Executive Member
G. Chryssikos	Vice Chairman, Non-Executive Member
F. Karavias	Chief Executive Officer
S. Ioannou	Deputy Chief Executive Officer
K. Vassiliou	Deputy Chief Executive Officer
A. Athanasopoulos	Deputy Chief Executive Officer
B.P. Martin	Non-Executive Member
A. Gregoriadi	Non-Executive Independent Member
I. Rouvitha- Panou	Non-Executive Independent Member
R. Kakar	Non-Executive Independent Member
J. Mirza	Non-Executive Independent Member
C. Basile	Non-Executive Independent Member
E. Deli	Non-Executive Member (HFSF representative under Law 3864/2010)

Athens, 25 May 2022

Georgios P. Zanias
I.D. No AI - 414343
CHAIRMAN
OF THE BOARD OF DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962
CHIEF EXECUTIVE OFFICER

Harris V. Kokologiannis
I.D. No AN - 582334
GENERAL MANAGER OF GROUP FINANCE
CHIEF FINANCIAL OFFICER