EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED

31 DECEMBER 2021

According to
Article 4 of the Law 3556/2007

Table of Contents

I. Statements of the members of the Board of Directors (according to the article 4, par. 2 of l. 3556/2007)

Statements of Members of the Board of Directors
(according to the article 4 par. 2 of the Law 3556/2007)

We declare that to the best of our knowledge:

- the annual financial statements for the year ended 31 December 2021, which have been prepared in accordance with the applicable accounting standards, present fairly the assets, liabilities, equity and annual results of Eurobank Ergasias Services and Holdings S.A. and the companies included in the consolidation, and

- the annual report of the Board of Directors presents fairly the development, the performance and the position of the Eurobank Ergasias Services and Holdings S.A and of the companies included in the consolidation, including the description of the main risks and uncertainties they face.

Athens, 5 April 2022

Georgios P. Zanias	**Fokion C. Karavias**	**Konstantinos V. Vassiliou**
I.D. No AI – 414343	I.D. No AI - 677962	I.D. No AI - 576967
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	DEPUTY CHIEF EXECUTIVE OFFICER

II. Report of the Directors and Corporate Governance Statement

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 31 December 2021.

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 Outlook[1]

2021 was a year of strong recovery, as the economy in Greece and the other countries, in which the Company and its subsidiaries (the Group) have a substantial presence, reclaimed most of its pandemic-inflicted losses. The Group has outperformed on all of the key targets for 2021 in terms of core profitability, asset quality and capital adequacy, while at the same time it handled successfully the persistent challenges related to Covid-19 pandemic, ensuring its uninterrupted operation and the employees' safety.

As at 31 December 2021 total assets increased by €10.2bn to €77.9bn (Dec. 2020: €67.7bn) with gross customer loans amounting to €40.8bn (Dec. 2020: €40.9bn) and investment securities reaching €11.3bn (Dec. 2020: €8.4bn). Out of the total loan portfolio, €26.5bn has been originated from Greek operations (Dec. 2020: €29.3bn), €9.2bn from international operations (Dec. 2020: €8.1bn) and €5.1bn refer to senior and mezzanine notes of the Pillar, Cairo and Mexico securitizations (Dec. 2020: €3.5bn). Business (wholesale and small business) loans stood at €22.4bn (Dec. 2020: €22.3bn) and accounted for 55% of total Group loans, while loans to households, mainly due to the derecognition of a mixed portfolio consisting primarily of NPE (project "Mexico"), decreased by €1.8bn to €13.3bn (Dec. 2020: €15.1bn), of which 76% is the mortgage portfolio and the rest are consumer loans. Group deposits reached €53.2bn (Dec. 2020: €47.3bn) with deposits from Greek operations increasing by €2.8bn to €37bn (Dec. 2020: €34.2bn), while international operations added €3.1bn totalling €16.2bn (Dec. 2020: €13.1bn). As a result, the (net) loan–to–deposit (L/D) ratio further improved to 73.2% for the Group (Dec. 2020: 79.1%) and to 80.1% for Greek operations (Dec. 2020: 86.6%). Furthermore, the borrowing from ECB's TLTROs amounted to €11.7bn (Dec. 2020: €8.0bn) (note 31 of the consolidated financial statements), while during the year, the Group returned to international capital markets with the Bank's issuance of two (MREL-eligible) senior preferred bonds of €500m each in April and September respectively (notes 4 and 34 of the consolidated financial statements). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 152% (31 December 2020: 124%).

The pre-provision Income (PPI) decreased to €1,024m or €1,028m excluding the €5m derecognition loss on "Mexico" loans (2020: €1,531[2]m or €1,303[2]m excluding the €218[2]m gain on disposal of Financial Planning Services S.A. (FPS) and €9m derecognition gain on "Cairo" loans), while the core pre-provision income (Core PPI) increased by 4.1% year-on-year to €900m (2020: €865m). Net interest income (NII) receded by 2.1% to €1,321m (2020: €1,349m), carrying the negative effect from the lower income from NPE, and bonds and the decline in business loan spreads which are partially offset by the benefit from ECB's TLTROs facilities. Net interest margin (NIM) stood at 1.84% (2020: 2.03%) with the fourth quarter reaching 1.70%. Fees and commissions expanded by 19% to €456m (2020: €384m) mainly due to the increased fees from network, asset under management and lending activities as well as the higher rental income from investment properties. Trading and other activities recorded net income of €123m (2020: €667[2]m income, including the gain on disposal of FPS), of which a) €94m gains from investment bonds at FVOCI, net of hedging effect, b) €32m gain from changes in fair value in investment properties, and c) €5m derecognition loss on "Mexico" loans. Operating expenses increased at a Group level to €876m (2020: €869m) and in Greece remained stable to €643m (2020: €643m), as the lower staff costs were offset mainly by the increased IT & communication expenses. The cost to income (C/I) ratio for the Group reached 46% (2020: 40%), while the international operations C/I ratio stood at 47.5% (2020: 47.6%).

As at 31 December 2021, following the completion of the project "Mexico" (sale of 95% mezzanine and junior "Mexico" securitization notes) and the subsequent derecognition of the underlying securitized loan portfolio of €3.1bn (consisting primarily of NPE) in combination with other actions, the Group's NPE were reduced to €2.8bn (31 December 2020: €5.7bn) driving the NPE ratio to 6.8% (31 December 2020: 14%), while the NPE coverage ratio amounted to 69.2% (31 December 2020: 61.8%). During the year, the NPE formation was positive by €44m (fourth quarter: €41m positive), (2020: €94m negative). The loan provisions (charge) reached €490m or €418m excluding the impairment loss of €72m on project "Mexico" and corresponded to 1.11% of average net loans (2020: €2,081m or €572m, excluding the impairment loss of €1,509m on project "Cairo", corresponded to 1.52% of average net loans).

