



EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

**FINANCIAL REPORT
for the period from
January 1st to June 30th, 2022**

**According
to article 5 of Law 3556/30.4.2007**

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***I. Statements of the members of the Board of Directors
(according to the article 5, par.2 of the Law 3556/2007)***

**Statements of Members of the Board of Directors
(according to the article 5 par. 2 of the Law 3556/2007)**

We declare that to the best of our knowledge:

- the financial statements for the six months period ended 30 June 2022, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and results of the Eurobank Ergasias Services and Holdings S.A. and the companies included in the consolidation, and
- the report of the Board of Directors for the same period presents fairly the information required under paragraph 6 of article 5 of Law 3556/2007.

Athens, 5 August 2022

Georgios P. Zantias
I.D. No AI – 414343

CHAIRMAN
OF THE BOARD OF
DIRECTORS

Fokion C. Karavias
I.D. No AI - 677962

CHIEF EXECUTIVE
OFFICER

Stavros E. Ioannou
I.D. No AH - 105785

DEPUTY
CHIEF EXECUTIVE
OFFICER

II. Report of the Directors for the six months ended 30 June 2022

REPORT OF THE DIRECTORS

The directors present their report together with the accounts for the six months ended 30 June 2022 that have been reviewed by the Company's external auditors.

General information

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank), which resulted from the demerger of Eurobank Ergasias S.A. through its banking sector's hive down that was completed in March 2020. The Company holds the 100% of the share capital of the Bank and has maintained activities that are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties.

Financial Results Review and Outlook¹

In the first half of 2022, the geopolitical upheaval caused by the Russian invasion in Ukraine has negatively affected the macroeconomic outlook for the Greek and the other economies in which the Company and its subsidiaries (the Group) have a substantial presence, which are now confronted with a slowdown in growth and an increase in inflation. In a challenging environment, the Group demonstrated strong operating results, expanded its loan portfolio, strengthened its capital base and liquidity position and improved further its asset quality metrics.

As at 30 June 2022 total assets increased by €2.3bn to €80.2bn (Dec. 2021: €77.9bn) with gross customer loans amounting to €42.3bn (Dec. 2021: €40.8bn) and investment securities reaching €12.8bn (Dec. 2021: €11.3bn). Out of the total loan portfolio, €27.4bn has been originated from Greek operations (Dec. 2021: €26.5bn), €9.9bn from international operations (Dec. 2021: €9.2bn) and €5bn refer to senior and mezzanine notes of the Pillar, Cairo and Mexico securitizations (Dec. 2021: €5.1bn). Business (wholesale and small business) loans stood at €23.8bn (Dec. 2021: €22.4bn) and accounted for 56% of total Group loans, while loans to households reached €13.5bn (Dec. 2021: €13.3bn), of which 75% is the mortgage portfolio and the rest are consumer loans. Group deposits reached €54bn (Dec. 2021: €53.2bn) with deposits from Greek operations increasing by €0.4bn to €37.4bn (Dec. 2021: €37bn), while international operations added €0.4bn totalling €16.6bn (Dec. 2021: €16.2bn). As a result, the (net) loan-to-deposit (L/D) ratio stood at 75% for the Group (Dec. 2021: 73.2%) and to 82% for Greek operations (Dec. 2021: 80.1%). The funding from the targeted long term refinancing operations of the European Central Bank (ECB)- TLTRO III programme amounted to €11.6bn (Dec. 2021: €11.7bn) (note 21 of the consolidated financial statements). During the period, the Bank proceeded with the issuance of a preferred senior note (Minimum Requirements for Eligible Own Funds and Eligible Liabilities (MREL)-eligible) of €500m at a yield of 4.375 % and maturity date on 9 March 2025 (note 24 of the consolidated financial statements). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 174% (31 December 2021: 152%).

Within a challenging external environment, pre-provision Income (PPI) increased to €1,403m or €1,078m excluding the €325m gain on sale of Bank's merchant acquiring business (project "Triangle") (first half of 2021: €491m), while core pre-provision income (Core PPI) increased by 13.5% year-on-year to €506m (first half of 2021: €446m). Net interest income (NII) grew by 4.5% to €700m (first half of 2021: €670m), carrying the benefit mainly from the increased income from securities portfolio and performing loans organic growth. Net interest margin (NIM) stood at 1.79% (first half of 2021: 1.94%) with the second quarter reaching 1.83%. Fees and commissions expanded by 22.4% to €256m (first half of 2021: €209m), of which banking fees and commissions by 28.7% to €207m (first half of 2021: €161m), mainly due to the increased fees from network, lending activities, credit/debit cards business and asset management. Operating expenses increased by 3.9% to €450m (first half of 2021: €433m) due to higher costs from International operations amounting to €130m (first half of 2021: €113m), partly attributed to the merger of Eurobank a.d. Beograd with Direktna Bank in Serbia, while in Greece they remained stable at €320m. The cost to income (C/I) ratio for the Group reached 29.5%, excluding the €325m gain on project "Triangle" (first half of 2021: 46.9%), while the international operations C/I ratio stood at 48.3% (first half of 2021: 47.2%).

Trading and other activities recorded net income of €897m (first half of 2021: €45m income) including a) €549m realised gains from the liquidation of derivative positions, following the reassessment of Group's hedging strategies, which are mainly related with the upward movement of the euro interest rate curve in the first half of 2022 (note 14 of the consolidated financial statements), b) €70m gains from short positions in debt instruments entered into in the context of Group's economic hedging strategies (note 25 of the consolidated financial statements), c) €325m gain from the completion of project "Triangle" (note 13 of the consolidated financial statements), d) €32m gain on sale of 5.1% shareholding in Group's joint venture Grivalia Hospitality S.A. and the measurement of the retained interest as a financial asset at FVTPL (note 18 of the consolidated financial statements), and e) €76m loss from the recyclement of currency translation losses, previously recognized in other comprehensive income, to income statement due to liquidation of ERB Istanbul Holding A.S. (note 17.1 of the consolidated financial statements).

¹ Definitions of the selected financial ratios and the source of the financial data are provided in the Appendix.

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As at 30 June 2022, following the classification of project “Solar” underlying loan portfolio as held for sale (note 15 of the consolidated financial statements), the Group’s NPE stock amounted to €2.5bn (31 December 2021: €2.8bn) driving the NPE ratio to 5.9% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 71.5% (31 December 2021: 69.2%). During the period, the NPE formation was negative by €6m (second quarter: €17m positive), (first half of 2021: €28m positive). The loan provisions (charge) reached €126m and corresponded to 0.64% of average net loans (first half of 2021: €224m which corresponded to 1.20% of average net loans).

Furthermore, the Group recognised in the first half of 2022 other impairment losses, restructuring costs and provisions amounting to €101m (first half of 2021: €17m), of which a) €48m cost mainly related to the Voluntary Exit Scheme (VES) that was launched in February 2022 for eligible units in Greece, b) €16m restructuring costs mainly related to the merger of Eurobank a.d. Beograd with Direktna Banka in Serbia, and the Group’s transformation project and related initiatives, c) €12m impairment losses on investment bonds, including €7m loss attributable to Russian debt exposures and d) €19m impairment losses and provisions regarding litigation cases (note 11 of the consolidated financial statements).

Profit or Loss

Overall, in the first half of 2022, the profit attributable to shareholders amounted to €941m (first half of 2021: €190m), as set out in the consolidated income statement on page 2. The adjusted net profit, excluding the €230.5m gain (after tax) on project “Triangle” and the €50m restructuring costs (after tax), amounted to €760m (first half of 2021: €195m) for the Group, of which €102m (first half of 2021: €73m) was related to international business.

Going forward, the Group, based on the strong first half 2022 performance across all areas of activity and despite the widespread uncertainties in macroeconomic environment posed by the war in Ukraine, revises upwards its goals for 2022 including the Return on Tangible Book Value (RoTBV) which now is set at 11% from the initial target of 10%. Significant initiatives and actions for this and next years are the following:

- a. Further balance sheet clean-up leading to a NPE ratio of 5.8% at the end of 2022 and to decline below 5% in 2024,
- b. Growth of fee and commission income in a number of fee business segments such as the network and assets under management activities, bancassurance, new lending and capital markets,
- c. Organic increase of Group’s performing loans mainly through accelerating new lending of viable and cooperative clients both in Greece and abroad,
- d. Address surplus liquidity cost through funding cost rationalisation,
- e. Initiatives for pursuing further operating efficiency, cost containment and proceeding with further simplification and digitalisation in Greece and abroad,
- f. Major transformation initiatives introduced in the context of the Group’s transformation plan “Eurobank 2030”,
- g. Support the green transition and financial inclusion through the adoption of the Environment, Social and Governance (ESG) criteria in all Group’s activities and processes.

The geopolitical risks and the derivative inflationary pressures, mainly related with energy, food and raw material prices, set a number of challenges to the achievement of Group’s 2022-2024 Business Plan, mainly related with asset quality, fee and commission income and operating costs. The headwinds coming from the geopolitical upheaval are likely to be mitigated by:

- a) Coordinated measures at the European level, as per the pandemic precedent,
 - b) The efficient mobilization of the already approved EU funding, mainly through Recovery and Resilience Facility (RRF),
 - c) The accumulated liquidity in the economy mainly related with the extensive state support measures of the pandemic period,
 - d) The decrease of unemployment to the lowest levels of the last ten years,
 - e) The positive developments in the tourism sector and the strong investment inflows,
 - f) The potential upside, related with the interest rates’ increase impact on the profitability of the Group.
- (see also further information in the section “Macroeconomic Outlook and Risks”)

Capital adequacy

As at 30 June 2022, the Group’s Total Regulatory Capital amounted to €7.2bn (31 Dec 2021: €6.4bn) and accounted for 17.2% (total CAD) of Risk Weighted Assets (RWA) (Dec. 2021: 16.1%), compared to the CAD Overall Capital Requirements (OCR) ratio of 14.31%². Respectively, the Common Equity Tier 1 (CET1) stood at 14.7% of RWA (Dec. 2021: 13.7%) compared to the CET1 OCR ratio of 9.50%². At the same date, the fully loaded CET 1 ratio (based on the full implementation of the Basel III rules in 2025) would be 14% (Dec. 2021: 12.7%). Pro-forma with the completion of project “Solar”, the total CAD and CET1 ratios would be 17% and 14.7% respectively. As at 30 June 2022, the Bank’s MREL ratio at consolidated level stands at 20.7% of RWAs, higher than the interim binding MREL target for 2022 of 17.8% but also higher than the interim non-binding MREL target from 1 January 2023 of 20.5% (note 4 of the consolidated financial statements).

² The ‘Overall capital requirement (OCR)’ is the sum of the total SREP capital requirement (TSCR) and the combined capital buffer requirement.

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Climate risk stress test

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

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

International Activities

The Group has a significant presence in four countries apart from Greece. In Cyprus it offers Corporate Banking, Private Banking, International Business Banking, and Shipping services through a network of 8 business centres. In Luxembourg it provides Private Banking and Corporate Banking services. Additionally, the subsidiary bank in Luxembourg operates a branch in London. In Bulgaria and Serbia, it operates in Retail and Corporate Banking, Wealth Management and Investment Banking through a network of 307 branches and business centres.

The legal merge of Direktna Bank ("Direktna") with Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia"), with absorption of Direktna by Eurobank Serbia was completed in December 2021 and soon after the operational merge was commenced. During the first half of 2022 the operational merge proceeded as planned and mainly focusing to the migration and network optimization and sales channels consolidation.

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

Risk management

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

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

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

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

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

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

The Board Risk Committee (BRC) is a committee of the Board of Directors (BoD) and its task is to assist the BoD to ensure that the Group has a well-defined risk and capital strategy in line with its business plan and an adequate and robust risk appetite. The BRC assesses the Group's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Group has developed an appropriate risk management framework with appropriate methodologies, modelling tools, data sources as well as sufficient and competent staff to identify, assess, monitor and mitigate risks. Moreover, BRC is conferred with certain approval authorities for credit proposals, debt forgiveness and write-offs. The BRC consists of six (6) non-executive directors, meets at least on a monthly basis and reports to the BoD on a quarterly basis and on ad hoc instances if it is needed.

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

The Group's Risk Management General Division which is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for the monitoring, measurement and management of credit, market, operational and liquidity risks of the Group. It comprises of the Group Credit General Division, the Group Credit Control Sector (GCCS), the Group Credit Risk Capital Adequacy Control Sector (GCRCACS), the Group Market and Counterparty Risk Sector (GMCRS), the Group Operational Risk Sector, the Group Model Validation and Governance Sector, the Group Risk Management Strategy Planning and Operations Division, the Supervisory Relations and Resolution Planning Sector (dual reporting also to the Group Chief Financial Officer), Group Climate Risk Division and the Risk Analytics Division.

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

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

Credit Risk

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

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

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procedure including the evaluation of the operational and financial profile of the customer, the validation of the borrower's rating and the identification of potential risk factors for the Bank.

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

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

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

Market Risk

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

Market risk in Greece and International Subsidiaries is managed and monitored mainly using Value at Risk (VaR) methodology, Sensitivity and stress test analysis. VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed). Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all portfolios (trading and investment) measured at fair value and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements. For that reason the Group uses additional monitoring metrics such as: Stressed VaR, Expected Shortfall and Stress Tests. Finally, the Group has the required systems and procedures for the application of the new regulatory framework for market risk (FRTB) according to the regulatory plan. In the case of IRRBB, the Group monitors the risk on earnings and the EVE sensitivity using, the regulatory guideline. The relevant limits are monitored periodically.

Liquidity Risk

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

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

Operational Risk

Operational risk is embedded in every business activity undertaken by the Group. The primary aim of operational risk management is to ensure the integrity of the Group's operations and its reputation by mitigating its impact. To manage operational risk more efficiently, the Group operates an Operational Risk Management Framework, which defines its approach to identifying, assessing, monitoring and reporting operational risks.

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

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

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

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

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

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

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

Each Business Unit has appointed an Operational Risk Partner (OpRisk Partner) or an Operational Risk Management Unit (ORMU) depending on the size of the business unit who is responsible for coordinating the internal operational risk management efforts of the business unit while acting as a liaison to the Group Operational Risk Sector and the local Operational Risk Unit.

Climate related risk

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

Climate-related and environmental risks are commonly understood to comprise two main risk drivers:

- a) Physical risk refers to the financial impact of a changing climate, resulting mainly from more frequent extreme weather events and gradual changes in climate, and
- b) Transition risk refers to an institution's financial loss that can result, directly or indirectly, from the process of adjustment towards a lower-carbon and more environmentally sustainable economy.

Consequently, the Group is adopting a strategic approach towards sustainability, climate change risk identification and risk management, signifying the great importance that is given in the risks and opportunities arising from the transitioning to a low-carbon and more circular economy.

The Group has established an effective oversight of climate related & environmental (CR&E) risks within an approved governance structure and is in the process for the allocation of roles and responsibilities with regard to climate risk

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management (both for transition risk and physical risk) across its three lines of defense (i.e. Corporate, Retail, Risk, Compliance, Internal audit functions).

The Group Climate Risk Division (GCRD) operates as Project office responsible for the integration of the Climate related and Environmental risks across the three lines of defence, as per the implementation roadmap, with a coordinating and supervisory role on all related streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations. In this context, GCRD ensures the implementation of environmental and sustainability initiatives (frameworks, policies, procedures and products) and compliance with existing and upcoming sustainability-related regulations, under an ongoing bank-wide program.

In addition, the Group participated in the ECB supervisory climate risk stress test (CRST), which was concluded in the first half of 2022 (see also further information in the section "Climate risk stress test"). Finally, the Group, as part of its Annual Report for 2021, provided the key performance indicators (KPIs) and other disclosure requirements related to its dominant financial undertakings in accordance with Article 8 of the EU Taxonomy Regulation, which aims to provide transparency on environmental performance.