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

[2] The comparative information has been restated due to change in accounting policy following the IFRIC agenda decision for attributing benefit to periods of service (IAS 19).

Furthermore, the Group recognised in 2021 other impairment losses, restructuring costs and provisions amounting to €77m (2020: €350[2]m), of which a) €17m impairment and valuation losses on real estate properties, b) €31m impairment losses on software and provisions for litigations and other operational risk events, c) €10m cost for Voluntary Exit Schemes (VES) and related costs, d) €4m impairment losses on investment bonds mainly attributable to purchase transactions, and e) €15m restructuring costs mainly related to the Bank's transformation plan and the merger of Eurobank a.d. Beograd with Direktna Banka a.d. Finally, in February 2022, Eurobank decided to launch a new VES for eligible units in Greece, which will be offered to employees over a specific age limit. The estimated cost of the new VES amounts to ca. €41m (note 35 of the consolidated financial statements).

Profit or Loss

Overall, in 2021, the profit attributable to shareholders amounted to €328m (2020: €1,215[2]m loss, including the loss of the Cairo transaction of €1,502m, the gain (after tax) of FPS disposal of €173m, the write-down of DTA by €160m, the goodwill impairment of €160m and the restructuring costs (after tax) of €104[2]m), as set out in the consolidated income statement on page 2. The adjusted net profit, excluding the loss of the Mexico transaction of €77m and the restructuring costs (after tax) of €19m amounted to €424m (2020: €538[2]m) for the Group, of which €148m (2020: €128m) was related to international business.

Going forward, the Group, amid widespread uncertainties in macroeconomic environment posed by the geopolitical upheaval, pursues its objectives set out in the plan for the period 2022-2024, which includes the further increasing its profitability, aiming at the achievement of 10% Return on Tangible Book Value (RoTBV), solid organic capital generation and the initiation of dividend distribution out of 2022 earnings, subject to regulatory approval, mainly through the following initiatives and actions:

a) Further balance sheet clean-up leading to a NPE ratio of 5.8% in 2022 and 4.8% in 2024,
b) Cost of risk decline following the material decrease of NPEs,
c) Completion in the first half of 2022 of the binding agreement with Worldline B.V. for the sale of Eurobank's merchant acquiring business,
d) 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,
e) Organic increase of Group's performing loans mainly through accelerating new lending of viable and cooperative clients both in Greece and abroad,
f) Address surplus liquidity cost through funding cost rationalisation,
g) Initiatives for pursuing further operating efficiency, cost containment and proceeding with further simplification and digitalisation in Greece and abroad,
h) Major transformation initiatives introduced in the context of the Group's transformation plan "Eurobank 2030",
i) 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.

Recent geopolitical risks and the derivative inflationary pressures, mainly related with energy prices and agrofood, 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. It is early to quantify the impact of the current crisis on the economy and Business Plan, after a year of impressive recovery and being ready to embark on a cycle of sustained growth. However, 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 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 31 December 2021, following the successful completion of projects "Mexico" and "Wave" I & II, the Group's Total Regulatory Capital amounted to €6.4bn (31 Dec 2020: €6.6bn) and accounted for 16.1% (total CAD) of Risk Weighted Assets (RWA) (Dec. 2020: 16.3%), compared to the CAD Overall Capital Requirements (OCR) ratio of 14.06%[3]. Respectively, the Common Equity Tier 1 (CET1) stood at 13.7% of RWA (Dec. 2020: 13.9%) compared to CET1 OCR ratio of 9.25%[3]. At the same date, the fully loaded CET 1 ratio (based on the full implementation of the Basel III rules in 2025) would be 12.7% (Dec. 2020: 12.0%). Pro-forma with the completion of the sale of Eurobank's merchant acquiring business (project "Triangle"), the total CAD and CET1 ratios would be 16.8% and 14.5% respectively.

[3] The 'Overall capital requirement (OCR)' is the sum of the total SREP capital requirement (TSCR) and the combined capital buffer requirement.

According to 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 Requirements or OCR) including Combined Buffer Requirement of 3.31%.

In response to the covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised institutions can continue to fulfil their role in funding the real economy. Specifically, 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 until at least the end of 2022. Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital, (i.e. Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirements (P2R). On 10 February 2022, the ECB announced that banks are expected to operate above the level of capital defined by their Pillar 2 Guidance from 1 January 2023.

In October 2021 as part of EU's Banking Package for 2021, the European Commission (EC) adopted legislative proposals to amend a) Regulation 575/2013 (CRR) aiming to implement the Basel IV reform in the EU and b) Directive 2013/36/EU (CRD IV) introducing, among others, explicit rules on the management of Environmental Social and Governance (ESG) risks. The Group will monitor developments on the aforementioned proposals until their expected adoption by the European Parliament and the Council of the EU (note 4 of the consolidated financial statements).

Pursuant to the Regulation (EU) No 575/2013 (CRR), the deferred tax assets (DTAs) that rely on future profitability and exceed certain limits shall be deducted in the calculation of the CET1 capital. This deduction should be applied gradually by 2025. The enactment of the article 27A of Law 4172/2013, as in force, provided for the Greek credit institutions that the eligible DTAs are accounted on a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (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 and can be converted into directly enforceable claims (tax credits) against the Greek State, provided that the Bank's after tax accounting result for the period is a loss. This legislative provision enabled the Greek credit institutions, including the Bank, not to deduct the eligible DTAs from CET1 capital but recognise them as a 100% weighted asset, with a positive effect on the capital position. As at 31 December 2021, the Bank's eligible DTAs for conversion to tax credits amounted to €3,547m (Dec.2020: €3,691m) (note 13 to the consolidated financial statements).

A potential change in the regulatory treatment of eligible DTAs as tax credits may have an adverse effect in the Group's capital position.

<u>Synthetic Securitization transactions ("Wave" I & II)</u>
In December 2021, Eurobank announced the successful completion of two Synthetic Securitization transactions of performing SME and Large Corporate loans' portfolio (Projects "Wave" I & II), which resulted in a total risk weighted assets release of ca. €1.1bn. As at 31 December 2021, the Wave transactions, that were performed in the context of the Group's initiatives for the optimization of its regulatory capital, resulted in a capital benefit of 40 bps (note 20 of the consolidated financial statements).

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

Eurobank's merchant acquiring unit is a leading acquirer in the Greek market with 21% share of transaction volumes processed in Greece. It currently employs ca.40 employees and manages payments for 123,000 physical and online merchants with over €7bn value of transactions. The agreement values 100% of PayCo at €320m, subject to customary adjustments as of the date of completion of the Transaction. The transaction also entails an additional conditional payment, referral fees from PayCo and customary minority protection rights.

Following the above, as at 31 December 2021, Eurobank Merchant Acquiring business, has been classified as held for sale. Consequently, the associated assets with a carrying amount of €28m (mainly relating to due from banks) and the associated liabilities with a carrying amount of €37m (mainly relating to credit card transactions under settlement), have been classified as held for sale. The Transaction is expected to be completed by the second quarter of 2022, subject to obtaining the relevant regulatory approvals and to contribute ca. 80 bps to the Group's CET I ratio.

2021 Eurobank Stress Test Results
On 30 July 2021, the Company announced that Eurobank Holdings Group successfully completed the 2021 SSM Stress Test (ST), which was coordinated and conducted by the European Central Bank (ECB). Under the adverse scenario, as at the end of

2023, the capital depletion in terms of the Fully Loaded (FL) CET1 ratio amounts to 433 bps and the CET1 ratio stands at 8% on a transitional basis.

The Group's performance in the ST confirmed its resilience and ability to withstand a significant downturn, especially under the severe assumptions of the adverse scenario. In addition, the results of ST will be used to determine the Pillar 2 capital recommendation ("Guidance") in the context of the SREP (note 4 of the consolidated financial statements).

Project "Mexico" – loans' derecognition

In line with the regulatory framework and Single Supervisory Mechanism (SSM) requirements for the non-performing loans (NPE) management, the Group contemplated another significant NPE securitization transaction (project "Mexico") in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. The project ''Mexico'' represents the continuation of the Group's NPE reduction plan that was successfully completed in 2020, where NPE are transferred to Eurobank Holdings (parent company), the group company responsible for the overall management and supervision of the Group's NPE. The Group included project ''Mexico'' under the Hellenic Asset Protection Scheme (HAPS) thus became entitled to the Greek State's guarantee which was subject to the accounting derecognition of the underlying loan portfolio from the Group's balance sheet.

In particular, in May 2021, the Bank, through its special purpose financing vehicle 'Mexico Finance Designated Activity Company' (SPV), issued senior (Class A), mezzanine (Class B) and junior (Class C) notes of total nominal amount of ca. €5.2bn, via a securitization of a mixed portfolio comprising primarily NPE of total principle amount due of ca. €5.2bn and gross carrying amount of ca. €3.2bn, which were fully retained by the Bank. The control of the SPV resides with the majority holder of the Class B notes. Accordingly, the Group, being the sole holder of the issued notes, controlled the SPV and the related real estate company 'Mexico Estate Single Member S.A.', and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of the portfolio's ownership.

On 1 June 2021, the General Shareholders' Meeting of the Bank (GM), following the relevant decision of its Board of Directors (BoD), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to its parent company through the decrease in kind of the Bank's share capital. The aforementioned GM's approval for the Bank's share capital reduction and the relevant amendment of its articles of association were subject to the regulator's approval. In August 2021, the Bank was granted the required regulatory approval by the European Central Bank (ECB) and the relevant amendments of its articles of association were subsequently approved by the Ministry of Developments and Investments and registered to the General Electronic Commercial Registry (G.E.MI.).

In August 2021, a commitment letter was signed between Eurobank Holdings, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitization that were distributed to Eurobank Holdings, subject to the fulfilment of certain conditions, including the settlement of the mezzanine and junior notes' distribution from the Bank to Eurobank Holdings, that was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval by the SSM for the significant risk transfer of the underlying loan portfolio that were received in December 2021.