Further information on the Group's financial risk management objectives and policies, including the policy for hedging each major type of transaction for which hedge accounting is used is set out in the notes 2, 5 and 19 to the consolidated financial statements for the year ended 31 December 2021.

Non Performing Exposures (NPE) management

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

Troubled Assets Committee

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

Remedial and Servicing Strategy (RSS)

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

NPE Management Strategy and Operational targets

In line with the regulatory framework and Single Supervisory Mechanism's (SSM) requirements for Non-Performing Exposures' (NPE) management, in March 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.

In the context of its NPE management strategy, the Group is contemplating another NPE securitization transaction (project 'Solar'), as part of a joint initiative with the other Greek systemic banks initiated since 2018, in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. In addition, the Group targets to the prudential and accounting derecognition of the underlying corporate loan portfolio from its balance sheet by achieving a Significant Risk Transfer (SRT) and including 'Solar' securitization under the Hellenic Asset Protection Scheme (HAPS), thus the senior note of the securitization to become entitled to the Greek State's guarantee. In parallel, the Management along with the other participating banks have initiated actions towards the disposal of the majority stake of the mezzanine and junior notes to be issued in the context of the above-mentioned securitization (note 15 to the consolidated financial statements).

Macroeconomic Outlook and Risks

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 geopolitical upheaval caused by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation. Specifically in Greece, according to Hellenic Statistical Authority (ELSTAT), the Harmonized Index of Consumer Prices (HICP) increased by 11.6% on an annual basis in June 2022, driven by hikes in energy, food, and transportation prices, compared to 0.6% in June 2021. In its

REPORT OF THE DIRECTORS

summer economic forecasts (July 2022), the European Commission (EC) expects that the inflation rate will close at 8.9% in 2022 due to increased energy and fuel costs and their secondary impact on the other sectors of the economy, before declining to 3.5% in 2023.

The Greek economy exhibited notable resilience in the first quarter of 2022, growing by 2.3% on a quarterly basis (or 7.0% on an annual basis). In its summer economic forecasts (July 2022), the EC estimates the real GDP growth rate at 4% in 2022, driven by a solid performance of the tourism sector, and at 2.4% in 2023. A significant boost to growth in Greece and in other countries of presence is also expected from investments co-funded by the European Union (EU) through Next Generation EU (NGEU) and the Multiannual Financial Framework (MFF) 2021–2027. In particular, Greece shall receive funds of more than €30.5 bn (€ 17.8 bn in grants and € 12.7 bn 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”. The NRRP estimates that the aforementioned amount will be supplemented by an additional €26.5bn of private funds. A pre-financing of €4bn was disbursed in August 2021, and the first regular payment of €3.6bn in April 2022. Greece has been also allocated ca €40bn through MFF 2021–2027, out of which close to €21bn will fund investments and initiatives under its new Partnership Agreement for the Development Framework (ESPA 2021–2027).

According to the ELSTAT data, the seasonally adjusted unemployment rate stood at 12.5% in May 2022, from 15.6% in May 2021. In its Monetary Policy Report (June 2022), the Bank of Greece (BoG) forecasts that unemployment rate will decrease to 13.2% on average in 2022, and further down to 11.9% in 2023. Provisional BoG data shows that residential real estate prices increased by 8.6% annually in the first quarter of 2022, and commercial real estate prices increased by 2.4% annually in the second half of 2021.

On the fiscal front, the EC in its spring forecasts (May 2022) expects the general government to post a primary deficit of 1.9% of GDP in 2022 (with pandemic and energy crisis support measures), and a primary surplus of 1.3% of GDP in 2023 (2021: primary deficit of 5%, including a pandemic stimulus and relief package of €16bn and additional support measures of €1bn). As a result, 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%). According to Eurobank Research debt sustainability analysis, the above ratio is estimated at 177% for 2022 and 166% for 2023. Nevertheless, upside risks remain, as disruptions due to the mounting pressure of energy costs on household budgets and firm production costs and a potential new wave of the Covid-19 pandemic may prompt additional government intervention.

In the context of the Enhanced Surveillance (ES) scheme, fourteen consecutive quarterly reviews had been successfully completed by May 2022. In its most recent review, the EC confirmed that Greece is expected to exit the ES regime in August 2022, in accordance with the schedule. By July 2022, Greece had received €5.5bn from the ES financial envelope in seven disbursements; a last instalment is due in end 2022, provided that Greece will have met its remaining ES targets by October 2022. The deviation from the primary surplus target of 3.5% of GDP in 2022 is not considered a violation of the country’s commitments under the ES framework, as in March 2020 EC activated the general escape clause, allowing for non-permanent deviations from the agreed fiscal paths of the member-states due to the extraordinary health and economic distress caused by the pandemic. The EC has proposed that the clause should be extended through 2023 and be deactivated in 2024.

On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the ECB will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. As of 31 May 2022, ECB net purchases of GGBs under PEPP amounted to €38.7bn. Furthermore, on 21 July 2022 the Governing Council of ECB, in line with its strong commitment to its price stability mandate, decided to raise the three key ECB interest rates by 50 basis points and approved a new instrument (Transmission Protection Instrument – TPI) aimed at preventing fragmentation in the sovereign bonds market.

On 18 March 2022, DBRS Morningstar upgraded the rating of Greece to BB (high) with stable outlook from BB with positive outlook. Similarly, on 22 April 2022, Standard & Poor’s upgraded its rating for Greece to BB+ from BB, changing its outlook to stable. On 8 July 2022 Fitch affirmed its BB rating, maintaining its positive outlook. Although Greece’s sovereign credit rating remains below the investment grade, the aforementioned upgrades signal that the rating agencies’ view on the sustainability of Greece’s fiscal position keeps improving despite the uncertain economic environment worldwide. This year, the Greek State, through the Public Debt Management Agency (PDMA), issued a 10-year bond of €3bn at a yield of 1.836% on 19 January 2022, a bond of €1.5bn with 5 years to maturity (reopening of an older 7-year bond) at a yield of 2.366% on 17 April 2022, two bonds of €0.25bn and €0.15bn with 15 and 20 years to maturity (reopening of older 20- and 25-year bonds) at yields of 3.51% and 3.56%, respectively, on 30 May 2022, and a 10-year bond of €0.5bn (reopening of the bond issued on 19 January 2022) at a yield of 3.67% on 11 July 2022. As of early June 2022, the cash reserves of the Greek State stood at nearly €40bn, and its sovereign rating was one notch below investment grade by two of the four major rating agencies accepted by the ECB (DBRS Morningstar: BB (high), S&P Ratings: BB+).

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According to BoG data, the stock of credit to the private sector stood at €112.4bn at the end of June 2022, from €109.2bn at the end of 2021, up by 3% but lower by 13.2% in gross terms compared to June 2021 (€129.5bn). A significant part of this deleveraging was due to the reduction of the banks' non-performing exposures stock through the "Hercules II" scheme. Adjusted for write-offs, reclassifications and foreign exchange fluctuations, domestic credit increased by 3.4% year-to-date. On the other side of the ledger, private sector domestic deposits amounted to €182.3bn at the end of June 2022 from €180bn at the end of 2021 and €169.8bn at the end of June 2021, increasing by 7.4% annually and by 1.3% year-to-date. This significant annual increase comes mainly as a result of increased savings by households, both involuntary (due to the Covid-19 containment measures in 2021) and voluntary (due to the uncertainty created by the pandemic), but also of the government support measures to the private sector, and especially firms.

In 2021 the majority of the Central, Eastern and Southeastern Europe (CESEE) countries returned to their pre-Covid-19 levels of economic activity as the region posted a GDP growth rate of above 5% in 2021 from -4% in 2020. The economic momentum was expected to last throughout 2022 but the current geopolitical turmoil caused by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the region. The main risks stem from the inflationary outlook, which is expected to remain challenging throughout the rest of 2022, as price pressures, affected to a great extent by global energy prices, remain unabated. Real disposable income has been eroded, weighing on the dynamics of private consumption which traditionally has the largest contribution in the headline GDP growth. In this context, regional Central Banks continue so far in 2022 their restrictive monetary policy adopted from mid-2021 onwards by increasing the key policy rates, given the broad view that inflationary pressures are not rooted only on commodity prices but are more broad-based, as evident in core inflation prints.

In the same context with the entire CESEE region, the Bulgarian economy expanded by 0.8% on a quarterly basis (or 4% on an annual basis) in the first quarter of 2022 pointing to a modest slowdown compared to the previous three quarters. The key drivers behind the deceleration were the weakened growth of consumption on the back of increasing prices and the subdued expansion of exports. However, the slowdown was less severe than anticipated, resulting in the upward revision of the 2022 GDP growth forecast by the EC. According to EC's summer economic forecasts (July 2022), real GDP is expected to grow by 2.8% in 2022 and 2.3% in 2023 with the implementation of the Recovery and Resilience Plan considered as the main factor behind the accelerated investment growth. Rising inflation remains a point of concern as it will keep trimming the disposable income for consumption and undermine the competitiveness of the economy. Specifically, inflation averaged at 3.3% in 2021, compared to 1.7% in 2020, while in June 2022 it further accelerated to 16.9%, bringing the year-to-June figure at 13.1%. Given that, the EC revised upward its inflation forecast for 2022 to 12.5%, and 6.8% for 2023.

In Cyprus, in the first quarter of 2022 the economy continued to grow by 1% on a quarterly basis (or 5.6% on an annual basis) but the effects of the war in Ukraine are expected to be reflected in the economic growth in the next quarters. Based on the summer forecasts of the EC (July 2022), GDP growth is expected at 3.2% in 2022 and 2.1% in 2023 due to the firm economic momentum of first quarter of 2022, broadly attributed to the faster-than-expected recovery of tourism. Arrivals of tourists increased considerably in the first five months of 2022, approaching 76% of their pre-pandemic levels. Despite the negative impact from the geopolitical upheaval and the weakening of real income from the increasing prices, significant improvement are expected from the gradual unfolding of the Recovery and Resilience Plan. The Cypriot plan provides for a total of €1.2bn (€1bn in grants and €0.2bn in loans) and the Ministry of Finance estimates that these resources will mobilize an additional amount of €1.4bn in private funds. Concerns over the evolution of inflation and its effects on the economy remain strong. The HICP, after averaging at 2.3% in 2021, increased by 9.1% year-on-year in June 2022, primarily due to increases in energy and food prices, bringing the average January to June HICP at 7.3%. At the same time, the EC in its summer forecasts (July 2022) estimates inflation at 7% in 2022 and 3.3% in 2023.

The Serbian economy, in the first quarter of 2022, expanding by 0.5% on a quarterly basis (or 4.4% on an annual basis) but the effects of the war in Ukraine are expected to phase in in the next few quarters, weighing on the growth outlook. Based on the spring forecasts of the EC (May 2022), GDP growth is expected at 3.4% in 2022 and 3.1% in 2023. The evolution of inflation and the respective effects on the economy remain a strong point of concern. After averaging at 4% in 2021, inflation increased to 11.9% in June 2022, due to increases in energy and food prices, bringing the average January to June Consumer Price Index print at 9.7%. The EC, in its spring forecasts, estimates the inflation at 8.5% in 2022 and 4.6% in 2023.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, (d) the ongoing and potential upcoming

REPORT OF THE DIRECTORS

increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country's public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called "twin deficits" (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations' agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

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

Share Capital

As at 30 June 2022:

- a. The total share capital of Eurobank Holdings amounted to €816,015,607.44 divided into 3,709,161,852 common voting shares of nominal value of €0.22 each. All shares are registered, listed on the Athens Stock Exchange and incorporate all the rights and obligations set by the Greek legislation.
- b. The number of Eurobank Holdings shares held by the Group's subsidiaries in the ordinary course of their business was 613,889 (31 December 2021: 784,540) (note 26 to the consolidated financial statements).
- c. The percentage of the ordinary voting shares of Eurobank Holdings held by the Hellenic Financial Stability Fund (HFSF) amounted to 1.40%.

On 21 July 2022, the Annual General Meeting (AGM) of the shareholders of Eurobank Holdings approved, among others, the offsetting of a) the total of the account "Corporate law Reserves" amounting to €6,919.3m and b) part of the account "Share Premium" amounting to €6,894.4m with accumulated losses of equivalent value amounting to €13,813.7m, included in the account "Retained earnings/(losses)". The above offsetting does not affect the Company's own and regulatory capital and is subject to approval by the competent Supervisory Authorities.

Share options

Under the share options plan approved by the AGM of the shareholders of Eurobank Holdings in 2020, 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 executives' 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.

In accordance with Law 4941/2022 which amended Law 3864/2010, the specific provisions with respect to the remuneration restrictions applicable to certain key executives are in force until the end of 2022. Further information is provided in note 26 to consolidated financial statements.

Board of Directors

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

The BoD of Eurobank Holdings is set out in note 33 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank Holdings (www.eurobankholdings.gr).

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Related party transactions

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

As at 30 June 2022, the Group’s outstanding balances of the transactions and the relating net income / expense for the first half of 2022 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €4.1m, receivables €5.0m, liabilities €23.1m, guarantees received €0.01m, net expense €8.1m of which €0.4m expense relating with equity settled share based payments, (b) the Fairfax group (excluding Eurolife FFH Insurance Group Holdings S.A., which is also a Group’s associate) are: receivables €18m, liabilities €82.4m, net income €4.4m, (c) the associates and joint ventures, are: receivables €69m, liabilities €198.9m, guarantees issued €4.6m and net expense €29.6m and (d) the Fund are: liabilities €4.2m.

At the same date, the Company’s outstanding balances of the transactions and the relating net income / expense for the first half of 2022 with (a) the subsidiaries are: receivables €1,010m, liabilities €1m and net income €31m, and (b) the Group’s associate Eurolife FFH Insurance Group Holdings S.A. are: operating expenses of €0.07m.

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. Further information is provided in the note 32 to the consolidated financial statements and note 16 to the financial statements of the Company.

Georgios Zanias
Chairman

Fokion Karavias
Chief Executive Officer

5 August 2022

REPORT OF THE DIRECTORS

APPENDIX

Definition of Alternative Performance Measures (APMs) in accordance with European Securities and Markets Authority (ESMA) guidelines, which are included in the Report of Directors/Financial Statements:

- a. **Loans to Deposits ratio:** Loans and advances to customers at amortised cost divided by due to customers at the end of the reported period,
- b. **Pre-Provision Income (PPI):** Profit from operations before impairments, provisions and restructuring costs as disclosed in the financial statements for the reported period,
- c. **Core Pre-provision Income (Core PPI):** The total of net interest income, net banking fee and commission income and income from non banking services minus the operating expenses of the reported period,
- d. **Net Interest Margin (NIM):** The net interest income of the reported period, annualised and divided by the average balance of continued operations' total assets (the arithmetic average of total assets, excluding those related to discontinued operations', at the end of the reported period, at the end of interim quarters and at the end of the previous period),
- e. **Fees and commissions:** The total of net banking fee and commission income and income from non banking services of the reported period,
- f. **Income from trading and other activities:** The total of net trading income, gains less losses from investment securities and other income/ (expenses) of the reported period,
- g. **Cost to Income ratio:** Total operating expenses divided by total operating income,
- h. **Adjusted net profit:** Net profit/loss from continuing operations after deducting restructuring costs, goodwill impairment, gains/losses related to the transformation plan and income tax adjustments,
- i. **Non-performing exposures (NPE):** Non Performing Exposures (in compliance with EBA Guidelines) are the Group's material exposures which are more than 90 days past-due or for which the debtor is assessed as unlikely to pay its credit obligations in full without realization of collateral, regardless of the existence of any past due amount or the number of days past due. The NPE, as reported herein, refer to the gross loans at amortised cost except for those that have been classified as held for sale,
- j. **NPE ratio:** NPE divided by gross loans and advances to customers at amortised cost at the end of the reported period,
- k. **NPE formation:** Net increase/decrease of NPE in the reported period excluding the impact of write offs, sales and other movements,
- l. **NPE Coverage ratio:** Impairment allowance for loans and advances to customers and impairment allowance for credit related commitments (off balance sheet items), divided by NPE at the end of the reported period,
- m. **Provisions (charge) to average net loans ratio (Cost of Risk):** Impairment losses relating to loans and advances charged in the reported period, annualised and divided by the average balance of loans and advances to customers at amortised cost (the arithmetic average of loans and advances to customers at amortised cost, including those that have been classified as held for sale, at the end of the reported period, at the end of interim quarters and at the end of the previous period),
- n. **Return on tangible book value (RoTBV):** Adjusted net profit divided by average tangible book value. Tangible book value is the total equity excluding preference shares, preferred securities and non controlling interests minus intangible assets.
- o. **Texas Ratio:** Non-performing exposures (NPE) divided by the sum of impairment allowance for loans and advances to customers and Common Equity Tier 1.