In September 2021, the BoD of Eurobank Holdings approved to proceed with the sale of 95% of the mezzanine and junior notes of Mexico securitization and the ongoing servicing of the portfolio by doValue Group. The aforementioned BoD decision clearly demonstrated Management's commitment to a specific plan for the notes' disposal as a last step of the project 'Mexico' and eventually to the underlying loan portfolio's de-recognition from the Group's balance sheet. Accordingly, as at 30 September 2021, the Group proceeded with the re-measurement of the portfolio's expected credit losses, considering the estimated date for the Mexico loan portfolio's derecognition from its balance sheet, in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of €72m in the third quarter of 2021. The impairment loss was calculated by reference to the sale price of the mezzanine and junior notes. Furthermore, the Group classified as held for sale assets the underlying loan portfolio of carrying amount €1,514m, comprising loans with gross carrying amount of €3,046m which carried an impairment allowance of €1,532m after the recognition of the aforementioned impairment loss, the related securitization's receivables and payables of €69m and €31m respectively, and the impairment allowance of the letters of guarantee of €1m included in the underlying portfolio.

The transaction with doValue Group for the sale of the 95% of the mezzanine and junior notes retained by Eurobank Holdings was concluded in December 2021, after the fulfilment of all conditions and having received all appropriate approvals. As a result of the aforementioned sale, the Group ceased to control the SPV as well as the related real estate company and derecognized the underlying loan portfolio from its balance sheet, on the basis that it transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the securitized loans, which resides with the majority stake of Class B noteholders. In addition, the Group recognized the retained notes on its balance sheet i.e. 100% of the senior and 5% of the mezzanine and junior notes. The derecognition of the underlying loan portfolio from the Group's balance sheet resulted in a derecognition loss of € 5 million, which is presented in 'other income / expenses' (note 20.1 of the consolidated financial statements).

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 337 branches and business centres.

On 1 July 2021, Eurobank S.A. announced that it has concluded an agreement with the shareholders and principals of Direktna Banka a.d. Kragujevac ("Direktna"), for the merger of Direktna with Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") (the "Transaction"), with absorption of Direktna by Eurobank Serbia. In December 2021, the Transaction was concluded, following the receipt of the relevant customary approvals by the competent regulatory and supervisory authorities. Following the completion of the transaction Eurobank controls 70% of the combined bank, while Direktna's shareholders own the remaining 30%. Part of the Transaction was the dividend distribution and capital return to Eurobank Group of ca €232m, after tax, in total. The combined bank "Eurobank Direktna a.d." becomes the seventh largest in Serbia with a strong capital and liquidity position and a market share of 6.5% in customer loans. The Transaction is in line with Eurobank's strategy to further strengthen its position in the countries where the Group maintains a presence and grow further with targeted acquisitions and friendly mergers (note 23.2 of the consolidated financial statements).

On 23 July 2021, Eurobank S.A. announced the acquisition of a 9.9% holding in Hellenic Bank Public Company Limited ("Hellenic Bank") and the entering into a share purchase agreement with Third Point Hellenic Recovery Fund L.P. for the acquisition of an additional 2.7%, which was completed on 28 December 2021 following the receipt of the relevant regulatory approvals. Hellenic Bank is one of the largest financial institutions in Cyprus, active in personal, business and international banking. The above investment is aligned with the overall strategy of the Group to further strengthen its presence in all key markets in which retains a strategic interest (note 22 of the consolidated financial statements).

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 its policies, methods and infrastructure, in order to ensure compliance with the requirements of the European Central Bank (ECB) and of the Single Resolution Board (SRB), the guidelines of the European Banking Authority (EBA) and the Basel Committee for Banking Supervision and the best international banking practices. The Group implements a well-structured credit approval process, independent credit reviews and effective risk management policies for 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 mainly annually.

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.

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. In this content, the Bank recognizing climate change risk 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.

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 and 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), Climate Risk Division and the Risk Analytics Division.

As part of its overall system of internal controls, Eurobank Ergasias Services and Holdings SA 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 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. Moreover, GCCS regularly reviews the adequacy of provisions of all loan portfolios. 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).

<u>Market Risk</u>
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 Sector 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. Information from International operations is also presented separately, as it originates from different economic environments with different risk characteristics. 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 prepared in 2021 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.

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

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

The Bank is establishing an effective oversight of climate related & environmental (CR&E) risks with the design and approval of a governance structure on the process for the allocation of roles and responsibilities with regard to climate risk management (both for transition risk and physical risk) across its three lines of defense (i.e. Corporate, Retail, Risk, Compliance, Internal audit functions).

In that context, in line with the Bank's approved governance structure, a dedicated Climate Risk Division for the integration of CR&E risks into the Bank's risk management framework has been established. The Climate Risk Division will operate as Project office for the implementation of the Climate related and Environmental risks roadmap, with a coordinating and supervisory role on all related project streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations. Moreover, in 2021, Eurobank established a bank-wide program, aiming to integrate Environmental Social Governance ('ESG') and climate risks, including Taxonomy related considerations in the organization's strategy, risk management procedures, products/ financings and operating model.

In January 2022, the European Central Bank (ECB) launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise will be conducted in the first half of 2022 after which the ECB will publish aggregate results (note 4 to the consolidated financial statements).

Eurobank is adopting a strategic approach towards sustainability and 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.

Eurobank applies the elements of the Three Lines Model for the management of all types of risk.

a) 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.
b) Line 2 - Monitor risk and controls in support of Executive Management, providing oversight, challenge, advice and group-wide direction. Risk and Compliance are the basic Units of Line 2,
c) Line 3 - Provide independent assurance to the Board and Executive Management concerning the effectiveness of risk and control management. This refers to Internal Audit.