Definition of capital and other selected ratios in accordance with the regulatory framework, which are included in the Report of Directors/Financial Statements:

- a. **Total Capital Adequacy ratio:** Total regulatory capital as defined by Regulation (EU) No 575/2013 as in force, based on the transitional rules for the reported period, divided by total Risk Weighted Assets (RWA). The RWA are the Group's assets and off-balance-sheet exposures, weighted according to risk factors based on Regulation (EU) No 575/2013, taking into account credit, market and operational risk,
- b. **Common Equity Tier 1 (CET1):** Common Equity Tier I regulatory capital as defined by Regulation (EU) No 575/2013 as in force, based on the transitional rules for the reported period, divided by total RWA,
- c. **Fully loaded Common Equity Tier I (CET1):** Common Equity Tier I regulatory capital as defined by Regulation No 575/2013 as in force, without the application of the relevant transitional rules, divided by total RWA,
- d. **Liquidity Coverage Ratio (LCR):** The total amount of high quality liquid assets divided by the net liquidity outflows for a 30-day stress period,

REPORT OF THE DIRECTORS

- e. **Minimum Requirements for Eligible Own Funds and Eligible Liabilities (MREL) ratio:** The sum of i) total regulatory capital (at Eurobank S.A. consolidated level) as defined by Regulation (EU) No 575/2013 as in force, based on the transitional rules for the reported period and ii) liabilities issued by Eurobank S.A. that meet the MREL-eligibility criteria set out in Regulation (EU) No 575/2013 as in force, divided by RWA.

The following table presents the components of the calculation of the above APMs, which are derived from the Company's consolidated financial statements for the periods ended 30 June 2022, 30 June 2021 and 31 December 2021:

Components of Alternative Performance Measures

€ million	1H22	1H21	FY21
Net Interest Income ⁽¹⁾	700	670	
Fees and commissions	256	209	
Total Operating income ⁽²⁾	1,853	924	
Total Operating income, excluding the gain on project "Triangle" ⁽²⁾	1,528	924	
Total Operating expenses ⁽³⁾	(450)	(433)	
Pre-provision income (PPI)	1,403	491	
Pre-provision income (PPI), excluding the gain on project "Triangle"	1,078	491	
Core Pre-provision income (Core PPI)	506	446	
Net profit/(loss) from continued operations	941	190	
Gain on project "Triangle" (before tax)	325	-	
Gain on project "Triangle" (after tax)	231	-	
Restructuring costs, after tax	(50)	(5)	
Adjusted net profit	760	195	
Impairment losses relating to loans and advances	(126)	(224)	
NPE formation ⁽⁶⁾	(6)	28	
Non performing exposures (NPE)	2,497		2,775
Due to customers	53,996		53,168
Gross Loans and advances to customers at amortized cost	42,246		40,815
Impairment allowance for loans and advances to customers	(1,733)		(1,872)
Impairment allowance for credit related commitments	(53)		(48)
Due to customers (Greek operations)	37,391		37,016
Gross Loans and advances to customers at amortized cost (Greek operations)	32,094		31,259
Impairment allowance for loans and advances to customers (Greek operations)	(1,453)		(1,606)
Common Equity Tier 1 (CET1)	6,137		5,436
Average balance of continued operations' total assets	78,418	69,055	
Average balance of loans and advances to customers at amortized cost ⁽⁴⁾	39,575	37,470	
Average balance of tangible book value ⁽⁵⁾	5,528	5,080	

REPORT OF THE DIRECTORS

⁽¹⁾ 2Q2022 NIM: Net interest income of the second quarter 2022 (€361m), annualised, divided by the average balance of continued operations' total assets (€78,701m).

⁽²⁾ International Operations: Operating income: €270m (first half 2021: €240m). Greek operations: Operating income: €1,258m, excluding the gain on project "Triangle" of €325m (first half 2021: €684m).

⁽³⁾ International Operations: Operating expenses: €130m (first half 2021: €113m). Greek operations: Operating expenses: €320m (first half 2021: €320m).

⁽⁴⁾ The average balance of loans and advances to customers measured at amortized cost, has been calculated as the arithmetic average of their balances at the end of the reporting period (30 June 2022: €40,513m), at the end of interim quarter (31 March 2022: €39,269m), and at the end of the previous period (31 December 2021: €38,943m).

⁽⁵⁾ The average balance of tangible book value, has been calculated as the arithmetic average of the total equity minus the intangible assets and non controlling interests at the end of the reporting period (30 June 2022: €5,934m), at the end of interim quarter (31 March 2022: €5,380m) and at the end of the previous period (31 December 2021: €5,270m).

⁽⁶⁾ NPE formation has been calculated as the decrease of NPE in first half of 2022 (€277m), after deducting the impact of write-offs €29m, sales / classification as held for sale €274m and other movements (€32m).

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Company's interim consolidated financial statements for the six months ended 30 June 2022, 30 June 2021 and consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with International Financial Reporting Standards (IFRS). In addition, it includes information as derived from internal information systems, consistent with the Group's accounting policies, such as the selected financial information for the Group's two main reportable segments a) Greek Operations, which incorporate the business activities originated from the Company, the Bank and the Greek subsidiaries and b) International Operations, which incorporate the business activities originated from the banks and the local subsidiaries operating in Bulgaria, Serbia, Cyprus and Luxembourg (as described at the relevant section on page 3).

***III. Independent Auditor's Report on Review of Condensed Interim
Financial Information
(on the Interim Consolidated Financial Statements)***



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Independent Auditor's Report on Review of Condensed Interim Financial Information

To the Shareholders of
Eurobank Ergasias Services and Holdings S.A.

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim consolidated Balance Sheet of Eurobank Ergasias Services and Holdings S.A. (the "Company") as at 30 June 2022 and the related interim consolidated statements of Income and Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended and the selected explanatory notes, which comprise the interim condensed financial information and which forms an integral part of the six-month financial report of articles 5 and 5a of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as incorporated in Greek Law, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".



Report on Other Legal and Regulatory Requirements

Our review did not identify any material inconsistency or error in the statements of the members of the Board of Directors and in the information of the six-month Report of the Board of Directors as defined in articles 5 and 5a of L. 3556/2007 in relation to the accompanying interim condensed financial information.

Athens, 5 August 2022
KPMG Certified Auditors S.A.
A.M. SOEL 114

Harry Sirounis, Certified Auditor Accountant
A.M. SOEL 19071

***IV. Interim Consolidated Financial Statements
for the six months ended 30 June 2022***



EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
30 JUNE 2022**

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Interim Consolidated Balance Sheet

	Note	30 June 2022 € million	31 December 2021 € million
ASSETS			
Cash and balances with central banks		14,456	13,515
Due from credit institutions		1,098	2,510
Securities held for trading		93	119
Derivative financial instruments	14	1,880	1,949
Loans and advances to customers	15	40,533	38,967
Investment securities	16	12,777	11,316
Investments in associates and joint ventures	18	191	267
Property and equipment	19	816	815
Investment property	19	1,397	1,492
Intangible assets		284	269
Deferred tax assets	12	4,298	4,422
Other assets	20	2,181	2,065
Assets of disposal groups classified as held for sale	13	176	146
Total assets		80,180	77,852
LIABILITIES			
Due to central banks	21	11,604	11,663
Due to credit institutions	22	1,197	973
Derivative financial instruments	14	1,818	2,394
Due to customers	23	53,996	53,168
Debt securities in issue	24	3,100	2,552
Other liabilities	25	2,088	1,358
Liabilities of disposal groups classified as held for sale	13	64	109
Total liabilities		73,867	72,217
EQUITY			
Share capital	26	816	816
Share premium	26	8,055	8,055
Reserves and retained earnings	26	(2,653)	(3,332)
Equity attributable to shareholders of the Company		6,218	5,539
Non controlling interests		95	96
Total equity		6,313	5,635
Total equity and liabilities		80,180	77,852

Notes on pages 6 to 41 form an integral part of these interim consolidated financial statements.

Interim Consolidated Income Statement

	Note	Six months ended 30 June		Three months ended 30 June	
		2022 € million	2021 € million	2022 € million	2021 € million
Net interest income	7	700	670	361	335
Net banking fee and commission income	8	207	161	109	86
Income from non banking services	19	49	48	24	24
Net trading income/(loss)	14, 25	627	(6)	402	(8)
Gains less losses from investment securities		(21)	50	(6)	37
Other income/(expenses)	13, 17.1, 18	291	1	260	3
Operating income		1,853	924	1,150	477
Operating expenses	9	(450)	(433)	(228)	(217)
Profit from operations before impairments, provisions and restructuring costs		1,403	491	922	260
Impairment losses relating to loans and advances to customers	10	(126)	(224)	(64)	(93)
Other impairment losses and provisions	11	(33)	(10)	(8)	(7)
Restructuring costs	11	(68)	(7)	(19)	(4)
Share of results of associates and joint ventures		14	6	4	5
Profit before tax		1,190	256	835	161
Income tax	12	(250)	(66)	(164)	(41)
Net profit		940	190	671	120
Net profit/(loss) attributable to non controlling interests		(1)	0	(0)	0
Net profit attributable to shareholders		941	190	671	120
		€	€	€	€
Earnings per share					
-Basic and diluted earnings per share	6	0.25	0.05	0.18	0.03

Notes on pages 6 to 41 form an integral part of these interim consolidated financial statements.

Interim Consolidated Statement of Comprehensive Income

	Six months ended 30 June		Three months ended 30 June	
	2022 € million	2021 € million	2022 € million	2021 € million
Net profit	940	190	671	120
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	(1)	22	(4)	3
- transfer to net profit, net of tax	(1)	0	(1)	(0)
		22		3
Debt securities at FVOCI				
- changes in fair value, net of tax	(484)	(32)	(243)	23
- transfer to net profit, net of tax	176	23	67	(20)
		(9)		3
Foreign currency translation				
- foreign operations' translation differences	0	0	0	0
- transfer to net profit on the liquidation of foreign subsidiary (note 17.1)	76	-	76	-
		0		0
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax	(30)	5	(15)	5
	(30)	5	(15)	5
	(264)	18	(120)	11
Items that will not be reclassified to profit or loss:				
- Gains/(losses) from equity securities at FVOCI, net of tax	(1)	-	4	-
- Actuarial gains/(losses) on post employment benefit obligations, net of tax	2	-	-	-
	1	-	4	-
Other comprehensive income	(263)	18	(116)	11
Total comprehensive income attributable to:				
- Shareholders	678	208	555	131
- Non controlling interests	(1)	0	0	0
	677	208	555	131

Notes on pages 6 to 41 form an integral part of these interim consolidated financial statements.

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	-	-	190	0	190
Other comprehensive income	-	-	18	(0)	18
Total comprehensive income for the six months ended 30 June 2021	-	-	208	0	208
Purchase/sale of treasury shares	1	0	0	-	1
Other	-	-	(1)	-	(1)
	1	0	(1)	-	0
Balance at 30 June 2021, as restated ⁽¹⁾	816	8,055	(3,401)	0	5,470
Balance at 1 January 2022	816	8,055	(3,332)	96	5,635
Net profit/(loss)	-	-	941	(1)	940
Other comprehensive income	-	-	(263)	(0)	(263)
Total comprehensive income for the six months ended 30 June 2022	-	-	678	(1)	677
Share-based payment:					
- Value of employee services	-	-	1	-	1
Purchase/sale of treasury shares (note 26)	0	0	0	-	0
	0	0	1	(0)	1
Balance at 30 June 2022	816	8,055	(2,653)	95	6,313

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 30 June 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 41 form an integral part of these interim consolidated financial statements.

Interim Consolidated Cash Flow Statement

	<u>Note</u>	Six months ended 30 June	
		2022	2021
		€ million	€ million
Cash flows from operating activities			
Profit before income tax		1,190	256
Adjustments for:			
Impairment losses relating to loans and advances to customers	10	126	224
Other impairment losses, provisions and restructuring costs	11	101	17
Depreciation and amortisation	9	61	58
Other (income)/losses on investment securities	29	75	(15)
(Income)/losses on debt securities in issue	29	(1)	2
Other adjustments	29	(306)	(2)
		1,246	540
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		61	(83)
Net (increase)/decrease in securities held for trading		26	(13)
Net (increase)/decrease in due from credit institutions		1,504	774
Net (increase)/decrease in loans and advances to customers		(1,746)	(350)
Net (increase)/decrease in derivative financial instruments		(19)	(26)
Net (increase)/decrease in other assets		(16)	(88)
Net increase/(decrease) in due to central banks and credit institutions		166	524
Net increase/(decrease) in due to customers		828	2,454
Net increase/(decrease) in other liabilities	25	478	62
		1,282	3,254
Income tax paid		(9)	(8)
Net cash from/(used in) operating activities		2,519	3,786
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(78)	(61)
Proceeds from sale of fixed and intangible assets		98	12
(Purchases)/sales and redemptions of investment securities		(2,305)	(1,094)
Acquisition of subsidiaries, net of cash acquired		-	(7)
Acquisition of holdings in associates and joint ventures, participations in capital increases		-	(6)
Disposal of subsidiaries and merchant acquiring business, net of cash disposed	17.1,13	259	-
Disposal of holdings in associates and joint ventures	18	16	7
Net cash from/(used in) investing activities		(2,010)	(1,149)
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	24	600	456
Repayment of lease liabilities		(18)	(17)
(Purchase)/sale of treasury shares		0	1
Net cash from/(used in) financing activities		582	440
Effect of exchange rate changes on cash and cash equivalents		1	0
Net increase/(decrease) in cash and cash equivalents		1,092	3,077
Cash and cash equivalents at beginning of period	29	13,149	6,681
Cash and cash equivalents at end of period	29	14,241	9,758

Notes on pages 6 to 41 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 5 August 2022. The Independent Auditor's Report on Review of Condensed Interim Financial Information is included in the Section III of the Financial Report for the period ended 30 June 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 by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation. Specifically in Greece, according to Hellenic Statistical Authority (ELSTAT), the Harmonized Index of Consumer Prices (HICP) increased by 11.6% on an annual basis in June 2022, driven by the rise in energy, food, and transportation prices, compared to 0.6% in June 2021. The Greek economy exhibited notable resilience in the first quarter of 2022, growing by 2.3% on a quarterly basis (or 7.0% on an annual basis), while the seasonally adjusted unemployment rate stood at 12.5% in May 2022 (May 2021: 15.6%). The European Commission (EC), in its summer economic forecasts (July 2022), estimates that a) the Greek economy will grow by 4% in 2022 and by 2.4% in 2023 (2021: 8.3%) and b) the inflation rate will close at 8.9% in 2022 due to increased energy and fuel costs and their secondary impact on the other sectors of the economy, before declining to 3.5% in 2023. On the fiscal front, the EC in its spring forecasts (May 2022) expects the general government to post a primary deficit of 1.9% of GDP in 2022 and a primary surplus of 1.3% of GDP in 2023 (2021: primary deficit of 5%, including a pandemic stimulus and relief package of € 16 billion and additional support measures of € 1 billion). The gross public debt-to-GDP ratio is expected to decline to 185.7% and 180.4% in 2022 and 2023 respectively (2021: 193.3%). The above forecasts may change as a result of the actual size of the support measures, the impact of inflation on economic growth, and the repercussions of the energy price hikes on public finances. For instance, recent researches refer to a 2022 GDP growth at the area of 5% or above (Moody's analytics) and for debt-to-GDP ratio at ca. 177% and 166% for 2022 and 2023 respectively (Eurobank Research debt sustainability analysis).