Further information on the Group's financial risk management objectives and policies, including the policy for hedging each major type of transaction for which hedge accounting is used is set out in the notes 2, 5 and 22 to the consolidated financial statements for the year ended 31 December 2021.

Non Performing Exposures (NPEs) management

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

Troubled Assets Committee

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

Remedial and Servicing Strategy (RSS)

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

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

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

NPE Management Strategy and Operational targets

The Group utilized all Greek State measures ("Gefyra" programs) and designed solutions that will lead its clients gradually to pre Covid-19 payment schedules. In this respect and in line with the regulatory framework and SSM requirements for NPE management, the Group submitted in March 2022 its NPE Management Strategy for 2022-2024, along with the annual NPE stock targets at both Bank and Group level. The plan has taken into account the successfully implemented, by the end of 2021, "Mexico" securitization of gross carrying amount of ca. €3.1bn (consisting primarily of NPE) and envisages the decrease of NPE ratio at 5.8% in 2022 and below 5% in 2024.

Legal Framework

In October 2021, the eligible borrowers with a loan secured by a prime residence received a 3-month subsidy extension, under "Gefyra I" (Law 4842/2021).

Macroeconomic Outlook and Risks

2021 was a year of strong recovery, as the Greek economy reclaimed most of its pandemic-inflicted losses. The significant progress of vaccination programs allowed the gradual relaxation of containment measures and the reopening of the economy that led to the strengthening of consumption and the recovery of the tourism sector providing substantial boost to real GDP growth. According to provisional data available by the Hellenic Statistical Authority (ELSTAT), Greek real GDP increased by

8.3% in 2021 (9% decrease in 2020), posting annual growth rates of 11.4% and 7.7% in the third and fourth quarters of 2021 respectively.

The European Commission (EC), in its winter economic forecasts (February 2022), estimates the real GDP growth rate at 4.9% and 3.5% in 2022 and 2023 respectively, driven by increased consumption and a continued recovery of the tourism sector. The contribution of investments is also expected to be significant, boosted by the Recovery and Resilience Facility (RRF)-funded projects. In particular, Greece shall receive European Union (EU) funds of more than €30.5bn (€17.8bn in grants and €12.7bn in loans) up to 2026 to finance projects and initiatives laid down in its National Recovery and Resilience Plan (NRRP). The NRRP provides 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, while on 28 February 2022 the EC preliminarily endorsed Greece's payment request for the first RRF installment, amounting to €3.6bn. Greece has been also allocated about €40bn through EU's Multiannual Financial Framework (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).

Inflation, as measured by the 12-month average Harmonized Index of Consumer Prices (HICP), closed at 0.6% in 2021, returning to a positive territory after a 1.3% decline in 2020. According to ELSTAT data, the HICP increased by 6.3% in February 2022 compared to -1.9% in February 2021. According to the EC winter economics forecasts, inflation will increase to 3.1% in 2022 due to increased energy and fuel costs, before receding to 1.1% in 2023. Provisional Bank of Greece (BoG) data shows that residential real estate prices had increased by 7.1% in 2021, and commercial real estate prices had increased by 1.1% in the first half of 2021, compared to their end-2020 levels. According to the latest ELSTAT data, the average unemployment rate in 2021 decreased to 14.7%, from 16.3% in 2020, while the seasonally adjusted unemployment rate dropped to 12.8% in December 2021 (December 2020: 16.3%). In its Interim Monetary Policy Report (December 2021), the BoG expects unemployment to drop to 14.3% on average in 2022, and further to 12.8% in 2023.

On the fiscal front, according to 2022 State Budget, the general government's primary balance in European System of Accounts (ESA2010) terms in 2021 and 2022 is expected to register deficits of 7.0% and 1.4% of GDP respectively as a result of the implementation of public support measures of €16.9bn in 2021, and €3.3bn in 2022 aiming to address the economic and social effects of the Covid-19 pandemic. These supplement a package of €23.1bn injected into the economy in 2020 bringing total government-backed pandemic support to €43.3bn. Nevertheless, owing to the strong economic recovery, the gross public debt is estimated at 197.1% of GDP at the end of 2021, and to 189.6% at the end of 2022, from 206.3% in 2020. These forecasts take into account the public support measures aiming to alleviate the impact of increased energy and fuel costs in 2021 (€0.9bn), but not the additional and more encompassing measures announced in 2022 (an additional €2.8bn as of 17 March 2022). However, since a large part of these measures will be covered by funds earmarked especially for this purpose as well as additional government proceeds, their fiscal impact will be significantly smaller than the above amount. Upside risks remain, however, as disruptions due to potential new Covid-19 variants, and the mounting pressure of energy costs on household budgets may prompt additional government measures. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP in 2021 and 2022 are not considered a violation of Greece'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, while the clause is expected to be deactivated in 2023. In the context of the ES scheme, the first thirteen consecutive quarterly reviews had been successfully completed by February 2022. Greece received €4.77bn from the ES financial envelope in six disbursements until December 2021.

On the monetary policy front, the European Central Bank (ECB) announced on 16 December 2021 that it would cease net bond purchases under its Pandemic Emergency Purchase Programme (PEPP) at the end of March 2022, as scheduled. Reinvestment of principal from maturing securities will, however, continue at least until the end of 2024, allowing explicitly for the purchase of Greek Government Bonds (GGBs) over and above rollovers of redemptions. As of 31 January 2022, ECB net purchases of GGBs under PEPP amounted to €36.9bn.

On 23 April 2021, Standard & Poor's upgraded its rating for Greece to BB from BB-, maintaining its positive outlook. On 14 January 2022, Fitch affirmed its BB rating, but upgraded its outlook to positive. On 18 March 2022, DBRS upgraded the rating of Greece to BB (high) with stable outlook from BB with positive outlook. Although Greece's sovereign credit rating remains below the investment grade, the aforementioned developments signal that the rating agencies' view on the sustainability of Greece's fiscal position keeps improving despite the uncertain economic environment worldwide. The progress made from 2018 onwards, the inclusion of GGBs in PEPP and the favourable macroeconomic environment led to the improvement of the yield of the Greek 10-year bonds to a historical low of 0.53% on 5 August 2021. Subsequently, however, amid widespread uncertainty, rising inflation, and expectations of interest rate hikes, GGB yields bounced back over the 2% threshold in February 2022.

In 2021, the Greek State proceeded with the issuance of six bonds of various maturities. In particular, on 27 January 2021, the Public Debt Management Agency (PDMA) issued a 10-year bond of €3.5bn at a yield of 0.807%, on 17 March 2021 a 30-year bond of €2.5bn at a yield of 1.956%, on 5 May 2021 a 5-year bond of €3.0bn at a yield of 0.172%, on 9 June 2021 a 10-year bond of €2.5bn at a yield of 0.888%, and on 1 September 2021 a 5-year bond of €1.5bn at a yield of 0.020% and a 30-year bond of €1.0bn at yield of 1.675%. More recently, on 19 January 2022, PDMA issued a 10-year bond of €3.0bn at a yield of 1.836%.

According to BoG data, the stock of credit to the private sector dropped to €109.2bn at the end of 2021, from €141.4bn at the end of 2020, registering a gross annual decrease of 22.8%. 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 1.4% annually. On the other side of the ledger, private sector domestic deposits amounted to €180bn at the end of 2021 from €163.2bn at the end of 2020, registering an annual increase of 10.3%. This significant increase in deposits comes mainly as a result of increased savings by households, both involuntary (due to the Covid-19 containment measures) and voluntary (due to the uncertainty created by the pandemic environment), but also of the government support measures to the private sector, especially firms.

In 2021 the majority of the 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 is expected to last throughout 2022 as the EU Next Generation funds are deployed more vigorously. The main risk stems from the inflationary outlook which is expected to remain challenging in 2022 as price pressures, affected to a great extent from global energy prices, are not expected to ease earlier than second half of 2022 and as such, monetary tightening is expected to continue throughout first half of 2022. In this context, major 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 do not just stem from energy prices but are also evident in core inflation as well.

In the same context with the entire CESEE region, Bulgaria has finally started to show signs of decompression from the fourth and most severe wave since the beginning of the Covid-19 pandemic. The economy is slightly away from returning to its pre-pandemic levels of activity as in 2020 the real GDP contracted by 4.4% and in 2021 it rebounded by 4.2%. The full recovery is expected in 2022, assisted by the sizeable amount of ca. €29bn the country is entitled to under the NGEU and the MFF programmes. Additional progress is expected from the country's potential to join the Eurozone in 2024, after having entered the ERM-II and the Banking Union in 2020. According to EC's winter economic forecasts (February 2022), the positive real growth economic momentum is foreseen to last up to 2023 with the real GDP growth rate expected at 3.7% and 3.9% in 2022 and 2023 respectively. Rising inflation could emerge as a point of concern as it could erode the disposable income for consumption and undermine the competitiveness of the economy. Specifically, inflation closed at 3.3% in 2021, compared to 1.7% in 2020, while in January 2022 increased to 9.1%.

The Covid-19 pandemic's economic impact has so far turned out less severe than initially anticipated despite the Cyprus's high sensitivity as a small, open, and services-oriented economy. After a 5.2% recession in 2020, the economy grew by 5.7% in 2021. Looking ahead, the solid economic momentum is expected to last up to 2023, assisted by demand for tourism and investments through the RRF. The RRF effect is expected to be material from mid-2022 onwards taking into account the time needed for some of the projects to mature. 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. In this context, real GDP growth of 4.1% is expected in 2022 and 3.5% in 2023, according to EC's winter economic forecasts (February 2022). The EC forecasts inflation to remain elevated in 2022 at 2.6% from 2.5% in 2021 and will decrease to 1.2% in 2023, as oil prices are expected to normalise by then. The medium-term outlook depends heavily on the ability of the economy to adapt to the post-Covid-19 environment challenges while also addressing the remaining legacies of the past.