In Bulgaria, according to the EC's summer forecasts (July 2022), the real GDP is expected to grow by 2.8% in 2022 and by 2.3% in 2023 (2021: 4.2%), while the HICP is set to accelerate to 12.5% in 2022 and then settle at 6.8% in 2023 (2021: 2.8%). Respectively, in Cyprus the real GDP growth is forecasted at 3.2% in 2022 and 2.1% in 2023 (2021: 5.5%), while the HICP is estimated at 7% in 2022 and 3.3% in 2023 (2021: 2.3%). Regarding Serbia, the EC, in its spring forecasts, expects GDP to expand by 3.4% in 2022 and 3.1% in 2023 (2021: 7.4%), while the forecast for the inflation is at 8.5% in 2022 and 4.6% in 2023 (2021: 4%).

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

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to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled “Greece 2.0”. A pre-financing of € 4 billion was disbursed in August 2021, and the first regular payment of € 3.6 billion in April 2022. Greece has been also allocated about € 40 billion through EU’s MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, on 21 July 2022 the Governing Council of ECB, in line with its strong commitment to its price stability mandate, decided to raise the three key ECB interest rates by 50 basis points and approved a new instrument (Transmission Protection Instrument – TPI) aimed at preventing fragmentation in the sovereign bonds market.

This year, the Greek State, through the Public Debt Management Agency (PDMA), issued a 10-year bond of € 3 billion at a yield of 1.836% on 19 January 2022, a bond of € 1.5 billion with 5 years to maturity (reopening of an older 7-year bond) at a yield of 2.366% on 17 April 2022, two bonds of € 0.25 billion and € 0.15 billion with 15-and 20 years to maturity (reopening of older 20 and 25-year bonds) at yields of 3.51% and 3.56% respectively on 30 May 2022, and a 10-year bond of € 0.5 billion (reopening of the bond issued on 19 January) at a yield of 3.67% on 11 July 2022. As of early June 2022, the cash reserves of the Greek State stood at nearly € 40 billion, and its sovereign rating was one notch below investment grade by two of the four major rating agencies accepted by the ECB (DBRS Morningstar: BB (high), S&P Ratings: BB+).

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms’ production costs, external trade and banks’ asset quality, (d) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country’s public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called “twin deficits” (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations’ agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

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

In the first half of 2022, the net profit attributable to shareholders amounted to € 941 million (first half of 2021: € 190 million), of which € 96 million (first half of 2021: € 73 million) was related to the international operations. The adjusted net profit, excluding the € 230.5 million gain (after tax) on sale of Bank’s merchant acquiring business and the € 50 million restructuring costs (after tax), amounted to € 760 million (first half of 2021: € 195 million). As at 30 June 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 17.2% (31 December 2021: 16.1%) and 14.7% (31 December 2021: 13.7%) respectively (note 4). With regards to asset quality, the Group’s NPE stock, following the classification of project “Solar” underlying loan portfolio as held for sale, amounted to € 2.5 billion at 30 June 2022 (31 December 2021: € 2.8 billion), driving the NPE ratio to 5.9% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 71.5% (31 December 2021: 69.2%). In accordance with the business plan for the period 2022-2024, the Group’s NPE ratio is expected at 5.8% at the end of 2022 and to decline below 5% in 2024 (note 15).

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In terms of liquidity, as at 30 June 2022, the Group deposits increased to € 54 billion (31 December 2021: € 53.2 billion), leading the Group's (net) loans to deposits (L/D) ratio to 75% (31 December 2021: 73.2%), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme amounted to € 11.6 billion (31 December 2021: € 11.7 billion) (note 21). During the period, the Bank proceeded with the issuance of a preferred senior note (MREL-eligible) of € 500 million (note 24). As at 30 June 2022, the Bank's MREL ratio at consolidated level stands at 20.7% of RWAs, higher than the interim binding MREL target for 2022 of 17.8% but also than the interim non-binding MREL target from 1 January 2023 of 20.5%. The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 174% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

Going 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 this and 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.

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

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

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

The adoption of the amendments had no impact on the 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

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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, except for those related to the expected credit losses (ECL) on loans and advances to customers, as described below.

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 12, 13, 15, 16, 25, 27 and 30.

3.1 Impairment losses on loans and advances to customers

The continuation of the war in Ukraine and the resulting geopolitical crisis along with the persistent inflationary pressures and significant spreads widening, have led to increased uncertainty regarding the economic outlook in the regions in which the Group operates. The resulting conditions are expected to slow down the positive pace of the economic growth, which may put more pressure on vulnerable corporate borrowers, such as those that operate in the food industry, the energy sector, the supply of raw materials for the construction sector etc. and affect the available income and the debt capacity of the retail customers. The level of the economies' disruption depends on the prolongation of the war as well as the magnitude of the sanctions, and is alleviated by the undertaken fiscal measures, the coordinated EU initiatives and the expected strong tourism season (note 2).

As a response to the current macroeconomic environment, the Group revised the probability-weighted annual forecasts of the key macroeconomic variables incorporated in the IFRS 9 expected credit losses' models.

The updated arithmetic averages of the probability-weighted annual forecasts for the years 2022-2025, as applied for the ECL measurement of Greek lending portfolios, provide for GDP growth at 2.95% (31 December 2021: 3.27%), unemployment rate at 11.36% (31 December 2021: 12.6%), residential property growth rate at 5.60% (31 December 2021: 5.55%), commercial property growth rate at 4.97% (31 December 2021: 5.75%) and inflation rate at 3.66% (31 December 2021: 1.57%). Moreover, the most notable revision in the probability-weighted macroeconomic variables, refers to a slower forecasted GDP growth for 2022 at 2.8% (31 December 2021: 4.7%) and a substantially higher inflation for 2022 at 7% (31 December 2021: 1.1%).

The impact in ECL, due to the above revision of the forward-looking information incorporated in the IFRS 9 expected credit losses' models, was mitigated by the improving trend of the Group's lending exposures, as evidenced by the marginally negative NPE formation for the first half of 2022 maintaining the Group's Cost of Risk, which stands at 0.64%, within the expected levels (30 June 2021: 1.2%).

The Group remains cautious for any developments in the macroeconomic and geopolitical fronts and closely monitors all loan portfolios, so as to revise its estimates and assumptions applied to the assessment of impairment losses, if necessary.

Notes to the Interim Consolidated Financial Statements
4. Capital Management

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

	30 June 2022 € million	31 December 2021 € million
Equity attributable to shareholders of the Company	6,218	5,539
Add: Adjustment due to IFRS 9 transitional arrangements	269	528
Add: Regulatory non-controlling interests	55	57
Less: Goodwill	(2)	(2)
Less: Other regulatory adjustments	(403)	(686)
Common Equity Tier 1 Capital	6,137	5,436
Total Tier 1 Capital	6,137	5,436
Tier 2 capital-subordinated debt	950	950
Add: Other regulatory adjustments	76	-
Total Regulatory Capital	7,163	6,386
Risk Weighted Assets	41,718	39,789
Ratios:	%	%
Common Equity Tier 1	14.7	13.7
Tier 1	14.7	13.7
Total Capital Adequacy Ratio	17.2	16.1

Notes:

a) The profit of € 941 million attributable to the shareholders of the Company for the period ended 30 June 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 30 June 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 30.6.2022, 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 14.5 % and 17% respectively.

d) The Group's CET1 as at 30 June 2022, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the aforementioned IFRS 9 transitional arrangements, would be 14% (31 December 2021: 12.7%).

e) The pro-forma Common Equity Tier 1 and Total Capital Adequacy ratios as at 30 June 2022 with the completion of Project "Solar" (note 15) would be 14.7% and 17%, 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) along with the Regulation No 575/2013/EU (known as CRR), as they are in force. The above Directive has been transposed into Greek legislation by Law 4261/2014 as in force. Supplementary to that, in the context of Internal Capital Adequacy Assessment Process (ICAAP), the 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

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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 measure that allowed 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:

	30 June 2022	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	4.50%	8.00%
Pillar 2 Requirement (P2R) ⁽¹⁾	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	6.19%	11.00%
<u>Combined Buffer Requirement (CBR)</u>		
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%

⁽¹⁾ As of 1st of March 2022, the P2R is not applicable for the Bank, at a standalone level.

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 SRB's communication to the Bank, the fully calibrated MREL (final target) to be met by Eurobank S.A. on a consolidated basis until the end of 2025 is set at 27.27% 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%, while an interim non-binding MREL target of 20.45%, including a CBR of 3.67%, will apply from January 2023.

In the period ended 30 June 2022, in the context of the implementation of its medium-term strategy to meet its MREL requirements, the Bank proceeded with the issuance of an MREL-eligible senior preferred bond with a nominal value of € 500 million (note 24). As at 30 June 2022, the Bank's MREL ratio at consolidated level stands at 20.7% of RWAs including profit for the period ended 30 June 2022 (31 December 2021: 18.47%), which is significantly above the aforementioned interim binding MREL target of 17.82%.

Climate risk stress test

The Group participated in the European Central Bank's (ECB) supervisory climate risk stress test, which was conducted in the first half of 2022. The 2022 climate risk stress test assessed how well banks are set up to deal with climate-related risks. A total of 104 significant banks participated in the test consisting of three modules, in which banks provided information on their: (i) own climate stress-testing capabilities, (ii) reliance on carbon-emitting sectors, and (iii) performance under different scenarios over several time horizons.

The test, which is part of the ECB's wider climate roadmap, was not a capital adequacy exercise but rather a learning one for banks and supervisors alike, aiming at identifying vulnerabilities and best practices and providing guidance to banks for the green transition. In this context, the Group has successfully completed the 2022 climate risk stress test exercise.

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Post balance sheet event

In July 2022, the European Central Bank (ECB) published the climate risk stress test aggregated results, showing that banks must improve their focus on climate risk. Furthermore, all participating entities, including the Group, received individual feedback and are expected to take action accordingly, in line with the set of best practices that the ECB will publish by the end of 2022. The results have shown that the Group has made significant progress in incorporating a climate risk stress testing framework, with an overall performance in line with the average score of European Banks. The Group continues to work in order to implement its climate risk action plan, to further integrate climate risks into its business strategy and risk management practices, and to support its clients towards climate transition and sustainable business growth.

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, d) the results related to the Group's transformation projects and initiatives, the notes of Cairo, Pillar and Mexico securitizations, which were retained by the Group, and the Group's share of results of doValue Greece Loans and Credits Claim Management S.A. and e) the effect of the liquidation of "ERB Istanbul Holding A.S." in the first half of 2022 (note 17.1).

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

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

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Operating segments

For the six months ended 30 June 2022							
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	195	171	156	(9)	203	(16)	700
Net commission income	46	45	46	(0)	69	1	207
Other net revenue	327	0	601	92	(2)	(73)	946
Total external revenue	568	216	804	83	270	(89)	1,853
Inter-segment revenue	12	20	(18)	1	(1)	(14)	-
Total revenue	581	236	786	84	269	(103)	1,853
Operating expenses	(205)	(62)	(34)	(19)	(133)	3	(450)
Impairment losses relating to loans and advances to customers	(84)	(17)	-	-	(15)	(10)	(126)
Other impairment losses and provisions (note 11)	(1)	0	(12)	(1)	(3)	(17)	(33)
Share of results of associates and joint ventures	(0)	(0)	(0)	-	-	14	14
Profit/(loss) before tax before restructuring costs	291	158	740	65	118	(114)	1,258
Restructuring costs (note 11)	(11)	(1)	(0)	-	(7)	(48)	(68)
Profit/(loss) before tax	280	157	739	65	112	(162)	1,190
Net profit/(loss) attributable to non controlling interests	-	-	-	0	(1)	0	(1)
Profit/(loss) before tax attributable to shareholders	280	157	739	65	112	(162)	1,190

30 June 2022							
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center ⁽¹⁾ € million	Total € million
Segment assets	15,115	15,625	13,210	1,429	20,420	14,380	80,180
Segment liabilities	30,426	10,604	6,949	351	18,696	6,841	73,867

The International segment is further analyzed as follows:

For the six months ended 30 June 2022						
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	Total € million
Net interest income	99	32	57	13	1	203
Net commission income	36	10	19	4	(1)	69
Other net revenue	(3)	1	1	0	(1)	(2)
Total external revenue	132	44	77	17	(1)	270
Inter-segment revenue	0	(0)	-	(2)	-	(1)
Total revenue	132	44	77	16	(1)	269
Operating expenses	(64)	(32)	(24)	(11)	(2)	(133)
Impairment losses relating to loans and advances to customers	(17)	(6)	(2)	(0)	10	(15)
Other impairment losses and provisions	(1)	(2)	0	0	(1)	(3)
Share of results of associates and joint ventures	-	-	-	-	0	0
Profit/(loss) before tax before restructuring costs	50	4	53	5	6	118
Restructuring costs (note 11)	-	(7)	-	-	-	(7)
Profit/(loss) before tax	50	(2)	53	5	6	112
Net profit/(loss) attributable to non controlling interests	(0)	(0)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders	51	(2)	53	5	6	112

30 June 2022						
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million
Segment assets ⁽²⁾	7,252	2,396	8,476	2,181	165	20,420
Segment liabilities ⁽²⁾	6,507	2,110	7,775	1,997	357	18,696

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	For the six months ended 30 June 2021						Total
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	€ million
Net interest income	222	161	110	(8)	185	(1)	670
Net commission income	32	35	39	0	55	(0)	161
Other net revenue	0	3	34	48	0	8	93
Total external revenue	255	199	182	39	240	8	924
Inter-segment revenue	10	20	(16)	1	(1)	(15)	-
Total revenue	265	220	166	40	240	(7)	924
Operating expenses	(204)	(61)	(31)	(19)	(116)	(1)	(433)
Impairment losses relating to loans and advances to customers	(151)	(37)	-	-	(37)	1	(224)
Other impairment losses and provisions (note 11)	(0)	(1)	1	(0)	(3)	(7)	(10)
Share of results of associates and joint ventures	(0)	0	0	(2)	(0)	8	6
Profit/(loss) before tax	(90)	121	136	19	83	(6)	263
before restructuring costs	(3)	(1)	(0)	-	(0)	(3)	(7)
Restructuring costs (note 11)	(93)	120	136	19	83	(9)	256
Profit/(loss) before tax	(93)	120	136	19	83	(9)	256
Net profit/(loss) attributable to non controlling interests	-	-	-	0	0	0	0
Profit/(loss) before tax attributable to shareholders	(93)	120	136	19	83	(9)	256

	31 December 2021						Total
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center ⁽¹⁾ € 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 six months ended 30 June 2021						Total
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million		€ million
Net interest income	91	26	50	13	6		185
Net commission income	30	7	16	4	(1)		55
Other net revenue	(0)	1	0	0	(1)		0
Total external revenue	120	33	66	17	4		240
Inter-segment revenue	0	(0)	0	(1)	-		(1)
Total revenue	120	33	66	16	4		240
Operating expenses	(57)	(24)	(23)	(10)	(3)		(116)
Impairment losses relating to loans and advances to customers	(20)	(6)	(3)	0	(8)		(37)
Other impairment losses and provisions	(1)	(2)	1	(0)	(0)		(3)
Share of results of associates and joint ventures	-	(0)	-	-	0		(0)
Profit/(loss) before tax before restructuring costs	42	1	41	6	(6)		83
Restructuring costs	-	-	-	(0)	-		(0)
Profit/(loss) before tax	42	1	41	5	(6)		83
Net profit/(loss) attributable to non controlling interests	0	0	-	-	-		0
Profit/(loss) before tax attributable to shareholders	42	1	41	5	(6)		83

	31 December 2021						Total
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	International € million	€ 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.

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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 30 June 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.

		Six months ended 30 June		Three months ended 30 June	
		2022	2021	2022	2021
Net profit for the period attributable to ordinary shareholders	€ million	941	190	671	120
Weighted average number of ordinary shares in issue for basic earnings per share	Number of shares	3,707,942,727	3,707,174,410	3,707,920,024	3,706,693,220
Weighted average number of ordinary shares in issue for diluted earnings per share	Number of shares	3,714,893,296	-	3,714,752,810	-
Earnings per share					
- Basic and diluted earnings per share	€	0.25	0.05	0.18	0.03

7. Net interest income

	30 June 2022 € million	30 June 2021 € million
Interest income		
Customers	617	612
Banks and other assets	8	3
Securities	115	73
Derivatives	235	225
	975	913
Interest expense		
Customers	(21)	(28)
Banks ⁽¹⁾⁽²⁾	24	37
Debt securities in issue	(50)	(37)
Derivatives	(227)	(213)
Lease liabilities - IFRS 16	(1)	(2)
	(275)	(243)
Total	700	670

⁽¹⁾ For the period ended 30 June 2022, it includes a benefit of € 58 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (30 June 2021: € 61 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).

	30 June 2022					Total € million
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	International € million	Other and Elimination center € million	
Lending related activities	5	38	5	8	(0)	55
Mutual funds and assets under management	7	1	20	6	3	36
Network activities and other ⁽¹⁾	35	3	14	52	(1)	103
Capital markets	-	4	8	3	(2)	13
Total	46	45	46	69	1	207

	30 June 2021					Total € million
	Retail € million	Corporate € million	Global Markets & Asset Mngt € million	International € million	Other and Elimination center € million	
Lending related activities	5	29	3	6	(0)	43
Mutual funds and assets under management	7	1	16	4	4	32
Network activities and other ⁽¹⁾	20	3	11	43	(4)	73
Capital markets	-	3	8	3	0	13
Total	32	35	39	55	(0)	161

⁽¹⁾ Including income from credit cards related services.

9. Operating expenses

	30 June 2022 € million	30 June 2021 € million
Staff costs	(222)	(215)
Administrative expenses	(130)	(121)
Contributions to resolution and deposit guarantee funds	(37)	(39)
Depreciation of real estate properties and equipment	(22)	(21)
Depreciation of right of use assets	(20)	(19)
Amortisation of intangible assets	(19)	(18)
Total	(450)	(433)

The average number of employees of the Group during the period was 11,778 (30 June 2021: 11,465). As at 30 June 2022, the number of branches and business/private banking centers of the Group amounted to 616 (31 December 2021: 668).

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 30 June 2022 is provided in note 3.

	30 June 2022			Total € million
	12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million	Lifetime ECL - Stage 3 and POCI ⁽¹⁾ € million	
Impairment allowance as at 1 January	171	311	1,391	1,872
Transfers between stages	18	1	(19)	-
Impairment loss for the period	(37)	16	126	105
Recoveries from written - off loans	-	-	25	25
Loans and advances derecognised/ reclassified as held for sale during the period ⁽²⁾	(0)	(0)	(201)	(201)
Amounts written off	-	-	(29)	(29)
Unwinding of Discount	-	-	(10)	(10)
Foreign exchange and other movements	(4)	8	(32)	(29)
Impairment allowance as at 30 June	147	335	1,250	1,733

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	30 June 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	48	1	(49)	-
Impairment loss for the period	(24)	(9)	284	250
Recoveries from written - off loans	-	-	13	13
Loans and advances derecognised/ reclassified as held for sale during the period ⁽²⁾	(0)	(0)	(9)	(9)
Amounts written off	-	-	(79)	(79)
Unwinding of Discount	-	-	(27)	(27)
Foreign exchange and other movements	(14)	(9)	(31)	(54)
Impairment allowance as at 30 June	193	422	2,956	3,572

⁽¹⁾ The impairment allowance for POCI loans of € 7 million is included in 'Lifetime ECL –Stage 3 and POCI' (30 June 2021: € 4 million).

⁽²⁾ It represents the impairment allowance of loans derecognized due to a) substantial modifications of the loans' contractual terms, b) sale transactions and those that have been classified as held for sale (note 15).

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the period ended 30 June 2022 amounted to € 126 million (30 June 2021: € 224 million) and are analyzed as follows:

	30 June 2022	30 June 2021
	€ million	€ million
Impairment loss on loans and advances to customers	(105)	(250)
Net income / (loss) from financial guarantee contracts ⁽¹⁾	(15)	-
Modification gain / (loss) on loans and advances to customers	(0)	19
Impairment (loss)/ reversal for credit related commitments	(6)	7
Total	(126)	(224)

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

11. Other impairments, restructuring costs and provisions

	30 June 2022	30 June 2021
	€ million	€ million
Impairment and valuation losses on real estate properties	(2)	(5)
Impairment (losses)/ reversal on bonds (note 16)	(12)	2
Other impairment losses and provisions ⁽¹⁾	(19)	(7)
Other impairment losses and provisions	(33)	(10)
Voluntary exit schemes and other related costs (note 25)	(52)	(5)
Other restructuring costs	(16)	(2)
Restructuring costs	(68)	(7)
Total	(101)	(17)

⁽¹⁾ Includes impairment losses on software, other assets and provisions on litigations and other operational risk events. In the period ended 30 June 2022, it mainly includes impairment losses for receivables related to cases in legal dispute.

For the period ended 30 June 2022, the Group recognized € 16 million restructuring costs, of which ca. € 7 million relate to the merger of Eurobank a.d. Beograd with Direktna Banka a.d., while the remaining costs mainly relate to the Group's transformation projects and initiatives.

12. Income tax

	30 June 2022	30 June 2021
	€ million	€ million
Current tax	(26)	(12)
Deferred tax	(224)	(54)
Total income tax	(250)	(66)

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 30 June 2022, the Greek corporate tax rate for legal entities other than the aforementioned credit institutions was 22%. In addition,

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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.

In June 2022, the tax audit of the Company by the tax authorities for the tax year 2016 was completed, while for the open tax years 2017-2020 the tax certificates are unqualified. The Bank's open tax years are 2020 - 2021. The tax certificates of the Bank and the other Group's entities, which operate in Greece, are unqualified for their open tax years until 2020. 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 Group's Greek entities as at 31 December 2021.

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:

	30 June 2022 € million	31 December 2021 € million
Deferred tax assets	4,298	4,422
Deferred tax liabilities	(28)	(26)
Net deferred tax	4,270	4,396

The movement on deferred tax is as follows:

	30 June 2022 € million
Balance at 1 January	4,396
Income statement credit/(charge)	(224)
Investment securities at FVOCI	99
Cash flow hedges	1
Other	(2)
Balance at 30 June	4,270

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

	30 June 2022 € million	30 June 2021 € million
Impairment/ valuation relating to loans, disposals and write-offs	(74)	(7)
Unused tax losses	0	(1)
Tax deductible PSI+ losses	(25)	(25)
Carried forward debit difference of law 4831/2021	(73)	-
Change in fair value and other temporary differences	(52)	(21)
Deferred income tax (charge)/credit	(224)	(54)

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

	30 June 2022 € million	31 December 2021 € million
Impairment/ valuation relating to loans and accounting write-offs	1,023	1,034
PSI+ tax related losses	976	1,001
Losses from disposals and crystallized write-offs of loans	2,303	2,365
Carried forward debit difference of law 4831/2021 ⁽¹⁾	-	73
Other impairments/ valuations through the income statement	(91)	(38)
Costs directly attributable to equity transactions	4	5
Cash flow hedges	5	5
Defined benefit obligations	6	6
Real estate properties, equipment and intangible assets	(68)	(61)
Investment securities at FVOCI	(13)	(112)
Other ⁽²⁾	125	118
Net deferred tax	4,270	4,396

⁽¹⁾ The unutilized part, as at 31 December 2021, of the carried forward crystallized tax losses of loans, in accordance with the law 4831/2021 (see below), was offset against taxable profit for the period ended 30 June 2022.

⁽²⁾ 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 30 June 2022, is as follows:

- (a) € 1,023 million refer to deductible temporary differences arising from impairment/valuation relating to loans including the accounting debt write-offs according to the Greek tax law 4172/2013, as in force. These temporary differences can be utilized in future periods with no specified time limit and according to current tax legislation of each jurisdiction;
- (b) € 976 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) € 2,303 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);

In addition, as at 30 June 2022, the Company and the Bank have not recognised deferred tax asset on unused tax losses amounting to € 428 million (31 December 2021: € 517 million). In particular, a part of the Bank's carried forward tax losses was offset against taxable profit for the period ended 30 June 2022, leading to the decrease of the Group's effective tax rate for the same period to 21% from 26% in the comparative period.

Assessment of the recoverability of deferred tax assets

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

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In particular, for the period ended 30 June 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, (also submitted to the Single Supervisory Mechanism -SSM-) and certain updates of the above plan that were carried out in the first half of 2022. 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 and its updates, have considered, among others, (a) the macroeconomic developments in Greece and the region including the resilient (even though decelerated) growth of the Greek economy underpinned by the Recovery and Resilience Fund (RRF) grants and loans, b) the potential upside, related with the impact of interest rates' increase on the Group's net interest income, (c) the increase in loan volumes and investment securities, (d) the higher fee and commission income mostly from assets under management, bancassurance, network and capital markets, (e) the discipline in operating expenses' targets, and (f) the gradual reduction of cost of risk in line with the new NPE Management Strategy submitted to SSM (note 15). The major initiatives 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 and food prices 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 30 June 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 € 3,474 million (31 December 2021: € 3,547 million). The DTCs are accounted for on: (a) the unamortised losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, which are subject to amortisation over a thirty-year period and (b) on the sum of (i) the unamortized part of the DTC eligible crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss.

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

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

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the period ended 30 June 2022, an amount of € 3.1 million has been recognized in "Other income/(expenses)".

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13. Disposal groups classified as held for sale

	30 June 2022	31 December 2021
	€ million	€ million
Assets of disposal groups		
Real estate properties	20	31
Loans related to project Solar (note 15)	71	-
Village Roadshow Operations Hellas S.A. and Intertech S.A. – International Technologies	76	81
IMO 03 E.A.D. (note 17.1)	-	6
Credit card acquiring - project Triangle	-	28
Vouliagmeni Residence Single Member S.A.	9	-
Total	176	146
Liabilities of disposal groups		
Village Roadshow Operations Hellas S.A.	63	72
Credit card acquiring - project Triangle	-	37
Other liabilities related to project Solar (note 15)	1	-
Total	64	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. € 20 million as at 30 June 2022 (31 December 2021: € 31 million), after their remeasurement in accordance with the IFRS 5 requirements. The Group remains committed to its plan to sell the aforementioned assets, which is expected to be completed 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 30 June 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.

Since its acquisition, Village Roadshow Operations Hellas S.A. has been accounted for in accordance with the provisions of IFRS 5 for subsidiaries acquired with a view to sale. As at 30 June 2022, the company's assets of € 74 million (net of intragroup cash deposit) have been measured based on a) the fair value of the identifiable liabilities of € 63 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 30 June 2022 and was measured at its carrying amount of € 1.9 million, which was lower than its fair value less costs to sell based on the market value of the company's shares.

Post balance sheet event

On 2 August 2022, the Bank signed an agreement for the sale of its participation interest of 100% in Village Roadshow Operations Hellas S.A to a third party. The completion of the sale is subject to the terms and conditions provided for in the aforementioned agreement.

Eurobank Merchant Acquiring business -Project 'Triangle'

On 7 December 2021, the Company announced that its subsidiary Eurobank S.A. ("Eurobank") had signed a binding agreement with Worldline B.V. ("Worldline") that included, among others, a) the sale of 80% of Eurobank's merchant acquiring business ("PayCo") to

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Worldline and b) a long term agreement for the exclusive distribution of PayCo products in Greece through Eurobank's sales network. On the basis of the aforementioned agreement, as of 31 December 2021 "PayCo" was classified as held for sale.

On 30 June 2022, after receiving all necessary approvals, the spin-off of the Bank's merchant acquiring business to Cardlink Payment Institution S.A. ("Cardlink One"), a licensed payment institution, and the transfer of 80% of Cardlink One's shares to Worldline was completed for a cash consideration of € 254 million, after certain adjustments. Furthermore, under the related shareholders' agreement, the remaining 20% interest in "Cardlink One" is subject to a combination of call and put options, exercisable after approximately 3 years.

As a result of the sale transaction for the 80% shareholding and based on the terms of the shareholders' agreement in reference to the combination of options for the 20% shareholding, the Bank has fully derecognised the merchant acquiring business, since through the combination of options, access to substantially all the returns associated with the remaining 20% ownership interest is deemed to be transferred to Wordline at the time of the transaction.

On this basis, other than the cash consideration, as at 30 June 2022 the Bank recognised in other assets a financial asset to be measured at fair value through profit or loss equal to € 68.5 million, representing the present value of the contractual right to receive the options' estimated exercise price at the time of their execution. In addition, on the same date, the Bank recognised in other assets € 15.1 million deferred consideration in accordance with the terms of the agreement.

Following the above, the resulting gain from the transaction that was recognised in "Other income/(expenses)", amounted to € 324.7 million before tax (€ 230.5 million after tax), including the costs directly attributable to the transaction.

Vouliagmeni Residence Single Member 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 Single Member 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.

On the basis of the aforementioned agreement, Vouliagmeni Residence Single Member S.A. has been classified as held for sale since 31 March 2022 and has been 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. Accordingly, an impairment loss of € 0.7 million was recognised in the income statement line "Other impairment losses and provisions". As at 30 June 2022, the carrying amount of the company's assets (mainly relating to investment property) was € 9.3 million.

Post balance sheet event

In July 2022, the sale of Vouliagmeni Residence Single Member S.A. was completed with no effect in the Group's income statement.

14. Derivative financial instruments

	30 June 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	1,577	1,273	1,837	1,479
Derivatives designated as fair value hedges	299	439	82	804
Derivatives designated as cash flow hedges	4	106	30	111
Total derivatives assets/liabilities	1,880	1,818	1,949	2,394

As at 30 June 2022, the derivative assets and liabilities decreased by € 69 million and € 576 million, respectively, compared to 31 December 2021, mainly as a result of the upward movement of the euro interest rate curve along with the liquidation of certain derivative positions, which was performed in the context of the reassessment of the Group's hedging strategies. More specifically, as described in note 2.2.3 of the consolidated financial statements for the year ended 31 December 2021, the Group manages its exposure to interest rate risk by forming hedging relationships within the hedge accounting framework, as well as economic hedges for which hedge accounting is not applied.

Accordingly, in response to the heightened market volatility since the beginning of 2022, the Group discontinued hedge accounting by revoking the designation of certain hedging relationships, which had been initiated in a low interest rate environment and fulfilled to a significant extent their hedging purpose. The derivative positions were gradually liquidated over the first quarter of 2022, while in parallel new economic hedges were initiated to manage the Group's interest rate exposures on a portfolio level. Such economic

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hedges were eventually liquidated towards the end of the second quarter of 2022, since Management, in the context of its updated hedging strategy and risk management objectives, decided to enter into new interest rate swaps designated upon their inception as hedging instruments for which hedge accounting is applied. The realized gains from the aforementioned actions on the Group's hedging strategies, due to the increase in interest rates, amounted to approximately € 390 million.

Furthermore, the significant movements in interest and inflation rates, especially in longer tenors exacerbated the ineffectiveness of certain long-dated hedging relationships for which different discount rates apply to the hedged item and hedging instrument. For these hedging relationships, the hedge ratio fell outside the designated range of 80%-125% allowed by IAS39, both prospectively and retrospectively, leading to the mandatory discontinuance of the hedge accounting since the relationships no longer met the hedge accounting criteria. Accordingly, the Group proceeded to the gradual unwinding of the related interest rate swaps, realizing approximately € 160 million gains, while at the same time entered into new ones of shorter tenor, so as to ensure hedge effectiveness going forward.