The economy of Serbia has largely exceeded its pre-Covid-19 output level as it grew by 7.5% in 2021, after having contracted by only 1.0% in 2020, placing the country among the top performers in EU and CESEE in terms of real GDP growth rate. The solid path of economic growth so far will most probably lead to the abatement of the fiscal support measures in 2022, and thus to improved fiscal figures, following the support packages at play in the last two years. In this context, the fiscal deficits decreased from 8.0% in 2020 to 4.2% in 2021, the economy is expected to undergo some fiscal consolidation that will lead to milder fiscal deficits in the next two years that will not exceed the level of 3% of the projected GDP. The strong economic pace is expected to continue in the medium-term, according to the EC's autumn economic forecasts (November 2021), the economy is forecast to expand by 4.3% in both 2022 and 2023. The key downside risk stems from the inflationary outlook as global energy prices and soft commodities have increased inflation to 4.1% in 2021 from 1.6% in 2020.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece are as follows: (a) the geopolitical conditions in the near or in broader region, especially the ongoing Russian invasion in Ukraine, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation and/or exacerbation of the ongoing inflationary pressure, especially in the energy sector and the supply chain, and its impact on economic growth, employment, public finances, household budgets, and firms' production costs, (c) further increase in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs, (d) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy and food prices, and their impact on the long-term sustainability of the country's public debt, (e) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (f) 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, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the implementation of the reforms and privatizations' agenda in order to meet the ES and EC's Recovery and Resilience Facility (RRF) targets and milestones, (i) the evolution of the health crisis and the probability of emergence of new Covid-19 variants that could adversely impact economic recovery and bring about new movement restrictions and fiscal support measures and (j) 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, solvency and profitability of the Greek banking sector, as well as on the realization of its NPE reduction plans. The Russian invasion of Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. As the events are still unfolding, any assessment of their impact is premature. However, the risks coming from geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non significant exposure in Russian assets and is continuously monitoring the developments on the macroeconomic and geopolitical fronts and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset and capital base and the resilience of its pre-provision profitability. Furthermore, the decisive implementation of the reforms agreed in the context of the ES and RRF, the efficient mobilization of EU funding via RRF and MFF to support domestic investment and job creation, the attraction of foreign and domestic capital and the adoption of an extrovert economic development model will improve confidence in the prospects of the Greek economy and contribute to the further stabilization of the domestic economic environment, which are necessary conditions for the return of the country to a strong and sustainable growth path.

Share Capital

As at 31 December 2021:

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 784,540 (31 December 2020: 2,433,987) (note 37 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%. It is noted that, according to the Law 3864/2010 as in force, the HFSF has restricted voting rights[4].

Share options

The Annual General Meeting of the shareholders of Eurobank Holdings held on 28 July 2020 approved the establishment of a five year shares award plan, starting from 2021, in the form of share options rights by issuing new shares with a corresponding share capital increase, in accordance with the provisions of article 113 of law 4548/2018, awarded to executives and personnel of Eurobank Holdings and its affiliated companies according to article 32 of law 4308/2014. The maximum number of rights that can be approved was set at 55,637,000 rights, each of which would correspond to one new share (1.5% of the current paid share capital). The exercise price of each new share would be equal to its nominal value i.e. € 0.23. The Annual General Meeting authorized the Board of Directors of Eurobank Holdings to define the eligible staff and determine the remaining terms and conditions of the plan.

In June and July 2021, the Board of Directors approved the final terms and the implementation of the share options plan, which is a forward-looking long-term incentive aiming at the retention of key executives. In this respect, 12,374,561 stock options were allocated to key executives at an exercise price of € 0.23, with grant date in July 2021. The options are exercisable in portions, annually during the period from 2022 to 2025. Each portion may be exercised wholly or partly and converted into shares at the employees' option, provided that they remain employed by the Group until the first available exercise date. A retention period of 1 year applies to the first portion of the share options vesting 1 year after the grant date. The corporate actions that adjust the number and the price of shares also adjust accordingly the share options. In addition, the exercise of 6,844,524 of the aforementioned share options allocated to certain key executives who are subject to variable and/or accumulated annual remuneration restrictions of Law 3864/2010 is conditional on the amendment of the specific provisions of the law during the exercise period, so that the respective restrictions are lifted, or the exit of the HFSF from the share capital of the Company. Further information is provided in note 39 to consolidated financial statements.

[4] Information regarding HFSF's rights as owner of Eurobank Holdings' ordinary shares, according to Law 3864/2010 and the Tripartite Relationship Framework Agreement (TRFA), is included in Corporate Governance Code and Statement.

Dividends
Based on the 2021 accounts, pursuant to the Company Law 4548/2018, the distribution of dividends is not permitted. Furthermore, under the provisions of the Tripartite Relationship Agreement between Eurobank Holdings, Eurobank and the HFSF (signed on 23 March 2020 and amended on 3 February 2022) and article 10 par.3 of Law 3864/2010 for the "establishment of a Hellenic Financial Stability Fund", for as long the HFSF participates in the share capital of Eurobank Holdings, the amount of dividends that may be distributed to shareholders of either Eurobank Holdings or Eurobank cannot exceed 35% of the profits as provided in article 161 par. 2 of Company Law 4548/2018.

Major Shareholders
Based on the most recent notifications that Eurobank Holdings has received from shareholders controlling 5 per cent or more of Eurobank Holdings' voting rights, such significant shareholders are the following:

a) "Fairfax Financial Holdings Limited", controlling 33.00% of Eurobank Holdings' total number of voting rights, corresponding to 1,224,002,259 voting rights of Eurobank Holdings' ordinary shares. Excluding the 52,080,673 voting rights held by the HFSF, the aforementioned percentage is formed to 33.47% (the reporting date for the aforementioned is the July 14th, 2021).
b) "The Capital Group Companies, Inc", controlling 5.06% of Eurobank Holdings' total number of voting rights, corresponding to 187,812,291 voting rights of Eurobank Holdings' ordinary shares. Excluding the 52,080,673 voting rights held by the HFSF, the aforementioned percentage is formed to 5.14% (the reporting date for the aforementioned is the December 1st, 2020).