As at 30 June 2022, the net carrying value of the derivatives with the Hellenic Republic amounted to a liability of € 130 million (31 December 2021: € 1,100 million asset).

15. Loans and advances to customers

	30 June 2022	31 December 2021
	€ million	€ million
Loans and advances to customers at amortised cost		
- Gross carrying amount	42,246	40,815
- Impairment allowance	(1,733)	(1,872)
Carrying Amount	40,513	38,943
Loans and advances to customers at FVTPL	20	23
Total	40,533	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 30 June 2022:

	30 June 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	6,751	2,859	539	10,149	10,105
- Impairment allowance	(15)	(143)	(199)	(358)	(325)
Carrying Amount	6,736	2,715	340	9,791	9,780
Consumer lending:					
- Gross carrying amount	2,633	376	363	3,371	3,242
- Impairment allowance	(38)	(46)	(269)	(353)	(340)
Carrying Amount	2,595	330	94	3,019	2,902
Small Business lending:					
- Gross carrying amount	2,533	850	475	3,858	3,753
- Impairment allowance	(27)	(71)	(241)	(338)	(326)
Carrying Amount	2,506	779	234	3,519	3,427
Wholesale lending: ⁽²⁾					
- Gross carrying amount	22,102	1,643	1,122	24,868	23,716
- Impairment allowance	(67)	(76)	(541)	(684)	(881)
Carrying Amount	22,035	1,568	581	24,184	22,835
Total loans and advances to customers at AC					
- Gross carrying amount	34,019	5,728	2,499	42,246	40,815
- Impairment allowance	(147)	(335)	(1,250)	(1,733)	(1,872)
Carrying Amount	33,872	5,392	1,249	40,513	38,943
Loans and advances to customers at FVTPL					
Carrying Amount ⁽³⁾				20	23
Total				40,533	38,967

⁽¹⁾ As at 30 June 2022, POCI loans of € 47 million gross carrying amount (of which € 45 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) € 1,043 million related to the senior notes of the Pillar securitization and b) € 2,365 million and € 1,567 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.

In the context of its NPE management strategy, the Group is contemplating another NPE securitization transaction (project 'Solar'), as part of a joint initiative with the other Greek systemic banks initiated since 2018, in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. In addition, the Group targets to the prudential and accounting derecognition of the underlying corporate loan portfolio from its balance sheet by achieving a Significant Risk Transfer (SRT) and including 'Solar' securitization under the Hellenic Asset Protection Scheme (HAPS), thus the senior note of the securitization to become entitled to the Greek State's guarantee. In parallel, the Management along with the other participating banks have initiated actions towards the disposal of the majority stake of the mezzanine and junior notes to be issued in the context of the above-mentioned securitization.

Accordingly, as at 30 June 2022, the Group proceeded with the re-measurement of the underlying loan portfolio's expected credit losses, in accordance with its accounting policy for the impairment of financial assets with no significant impact in impairment losses relating to loans and advances to customers. The impairment loss was calculated by reference to the estimated fair value of the notes to be retained by the Group upon the completion of transaction and the expected consideration to be received by the sale of mezzanine and junior notes. Furthermore, the Group classified as held for sale the underlying loan portfolio of carrying amount € 71 million, comprising loans with gross carrying amount of € 272 million, which carried an impairment allowance of € 201 million, as well as the impairment allowance of the letters of guarantee of € 1 million included in the underlying portfolio (note 13).

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As at 30 June 2022, following the classification of project “Solar” underlying loan portfolio as held for sale, the Group’s NPE stock amounted to € 2.5 billion (31 December 2021: € 2.8 billion) driving the NPE ratio to 5.9% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 71.5% (31 December 2021: 69.2%).

16. Investment securities

	30 June 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	7,940	7	28	7,975
- Impairment allowance	(11)	(1)	(7)	(19)
Debt securities at FVOCI	4,548	9	-	4,557
Total	12,477	15	21	12,513
Debt securities at FVTPL				1
Equity securities at FVOCI				43
Equity securities at FVTPL				220
Total Investment securities				12,777

	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:

	30 June 2022			
	Investment securities at FVOCI € million	Investment securities at amortised cost € million	Investment securities at FVTPL € million	Total € million
Debt securities				
- Greek government bonds	1,525	3,914	-	5,439
- Greek government treasury bills	282	-	-	282
- Other government bonds	1,618	1,616	-	3,234
- Other issues	1,132	2,426	1	3,559
	4,557	7,956	1	12,514
Equity securities	43	-	220	263
Total	4,600	7,956	221	12,777

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	31 December 2021			
	Investment securities at FVOCI	Investment securities at amortised cost	Investment securities at FVTPL	Total
	€ million	€ million	€ million	€ 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
	<u>6,465</u>	<u>4,666</u>	<u>1</u>	<u>11,132</u>
Equity securities	44	-	140	184
Total	<u>6,509</u>	<u>4,666</u>	<u>141</u>	<u>11,316</u>

As at 30 June 2022, Eurobank S.A. holds a 12.6% participation in Hellenic Bank Public Company Limited, a financial institution located in Cyprus. 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 30 June 2022 amounted to € 43 million (2021: € 44 million).

Following the significant worldwide restrictions and sanctions introduced against Russia, resulting in significant uncertainty on the ability of the Russian debt issuers to repay their obligations on foreign currency-denominated bonds, the Group classified its Russian debt exposures of € 21 million (carrying value) as credit impaired and recognized an impairment loss of € 7 million as at 30 June 2022. In April 2022, a Russian government bond of carrying value € 12 million as at 31 March 2022, previously classified as credit impaired, was fully repaid.

17. Group composition

17.1 Shares in subsidiaries

The following is a listing of the Company's subsidiaries as at 30 June 2022, included in the interim consolidated financial statements for the period ended 30 June 2022:

Name	Note	Percentage holding	Country of incorporation	Line of business
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 Single Member Development S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 3 Single Member Development S.A.		100.00	Greece	Real estate
Tenberco Real Estate Single Member S.A.		100.00	Greece	Real estate
Value Touristiki Single Member Development S.A.		100.00	Greece	Real estate
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

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<u>Name</u>	<u>Note</u>	<u>Percentage holding</u>	<u>Country of incorporation</u>	<u>Line of business</u>
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU Q3 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate
Neviko Ventures Ltd		100.00	Cyprus	Real estate
Zivar Investments Ltd		100.00	Cyprus	Real estate
Amvanero Ltd		100.00	Cyprus	Real estate
Revasono Holdings Ltd		100.00	Cyprus	Real estate
Volki Investments Ltd		100.00	Cyprus	Real estate
Adariano Investments Ltd		100.00	Cyprus	Real estate
Elerovio Holdings Ltd		100.00	Cyprus	Real estate
Sagiol Ltd		100.00	Cyprus	Holding company
Macoliq Holdings Ltd		100.00	Cyprus	Holding company
Sensoco 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 Hellas Plc	f	100.00	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company		-	Ireland	Special purpose financing vehicle

⁽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 and Byzantium II Finance Plc.

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

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

(iv) entities controlled by the Group pursuant to the terms of the relevant share pledge agreements: Finas S.A., Rovinvest S.A., 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.

Notes to the Interim Consolidated Financial Statements
(d) Staynia Holdings Limited, Cyprus

In February 2022, the liquidation of the company was decided. In June 2022, the distribution of the company's surplus assets to the Bank (its sole shareholder) was completed with an immaterial effect in the Group's income statement.

(e) ERB Istanbul Holding A.S. in liquidation, Turkey

In June 2022, the liquidation of the company was completed. The Group recognized a) € 76.3 million loss in "Other income/(expenses)", arising mainly from the recyclement of foreign currency losses of € 75.9 million, previously recorded in other comprehensive income, to the income statement and b) € 2.5 million tax expense on the liquidation proceeds.

(f) ERB Hellas Plc, United Kingdom

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

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:

	30 June 2022 € million	31 December 2021 € million
ASSETS		
Cash and balances with central banks	14,456	13,515
Due from credit institutions	1,098	2,510
Securities held for trading	94	120
Derivative financial instruments	1,880	1,949
Loans and advances to customers	40,533	38,967
Investment securities	12,777	11,316
Investments in associates and joint ventures	191	267
Property and equipment	816	815
Investment property	1,397	1,492
Intangible assets	284	269
Deferred tax assets	4,298	4,422
Other assets	2,178	2,060
Assets of disposal groups classified as held for sale	176	146
Total assets	80,178	77,848
LIABILITIES		
Due to central banks	11,604	11,663
Due to credit institutions	1,197	973
Derivative financial instruments	1,818	2,394
Due to customers	54,059	53,232
Debt securities in issue	3,102	2,554
Other liabilities	2,088	1,358
Liabilities of disposal groups classified as held for sale	64	109
Total liabilities	73,932	72,283
EQUITY		
Share capital	3,941	3,941
Reserves and retained earnings	2,211	1,528
Equity attributable to shareholders of the Bank	6,152	5,469
Non controlling interests	94	96
Total equity	6,246	5,565
Total equity and liabilities	80,178	77,848

Notes to the Interim Consolidated Financial Statements

	Six months ended 30 June	
	2022	2021
	€ million	€ million
Net interest income	700	670
Net banking fee and commission income	207	161
Income from non banking services	48	48
Net trading income/(loss)	627	(6)
Gains less losses from investment securities	(21)	50
Other income/(expenses)	291	1
Operating income	1,852	924
Operating expenses	(445)	(429)
Profit from operations before impairments, provisions and restructuring costs	1,407	495
Impairment losses relating to loans and advances to customers	(127)	(224)
Other impairment losses and provisions	(33)	(10)
Restructuring costs	(68)	(7)
Share of results of associates and joint ventures	14	6
Profit before tax	1,193	260
Income tax	(250)	(66)
Net profit	943	194
Net profit/(loss) attributable to non controlling interests	(1)	0
Net profit attributable to shareholders	944	194

As at 30 June 2022, the total assets and total liabilities of Eurobank S.A. Group are € 2 million lower and € 65 million higher than those of Eurobank Holdings Group, respectively. Hence, the total equity of Eurobank S.A. Group amounting to € 6,246 million is € 67 million lower than that of Eurobank Holdings Group mainly due to the intercompany assets and liabilities of Eurobank Holdings and its direct subsidiary with the Bank. The net profit attributable to shareholders of Eurobank S.A. Group for the period amounting to € 944 million is € 3 million higher than that of Eurobank Holdings Group mainly due to € 5 million higher operating expenses of Eurobank Holdings Group.

18. Investments in associates and joint ventures

The following is the listing of the Group's associates and joint ventures as at 30 June 2022:

Name	Country of incorporation	Line of business	Group's share
Femion Ltd	Cyprus	Special purpose investment vehicle	66.45
(Under liquidation) Tefin S.A.	Greece	Dealership of vehicles and machinery	50.00
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).

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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 on the aforementioned date, amounting to € 71.2 million and the proceeds received from the said partial disposal and (ii) the previous carrying amount of the investment in the entity under the equity method amounting to € 54.2 million, resulted in a total gain of € 32.3 million, net of the recycling of € 0.6 million foreign currency translation losses (previously recognized in other comprehensive income), that was recognised in the income statement in "Other income/(expenses)".

Post balance sheet event
Information Systems Impact S.A., Greece

In July 2022, the Bank disposed of its participation interest in Information Systems Impact S.A. to a third party for a cash consideration of € 3.9 million. The resulting gain on disposal amounted to € 1.1 million.

19. Property and equipment and Investment property

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

	30 June 2022 € million	31 December 2021 € million
Land, buildings, leasehold improvements	452	458
Furniture, equipment, motor vehicles	46	43
Computer hardware, software	96	84
Right of use of assets ⁽¹⁾	222	230
Total property and equipment	816	815
Investment Property ⁽²⁾	1,397	1,492
Total	2,213	2,307

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

⁽²⁾ In the period ended 30 June 2022, the carrying amount of investment property decreased by € 94 million, mainly due to disposals with a resulting gain of ca. € 10 million that was recognised in "Other income/(expenses)".

In the period ended 30 June 2022, the Group recognized rental income of € 46 million from investment properties in the income statement line 'income from non banking services' (30 June 2021: € 46 million).

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.

Notes to the Interim Consolidated Financial Statements
20. Other assets

	30 June 2022	31 December 2021
	€ million	€ million
Receivable from Deposit Guarantee and Investment Fund	706	706
Reposessed properties and relative prepayments	590	597
Pledged amount for a Greek sovereign risk financial guarantee	235	235
Balances under settlement ⁽¹⁾	48	18
Deferred costs and accrued income	132	104
Other guarantees	159	128
Income tax receivable ⁽²⁾	37	30
Other assets	274	247
Total	2,181	2,065

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

⁽²⁾ Includes withholding taxes, net of provisions.

As at 30 June 2022, other assets net of provisions, amounting to € 274 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities, (d) legal cases and (e) the sale of the Bank's Merchant Acquiring Business (note 13).

21. Due to central banks

	30 June 2022	31 December 2021
	€ million	€ million
Secured borrowing from ECB	11,604	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%).

As at 30 June 2022, 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.

The Group had borrowed € 11.8 billion under the TLTRO III- refinancing program, whereas the recognized cumulative benefit for the period ended 30 June 2022 from the above program amounted to € 58 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

	30 June 2022	31 December 2021
	€ million	€ million
Secured borrowing from credit institutions	230	270
Borrowings from international financial and similar institutions	665	619
Current accounts and settlement balances with banks	296	81
Interbank takings	6	3
Total	1,197	973

As at 30 June 2022, secured borrowing from credit institutions refers to transactions with foreign institutions. In addition, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

Notes to the Interim Consolidated Financial Statements
23. Due to customers

	30 June 2022	31 December 2021
	€ million	€ million
Savings and current accounts	42,374	40,601
Term deposits	11,422	12,367
Repurchase agreements	200	200
Total	53,996	53,168

For the period ended 30 June 2022, due to customers for the Greek and International operations amounted to € 37,391 million and € 16,605 million, respectively (31 December 2021: € 37,016 million and € 16,152 million, respectively).

24. Debt securities in issue

	30 June 2022	31 December 2021
	€ million	€ million
Securitisations	553	552
Subordinated notes (Tier 2)	948	948
Medium-term notes (EMTN)	1,599	1,052
Total	3,100	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 30 June 2022, amounted to € 303 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 30 June 2022, amounted to € 948 million, including € 2 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)

In June 2022, the Bank proceeded with the issue of a preferred senior debt with a nominal value of € 500 million, of which € 7 million were held by a Bank's subsidiary. The bond, which is listed in the Luxembourg Stock Exchange's Euro MTF market, matures in March 2025 and is callable at par in March 2024, offering a coupon of 4.375% per annum.

This transaction is another step towards the implementation of Eurobank's medium-term strategy to meet its MREL requirements. The proceeds from the issue will be used for Eurobank's general funding purposes.

Further information about the issue is provided in the relevant announcement published in the Bank's website on 1 June 2022.

During the period ended 30 June 2022, the Bank proceeded with the issue and the partial redemption of medium term notes of face value of € 115 million and € 6 million, respectively, which were designated for Group's customers.

Notes to the Interim Consolidated Financial Statements
25. Other liabilities

	30 June 2022	31 December 2021
	€ million	€ million
Balances under settlement ⁽¹⁾	408	374
Lease liabilities	240	248
Deferred income and accrued expenses	186	157
Other provisions	63	95
ECL allowance for credit related commitments	53	48
Standard legal staff retirement indemnity obligations	22	23
Employee termination benefits	89	64
Sovereign risk financial guarantee	35	36
Income taxes payable	26	15
Deferred tax liabilities (note 12)	28	26
Trading liabilities	764	43
Other liabilities	174	229
Total	2,088	1,358

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

As at 30 June 2022, other liabilities amounting to € 174 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes and d) acquisition obligation.

As at 30 June 2022, other provisions amounting to € 63 million (31 December 2021: € 95 million) mainly include: (a) € 28 million for outstanding litigations against the Group (note 30) and (b) € 32 million for other operational risk events, of which € 22 million is relating to the sale of former Romanian subsidiaries.

As at 30 June 2022, trading liabilities amounting to € 764 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. For the period ended 30 June 2022, the gain recognized in net trading income from the aforementioned short positions amounted to € 70 million.

For the period ended 30 June 2022, an amount of € 48 million has been recognised in the Group's income statement for employee termination benefits mainly in respect of the new Voluntary Exit Scheme (VES) that was launched by the Group in February 2022 for eligible units in Greece and offered to employees over a specific age limit. The new VES is implemented through either lump-sum payments or long-term leaves during which the employees will be receiving a percentage of a monthly salary, or a combination thereof. The estimated saving in personnel expenses amounts to € 16 million on an annual basis.

26. Share capital, share premium and treasury shares

As at 30 June 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)	-	(1)	(1)
Sale of treasury shares	-	0	0	-	1	1
Balance at 30 June 2022	816	(0)	816	8,056	(1)	8,055

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	-	(1,447,335)	(1,447,335)
Sale of treasury shares	-	1,617,986	1,617,986
Balance at 30 June 2022	3,709,161,852	(613,889)	3,708,547,963

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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 30 June 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 by the Annual General Meeting (AGM) of the shareholders of Eurobank Holdings in 2020, 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 executives' 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 30 June 2022, the share options outstanding have the following expiry dates:

Expiry date ⁽¹⁾	Share options
	30 June 2022
2022	1,659,011
2023	5,555,389
2024	4,634,321
2025	525,840
Weighted average remaining contractual life of share options outstanding at the end of the period	1.40

⁽¹⁾ Based on the earliest contractual exercise date.

In accordance with Law 4941/2022 which amended Law 3864/2010, the specific provisions with respect to the remuneration restrictions applicable to certain key executives, are in force until the end of 2022.

The terms of the aforementioned share options, along with the valuation method and the inputs used for their measurement, are presented in Note 39 of the consolidated financial statements for the year ended 31 December 2021.

Post balance sheet event

On 21 July 2022, the AGM of the shareholders of Eurobank Holdings approved, among others, the offsetting of a) the total of the account "Corporate law Reserves" amounting to € 6,919.3 million and b) part of the account "Share Premium" amounting to €6,894.4 million with accumulated losses of equivalent value amounting to €13,813.7 million, included in the account "Retained earnings/(losses)". The above offsetting does not affect the Company's own and regulatory capital and is subject to approval by the competent Supervisory Authorities.

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

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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:

	30 June 2022			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	93	-	-	93
Investment securities at FVTPL	75	15	131	221
Derivative financial instruments	1	1,871	8	1,880
Investment securities at FVOCI	4,358	242	-	4,600
Loans and advances to customers mandatorily at FVTPL	-	-	20	20
Financial assets measured at fair value	4,527	2,128	159	6,814
Derivative financial instruments	0	1,818	-	1,818
Trading liabilities	764	-	-	764
Financial liabilities measured at fair value	764	1,818	-	2,582

	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 30 June 2022.

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Reconciliation of Level 3 fair value measurements

	30 June 2022 € million
Balance at 1 January	70
Transfers into Level 3	9
Transfers out of Level 3	(1)
Additions, net of disposals and redemptions (note 18) ⁽¹⁾	74
Total gain/(loss) for the period included in profit or loss	8
Foreign exchange differences and other	(1)
Balance at 30 June	159

⁽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.

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

Notes to the Interim Consolidated Financial Statements

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:

	30 June 2022	
	Carrying amount	Fair value
	€ million	€ million
Loans and advances to customers	40,513	39,463
Investment securities at amortised cost	7,956	6,970
Financial assets not measured at fair value	48,469	46,433
Debt securities in issue	3,100	2,848
Financial liabilities not measured at fair value	3,100	2,848
	31 December 2021	
	Carrying amount	Fair value
	€ million	€ 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.

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

Notes to the Interim Consolidated Financial Statements

28. Interest Rate Benchmark reform – IBOR reform

During the first half of 2022, the Group's IBOR transition program managed successfully the transition of IBOR rates (CHF, GBP, JPY, 1W and 2M USD and EUR Libor) that ceased after 31 December 2021 to the new risk-free rates (RFRs). In particular, most of the Group's financial instruments, such as loans to customers and deposit contracts, referencing the abovementioned IBOR rates, have been successfully transitioned to the new RFRs on their first repricing date up to 30 June 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:

	30 June 2022 € million	31 December 2021 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks)	13,645	12,644
Due from credit institutions	596	505
Total	14,241	13,149

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

	30 June 2022 € million	30 June 2021 € million
Amortisation of premiums/discounts and accrued interest	54	35
(Gains)/losses from investment securities	21	(50)
Total	75	(15)

In the period ended 30 June 2022, changes in debt securities in issue arising from accrued interest and amortisation of debt issuance costs amount to € 1.3 million income (30 June 2021: € 2 million loss).

In the period ended 30 June 2022, other adjustments of € 306 million mainly include a) € 325 million gain resulting from the sale of Eurobank's merchant acquiring business to Worldline (note 13), b) € 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 on the disposal date of the retained interest in the entity as a financial asset at FVTPL (note 18) and c) € 76 million loss from the recycling of currency translation reserves due to liquidation of ERB Istanbul Holding A.S. (note 17.1).

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:

	30 June 2022 € million	31 December 2021 € million
Financial guarantee contracts	1,361	1,068
Commitments to extend credit	2,745	1,572
Other credit related commitments	892	634
Total	4,998	3,274

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 8.7 billion (31 December 2021: € 6.8 billion), including revocable loan commitments of € 3.7 billion (31 December 2021: € 3.6 billion), while the corresponding allowance for impairment losses amounts to € 53 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 30 June 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 30 June 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 4 - Capital Management

Note 13 - Disposal groups classified as held for sale

Note 18 - Investments in associates and joint ventures

Note 26 - Share capital, share premium and treasury shares

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

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

Notes to the Interim Consolidated Financial Statements

benefit of the employees of the Company, the Bank and certain other Greek entities of the Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Fund is considered to be related party to the Group.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

The outstanding balances of the transactions with (a) Fairfax group, (b) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP and (c) other related parties, as well as the relating income and expenses are as follows:

	30 June 2022			31 December 2021		
	KMP and Entities controlled or			KMP and Entities controlled or		
	Fairfax Group ⁽³⁾ € million	jointly controlled by KMP ⁽¹⁾ € million	Other Related Parties ^{(4) (5)} € million	Fairfax Group ⁽³⁾ € million	jointly controlled by KMP ⁽¹⁾ € million	Other Related Parties ⁽⁴⁾ € million
Loans and advances to customers	18.01	4.77	3.98	0.01	4.95	26.52
Other assets ⁽²⁾	-	0.18	65.06	0.37	0.19	76.04
Due to customers	2.21	20.66	77.70	0.24	21.90	80.68
Debt securities in issue	80.22	0.40	100.25	-	0.20	-
Other liabilities	-	0.48	25.10	-	0.32	40.86
Guarantees issued	-	-	4.58	-	0.01	4.65
Guarantees received	-	0.01	-	-	0.01	-
	Six months ended 30 June 2022			Six months ended 30 June 2021		
Net interest income	(0.04)	-	(1.87)	0.19	(0.01)	(1.10)
Net banking fee and commission income	-	0.05	6.38	-	0.07	6.93
Impairment losses relating to loans and advances including relative fees	(0.13)	-	(29.91)	(0.01)	-	(44.41)
Other operating income/(expenses)	4.56	(7.77)	(4.21)	0.85	(7.62)	(8.44)

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

⁽²⁾ For the period ended 30 June 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 other related parties.

⁽⁴⁾ Other related parties include associates, joint ventures and as of the first half of 2022 the aforementioned Eurobank Group's personnel occupational insurance fund. In particular, as at 30 June 2022 the outstanding balances of transactions with the Fund refer only to deposits of € 4 million received from the Fund.

⁽⁵⁾ As of 24 March 2022, the Bank ceased to have joint control over its former joint venture Grivalia Hospitality S.A. (note 18). Accordingly, as at 30 June 2022 the company is not considered to be a related party of the Group.

For the period ended 30 June 2022, there were no material transactions with the HFSF.

For the period ended 30 June 2022, an impairment of € 0.9 million (30 June 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). In addition, as at 30 June 2022, the fair value adjustment for loans to Group's associates and joint ventures measured at FVTPL amounts to € 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 € 3.48 million (30 June 2021: € 3.46 million) and long-term employee benefits of € 0.58 million (30 June 2021: € 0.55 million). Additionally, the Group has recognized € 0.35 million expense relating with equity settled share based payments (note 26). Furthermore, as at 30 June 2022, the defined benefit obligation for the KMP amounts to € 1.54 million (31 December 2021: € 1.48 million), while the respective cost for the period through the income statement amounts to € 0.06 million (30 June 2021: € 0.04 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, 5 August 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

***V. Independent Auditor's Report on Review of
Condensed Interim Financial Information
(on the Interim Financial Statements)***



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Independent Auditor's Report on Review of Condensed Interim Financial Information

To the Shareholders of
Eurobank Ergasias Services and Holdings S.A.

Report on the Review of Condensed Interim Financial Information

Introduction

We have reviewed the accompanying interim Balance Sheet of Eurobank Ergasias Services and Holdings S.A. (the "Company") as at 30 June 2022 and the related interim statements of Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended and the selected explanatory notes, which comprise the interim condensed financial information and which forms an integral part of the six-month financial report of articles 5 and 5a of Law 3556/2007. Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with the International Financial Reporting Standards adopted by the European Union and specifically with International Accounting Standard (IAS) 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, as incorporated in Greek Law, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information as at 30 June 2022 is not prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting".

Athens, 5 August 2022
KPMG Certified Auditors S.A.
A.M. SOEL 114

Harry Sirounis, Certified Auditor Accountant
A.M. SOEL 19071

VI. Interim Financial Statements for the six months ended 30 June 2022



EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

INTERIM FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
30 JUNE 2022**

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General Commercial Registry No: 000223001000

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Interim Balance Sheet

	<u>Note</u>	30 June 2022 <u>€ million</u>	31 December 2021 <u>€ million</u>
ASSETS			
Due from credit institutions		62	62
Investment securities	8	948	949
Shares in subsidiaries	9,13	4,094	4,093
Other assets	10	2	5
Total assets		5,106	5,109
LIABILITIES			
Debt securities in issue	11	948	947
Other liabilities	12	2	2
Total liabilities		950	949
EQUITY			
Share capital	13	816	816
Share premium	13	8,056	8,056
Corporate law reserves	13	6,919	6,919
Special reserves		1,004	1,004
Other reserves		1,179	1,179
Retained earnings/(losses)	13	(13,818)	(13,814)
Total equity		4,156	4,160
Total equity and liabilities		5,106	5,109

Notes on pages 5 to 12 form an integral part of these interim financial statements

Interim Statement of Comprehensive Income

	Note	Six months ended 30 June	
		2022 € million	2021 € million
Interest income		30	30
Interest expense		(30)	(30)
Net interest income/(expense)	4	(0)	(0)
Other income	5	2	2
Operating income		2	2
Operating expenses	6	(6)	(5)
Loss from operations before impairments		(4)	(3)
Impairment losses	8	(0)	5
Profit/(Loss) before tax		(4)	2
Income tax	7	(0)	-
Total comprehensive income		(4)	2

Notes on pages 5 to 12 form an integral part of these interim financial statements.

Interim Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and Retained earnings € million	Total € million
Balance at 1 January 2021 (note 2)	816	8,056	(4,769)	4,103
Net profit/(loss)	-	-	2	2
Total comprehensive income for the six months ended 30 June 2021	-	-	2	2
Balance at 30 June 2021 (note 2)	816	8,056	(4,767)	4,105
Balance at 1 January 2022	816	8,056	(4,712)	4,160
Net profit/(loss)	-	-	(4)	(4)
Total comprehensive income for the six months ended 30 June 2022	-	-	(4)	(4)
Share-based payment:				
- Value of employee services (note 13)	-	-	1	1
	-	-	1	1
Balance at 30 June 2022 ⁽¹⁾	816	8,056	(4,716)	4,156
	Note 13	Note 13		

⁽¹⁾ The changes in equity for the period ended 30 June 2022 do not sum to the totals provided due to rounding.

Notes on pages 5 to 12 form an integral part of these interim financial statements.

Interim Cash Flow Statement

	<u>Note</u>	<u>Six months ended 30 June</u>	
		<u>2022</u> <u>€ million</u>	<u>2021</u> <u>€ million</u>
Cash flows from operating activities			
Profit/(loss) before income tax		(4)	2
Adjustments for :			
Impairment losses	8	0	(5)
Depreciation and amortisation		0	0
		(4)	(3)
Changes in operating assets and liabilities			
Net (increase)/decrease in other assets		3	2
Net increase/(decrease) in other liabilities		1	(0)
		4	2
Net cash from/(used in) operating activities		(0)	(1)
Cash flows from investing activities			
Acquisition of fixed and intangible assets		(0)	-
Net cash from/(used in) investing activities		(0)	-
Net increase/(decrease) in cash and cash equivalents		(0)	(1)
Cash and cash equivalents at beginning of period		62	14
Cash and cash equivalents at end of period	14	62	13

Notes on pages 5 to 12 form an integral part of these interim financial statements.

Notes to the Interim Financial Statements

1. General information

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank) which along with its subsidiaries (Eurobank S.A. Group) comprise the major part of Eurobank Holdings Group (the Group) (note 9). The Company operates mainly in Greece and through the Bank's subsidiaries in Central and Southeastern Europe. Its main activities relate to the strategic planning of the administration of non-performing loans and the provision of services to its subsidiaries and third parties, while the Eurobank S.A. Group is active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange.

These interim financial statements were approved by the Board of Directors on 5 August 2022. The Independent Auditor's Report on Review of Condensed Interim Financial Information is included in section V of the Financial Report for the period ended 30 June 2022.

2. Basis of preparation and principal accounting policies

These interim condensed 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 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 2.1.2 of the 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 financial statements are consistent with those in the financial statements for the year ended 31 December 2021, except as described below (note 2.1).

Going concern considerations

The Company's business strategy and activities are linked to those of its banking subsidiary Eurobank S.A. In this context, the directors monitor closely the capital and liquidity position of the Bank as well as the associated risks, uncertainties and the mitigating factors affecting its operations. 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 by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation. Specifically in Greece, according to Hellenic Statistical Authority (ELSTAT), the Harmonized Index of Consumer Prices (HICP) increased by 11.6% on an annual basis in June 2022, driven by the rise in energy, food, and transportation prices, compared to 0.6% in June 2021. The Greek economy exhibited notable resilience in the first quarter of 2022, growing by 2.3% on a quarterly basis (or 7.0% on an annual basis), while the seasonally adjusted unemployment rate stood at 12.5% in May 2022 (May 2021: 15.6%). The European Commission (EC), in its summer economic forecasts (July 2022), estimates that a) the Greek economy will grow by 4% in 2022 and by 2.4% in 2023 (2021: 8.3%) and b) the inflation rate will close at 8.9% in 2022 due to increased energy and fuel costs and their secondary impact on the other sectors of the economy, before declining to 3.5% in 2023. On the fiscal front, the EC in its spring forecasts (May 2022) expects the general government to post a primary deficit of 1.9% of GDP in 2022 and a primary surplus of 1.3% of GDP in 2023 (2021: primary deficit of 5%, including a pandemic stimulus and relief package of € 16 billion and additional support measures of € 1 billion). The gross public debt-to-GDP ratio is expected to decline to 185.7% and 180.4% in 2022 and 2023 respectively (2021: 193.3%). The above forecasts may change as a result of the actual size of the support measures, the impact of inflation on economic growth, and the repercussions of the energy price hikes on public finances. For instance, recent researches refer to a 2022 GDP growth at the area of 5% or above (Moody's analytics) and for debt-to-GDP ratio at ca. 177% and 166% for 2022 and 2023 respectively (Eurobank Research debt sustainability analysis).

In Bulgaria, according to the EC's summer forecasts (July 2022), the real GDP is expected to grow by 2.8% in 2022 and by 2.3% in 2023 (2021: 4.2%), while the HICP is set to accelerate to 12.5% in 2022 and then settle at 6.8% in 2023 (2021: 2.8%). Respectively, in Cyprus the real GDP growth is forecasted at 3.2% in 2022 and 2.1% in 2023 (2021: 5.5%), while the HICP is estimated at 7% in

Notes to the Interim Financial Statements

2022 and 3.3% in 2023 (2021: 2.3%). Regarding Serbia, the EC, in its spring forecasts, expects GDP to expand by 3.4% in 2022 and 3.1% in 2023 (2021: 7.4%), while the forecast for the inflation is at 8.5% in 2022 and 4.6% in 2023 (2021:4%).

A significant boost to growth is expected in Greece and in other countries of presence from the European Union (EU) funding mainly under the EC's Next Generation EU (NGEU) and the EU's Multiannual Financial Framework (MFF). Greece shall receive EU funds of more than € 30.5 billion (€ 17.8 billion in grants and € 12.7 billion in loans) up to 2026 from the Recovery and Resilience Facility (RRF) to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP) titled "Greece 2.0". A pre-financing of € 4 billion was disbursed in August 2021, and the first regular payment of € 3.6 billion in April 2022. Greece has been also allocated about € 40 billion through EU's MFF 2021-2027. On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (PEPP) ended in March 2022, as scheduled, the European Central Bank (ECB) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (GGBs) over and above rollovers of redemptions. Furthermore, on 21 July 2022 the Governing Council of ECB, in line with its strong commitment to its price stability mandate, decided to raise the three key ECB interest rates by 50 basis points and approved a new instrument (Transmission Protection Instrument – TPI) aimed at preventing fragmentation in the sovereign bonds market.

This year, the Greek State, through the Public Debt Management Agency (PDMA), issued a 10-year bond of € 3 billion at a yield of 1.836% on 19 January 2022, a bond of € 1.5 billion with 5 years to maturity (reopening of an older 7-year bond) at a yield of 2.366% on 17 April 2022, two bonds of € 0.25 billion and € 0.15 billion with 15- and 20 years to maturity (reopening of older 20- and 25-year bonds) at yields of 3.51% and 3.56%, respectively on 30 May 2022, and a 10-year bond of € 0.5 billion (reopening of the bond issued on 19 January) at a yield of 3.67% on 11 July 2022. As of early June 2022, the cash reserves of the Greek State stood at nearly € 40 billion, and its sovereign rating was one notch below investment grade by two of the four major rating agencies accepted by the ECB (DBRS Morningstar: BB (high), S&P Ratings: BB+).

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing Russian - Ukraine war, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation of the disruptions in the global supply chain, which have been exacerbated by the war in Ukraine, the mobility restriction measures in China and the imbalances in the production process in many industries due to the Covid-19 outbreak, (c) a prolongation and/or exacerbation of the ongoing inflationary wave, especially in the energy and food sectors, and its impact on economic growth, employment, public finances, household budgets, firms' production costs, external trade and banks' asset quality, (d) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs and lead economies to slow down or recession, (e) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy prices and living costs, and their impact on the long-term sustainability of the country's public debt, (f) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (g) the prospect of the so-called "twin deficits" (i.e. fiscal and current account deficit) becoming more structural, although currently they appear to be more a repercussion of the pandemic and the energy crisis, (h) the evolution of the Covid-19 pandemic and its repercussions at a national and worldwide scale, and the probability of emergence of new Covid-19 variants that could further impact economic growth, fiscal balance and international trade, (i) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (j) the implementation of the structural reforms and privatizations' agenda in order also to meet the RRF targets and milestones, (k) the geopolitical developments in the near region, and (l) the exacerbation of natural disasters due to the climate change and their effect on GDP, employment and fiscal balance.

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

In the first half of 2022, at group level, the net profit attributable to shareholders amounted to € 941 million (first half of 2021: € 190 million), of which € 96 million (first half of 2021: € 73 million) was related to the international operations. The adjusted net

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profit, excluding the € 230.5 million gain (after tax) on sale of Bank's merchant acquiring business and the € 50 million restructuring costs (after tax), amounted to € 760 million (first half of 2021: € 195 million). The net loss for the Company equals to € 4 million (first half of 2021: € 2 million profit). As at 30 June 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 17.2% (31 December 2021: 16.1%) and 14.7% (31 December 2021: 13.7%) respectively (note 4 of the interim consolidated financial statements of Eurobank Holdings). With regards to asset quality, the Group's NPE stock, following the classification of project "Solar" underlying loan portfolio as held for sale, amounted to € 2.5 billion at 30 June 2022 (31 December 2021: € 2.8 billion), driving the NPE ratio to 5.9% (31 December 2021: 6.8%), while the NPE coverage ratio stood at 71.5% (31 December 2021: 69.2%). In accordance with the business plan for the period 2022-2024, the Group's NPE ratio is expected at 5.8% at the end of 2022 and to decline below 5% in 2024 (note 15 of the interim consolidated financial statements of Eurobank Holdings).

In terms of liquidity, as at 30 June 2022, the Group deposits increased to € 54 billion (31 December 2021: € 53.2 billion), leading the Group's (net) loans to deposits (L/D) ratio to 75% (31 December 2021: 73.2%), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme amounted to € 11.6 billion (31 December 2021: € 11.7 billion) (note 21 of the interim consolidated financial statements of Eurobank Holdings). During the period, the Bank proceeded with the issuance of a preferred senior note (MREL-eligible) of € 500 million (note 24 of the interim consolidated financial statements of Eurobank Holdings). As at 30 June 2022, the Bank's MREL ratio at consolidated level stands at 20.7% of RWAs, higher than the interim binding MREL target for 2022 of 17.8% but also than the interim non-binding MREL target from 1 January 2023 of 20.5%. The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 174% (31 December 2021: 152%). In the context of the 2022 ILAAP (Internal Liquidity Adequacy Assessment Process), the liquidity stress tests results indicate that the Bank has adequate liquidity buffer to cover the potential outflows that could occur in all scenarios both in the short term (1 month horizon) and in the medium term (1 year horizon).

Going 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 this and 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 Company can be prepared on a going concern basis.

2.1 New and amended standards and interpretations adopted by the Company

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 Company'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 financial statements.

Annual improvement to IFRSs 2018-2020 cycle: IFRS 1, IFRS 9 and IFRS 16

The improvements introduce changes to several standards. The amendments that are relevant to the Company'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 elected to measure their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported in the parent's consolidated financial statements. This amendment also applies to associates and joint ventures that have taken the same IFRS 1 exemption.

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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 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 financial statements.

3. Significant accounting estimates and judgments in applying accounting policies

In preparing these interim financial statements, the significant estimates, judgments and assumptions made by Management in applying the Company’s accounting policies and the key sources of estimation uncertainty are the same as those applied in the 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 7, 8 and 11.

4. Net interest income

	30 June 2022 € million	30 June 2021 € million
Interest income		
Securities	<u>30</u>	<u>30</u>
	30	30
Interest expense		
Debt securities in issue	<u>(30)</u>	<u>(30)</u>
	(30)	(30)
Total	<u>(0)</u>	<u>(0)</u>

The interest expense that was recognised in the income statement relates to the TIER 2 capital instruments issued by the Company, while the interest income of a similar amount relates to the subordinated TIER 2 note issued by Eurobank S.A. and held by the Company.

5. Other income

In the period ended 30 June 2022, other income, amounting to € 2 million (30 June 2021: € 2 million), consist of € 0.9 million income from IT services (30 June 2021: € 0.8 million) and € 0.8 million income regarding loan portfolio’s related services provided to the Bank (30 June 2021: € 0.7 million).

6. Operating expenses

In the period ended 30 June 2022, the operating expenses of € 6 million (30 June 2021: 5 million) mainly consist of: a) € 2.1 million staff cost (30 June 2021: € 1.6 million) and b) € 3.2 million other administrative expenses (30 June 2021: € 2.8 million). Administrative expenses include € 2.3 million (30 June 2021: € 2 million) insurance premiums relating to the Group’s financial lines insurance, including protection for professional liability.

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7. Income tax

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

Based on the management's assessment the Company is not expected to have sufficient future taxable profits against which the unused tax losses can be utilized and accordingly, in the period ended 30 June 2022, no deferred tax has been recognized in the income statement.

Tax certificate and 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 will continue to obtain such certificate.

The tax certificates, which have been obtained by the Company are unqualified for the open tax years 2017-2020, while for the year ended 31 December 2021, the tax audit from external auditor is in progress.

In accordance with the Greek tax legislation and the respective Ministerial Decisions issued, additional taxes and penalties may be imposed by the Greek tax authorities following a tax audit within the applicable statute of limitations (i.e. 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 June 2022, the tax audit of the Company by the tax authorities for the tax year 2016 was completed.

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

8. Investment securities

As at 30 June 2022, the carrying amount of the subordinated instrument held by the Company and categorised as at amortised cost, amounted to € 948 million (31 December 2021: € 949 million), including accrued interest of € 0.2 million and impairment allowance of € 2.1 million (31 December 2021: € 1.5 million) (12-month ECL). In particular, in the period ended 30 June 2022, the Company recognised in the income statement € 0.6 million loss, in relation to impairment allowance (30 June 2021: € 5.4 million gain). The fair value of the said security was determined based on quotes for the related Tier 2 instrument (note 11) and amounted to € 817 million (31 December 2021: € 974 million).

9. Shares in subsidiaries

The following is a listing of the Company's subsidiaries held directly as at 30 June 2022:

<u>Name</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

10. Other assets

As at 30 June 2022, other assets amounting to € 2 million (31 December 2021: € 5 million) primarily consist of (a) € 0.2 million (31 December 2021: € 1.9 million) prepaid expenses mainly for insurance premiums, (b) € 0.6 million (31 December 2021: € 1 million) receivables for IT services provided to the Group companies and third parties, (c) € 1.4 million receivable from withholding taxes (31 December 2021: € 1.4 million) and d) € 0.1 million in relation to property and equipment and intangible assets (31 December 2021: € 0.07 million).

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11. Debt securities in issue

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias 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 carrying amount of 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 30 June 2022, amounted to € 948 million (31 December 2021: € 947 million), including € 2.4 million unamortized issuance costs and € 0.2 million accrued interest. Their fair value, which was determined by using quotes for identical financial instruments in non-active markets, amounted to € 817 million (31 December 2021: € 974 million).

12. Other liabilities

As at 30 June 2022, other liabilities amounting to € 2 million (31 December 2021: € 2 million) primarily consist of a) € 1.3 million (31 December 2021: € 0.6 million) accrued expenses, b) € 0.6 million (31 December 2021: € 0.9 million) current payables to suppliers and c) € 0.2 million (31 December 2021: € 0.2 million) Standard legal staff retirement indemnity obligations.

13. Share capital and share premium

As at 30 June 2022, the par value of the Company's shares is € 0.22 per share (2021: € 0.22). All shares are fully paid. Share capital, share premium and number of shares are as follows:

	Share capital € million	Share premium € million	Number of issued shares
Balance at 30 June 2022	816	8,056	3,709,161,852

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.

Share options

Under the share options' plan approved by the Annual General Meeting (AGM) of the shareholders of Eurobank Holdings in 2020, 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 executives' 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.

The share options granted by the Company to executives of Group entities during the year 2021 are treated as a contribution by the Company to the Bank, being their parent entity, thus increasing the investment cost of the Company in the latter. Accordingly, in the period ended 30 June 2022, the investment cost of the Company in the Bank increased by € 1.2 million, with a corresponding increase in the Company's equity.

As at 30 June 2022, the share options outstanding have the following expiry dates:

Expiry date ⁽¹⁾	Share options 30 June 2022
2022	1,659,011
2023	5,555,389
2024	4,634,321
2025	525,840
Weighted average remaining contractual life of share options outstanding at the end of the period	1.40

⁽¹⁾ Based on the earliest contractual exercise date.

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In accordance with Law 4941/2022 which amended Law 3864/2010, the specific provisions with respect to the remuneration restrictions applicable to certain key executives, are in force until the end of 2022.

The terms of the aforementioned share options, along with the valuation method and the inputs used for their measurement, are presented in Note 18 of the financial statements for the year ended 31 December 2021.

Post balance sheet event

On 21 July 2022, the AGM of the shareholders of Eurobank Holdings approved, among others, the offsetting of a) the total of the account “Corporate law Reserves” amounting to € 6,919.3 million and b) part of the account “Share Premium” amounting to € 6,894.4 million with accumulated losses of equivalent value amounting to € 13,813.7 million, included in the account “Retained earnings/(losses)”. The above offsetting does not affect the Company’s own and regulatory capital and is subject to approval by the competent Supervisory Authorities.

14. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents with original maturities of three months or less, as at 30 June 2022, amount to € 62 million (31 December 2021: € 62 million) and refer to deposits that are placed with the Bank.

15. 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 13- Share capital and share premium

16. Related parties

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (note 1). The Board of Directors (BoD) of Eurobank Holdings is the same as the BoD of the Bank and part of the key management personnel (KMP) of the Bank provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities. As at 30 June 2022, the percentage of the Company’s ordinary shares with voting rights held by the Hellenic Financial Stability Fund (HFSF) stands at 1.40%. The HFSF is considered to have significant influence over the Company pursuant to the provisions of the Law 3864/2010, as in force and the Tripartite Relationship Framework Agreement (TRFA) between the Bank, the Company and the HFSF signed on 23 March 2020 and amended on 3 February 2022. 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 30 June 2022 (31 December 2021: 33%), is considered to have significant influence over the Company.

In January 2022, an occupational insurance fund (“Institution for occupational retirement provision-occupational insurance fund Eurobank’s Group personnel” henceforth “the Fund”) was established as a not-for-profit legal entity under Law 4680/2020, for the benefit of the employees of the Company, the Bank and certain other Greek entities of the Group, which constitute the sponsoring employers of the Fund. Accordingly, in line with IAS 24 Related Parties, the Fund is considered to be related party to the Company. For the period ended 30 June 2022, the Company had no related party transactions with the Fund.

A number of transactions are entered into with related parties in the normal course of business and are conducted on an arm’s length basis. The outstanding balances of the transactions with the Company’s subsidiaries are as follows:

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	30 June 2022	31 December 2021
	Subsidiaries ⁽¹⁾	Subsidiaries ⁽¹⁾
	€ million	€ million
Due from credit institutions	61.65	62.39
Investment securities	948.07	948.63
Other assets	0.30	1.01
Other liabilities	0.58	0.29
	Six months ended	Six months ended
	30 June 2022	30 June 2021
Net interest income	30.45	30.44
Other operating income/(expense)	1.03	0.83
Impairment losses	(0.56)	5.36

⁽¹⁾ The expenses in relation to KMP services provided by the Company's subsidiary Eurobank S.A. are included in Key management compensation disclosed below.

As at 30 June 2022, the Company has no material outstanding balances for transactions with Fairfax group (31 December 2021: € 0.33 million receivables related to financial consulting services). In addition, for the period ended 30 June 2022 the Company has recognized operating expenses of € 0.07 million (30 June 2021: € 0.09 million) related to the Group's associate Eurolife FFH Insurance Group Holdings S.A., which is also a member of Fairfax Group.

Key management compensation

In the period ended 30 June 2022, the Company recognized Key management compensation amounting to € 0.1 million that is referring mainly to KMP services provided by Eurobank S.A. in accordance with the relevant agreement (30 June 2021: € 0.1 million).

17. 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, 5 August 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