Finally, reflecting the HFSF's status as a shareholder of Eurobank Holdings (it currently owns 1.4% of Eurobank Holdings' shares, which corresponds to 52,080,673 ordinary shares with voting rights out of total 3,709,161,852 ordinary shares with voting rights issued by Eurobank Holdings), and following the completion of the demerger of Eurobank Ergasias S.A., Eurobank Holdings, Eurobank and the HFSF are parties to a Tripartite Relationship Framework Agreement (TRFA) signed on 23 March 2020 and amended on 3 February 2022. The TRFA allows the HFSF to enforce against Eurobank all the rights which it had against the former Eurobank Ergasias S.A. under an earlier Relationship Framework Agreement (RFA) between it and Eurobank Ergasias S.A. Moreover, the provisions of article 7a par. 2, 3 and 6 of Law 3864/2010 (HFSF Law) are applicable on the above-mentioned ordinary shares of HFSF (restricted voting rights). According to the HFSF Law and the TRFA, the HFSF has the right to vote at the General Meetings of Eurobank Holdings only for decisions concerning (i) the amendments of the Articles of Association of Eurobank Holdings, including the increase or reduction of the capital or the corresponding authorisation to its Board, (ii) mergers, divisions, conversions, revivals, extension of term or dissolution of Eurobank Holdings, (iii) the transfer of assets (including the sale of subsidiaries) or (iv) any other issue requiring increased majority as provided for in the Greek law on Sociétés Anonymes.

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 47 to the consolidated financial statements. Personal details of the Directors are available on the website of Eurobank Holdings (www.eurobankholdings.gr).

Sundry information required under Law 3556/2007 (article 4, par.7)
By derogation of the ordinary shares held by HFSF which carry special rights and restrictions under the legislation in force and the TRFA signed between Eurobank Holdings, the Bank and the HFSF on 23 March 2020 (note 45 to the consolidated financial statements), according to the Articles of Association:

a) there are no restrictions on the transfer of the Eurobank Holdings' shares
b) there are no shares with special controlling or voting rights
c) there are no restrictions on voting rights
d) the rules related to the appointment and replacement of directors as well as to the amendment of the Articles of Association are in accordance with the provisions of company law.

The Eurobank Holdings is not aware of any shareholders' agreements resulting in restrictions in the transfer of its shares or in the exercise of the shares' voting rights. There are no significant agreements that enter into force, are amended or expire if there is change in the control of the Eurobank Holdings following a public offer. There are no agreements between the Eurobank Holdings and the Directors or the staff for compensation in the event of departure as a result of a public offer.

Information required under Law 4548/2018 (article 97, par.1 (b))
According to article 97 par. 1 (b) of Law 4548/2018 the BoD members owe to disclose in a timely and adequate manner to the other members of the BoD their own interests, which may arise from the company's transactions, which fall within their duties,

as well as any conflict of their interests with those of the company or its related companies. In such case and in line with the provisions of article 97 par 3 of the same law, the member of the BoD is not entitled to vote on issues in which there is a conflict of interest with his own company or persons with whom he is a related party. In these cases, decisions are taken by the other BoD members.

For the purposes of decisions related to the remuneration adjustment of the Chief Executive Officer (CEO), the CEO Mr. F. Karavias was not entitled to vote, according to the provisions of par. 3 of art. 97 of the Law 4548/2018, due to conflict of interest. For the purposes of decisions related to a legal case (against Eurobank's officers by a debtor of Eurobank a subsidiary of Eurobank Holdings), the Deputy CEO Mr. K. Vassiliou was not entitled to vote, according to the provisions of par. 3 of art. 97 of the Law 4548/2018, due to conflict of interest. For the purposes of decisions relating to the implementation of the Stock Options plan approved by the Annual General Meeting of Shareholders in July 2021, the CEO Mr. F. Karavias and the Deputy CEOs Messrs. S. Ioannou, K. Vassiliou and A. Athanasopoulos were not entitled to vote, according to the provisions of par. 3 of art. 97 of the Law 4548/2018, due to conflict of interests. For the purposes of decisions related to the CEO's performance evaluation for 2020 and his financial and non-financial objectives for 2021, the CEO Mr. F. Karavias was not entitled to vote, according to the provisions of par. 3 of art. 97 of the Law 4548/2018, due to conflict of interest.

For the purposes of decisions for the conclusion of a Service Agreement between Eurobank Ergasias Leasing Single Member Societe Anonyme (Eurobank Leasing), a subsidiary of Eurobank (Bank), and subsequently a subsidiary of the Eurobank Holdings, as a parent company of the Bank and Grivalia Management Company S.A. (Grivalia ManCo), which is a related party both to Eurobank within the meaning of paragraph 2 (b) of article 99 of Greek Law 4548/2018 and to the Eurobank Holdings within the meaning of paragraph 2 (a) of article 99 of Greek Law 4548/2018, the BoD's approval was granted based on a fairness opinion report provided by a certified auditor in accordance with article 101 of Law 4548/2018, while all the necessary disclosure procedures were adhered to as provided for in articles 100 par. 3 and 101 par. 2 and 3 of Law 4548/2018. Furthermore, for the same issue, the Vice Chairman of the BoD Mr. G. Chryssikos, also Vice Chairman and CEO of Grivalia ManCo holding 68% of its share capital, was not entitled to vote according to the provisions of par. 3 of Art. 97 of the Company Law 4548/2018 due to conflict of interest.

External Auditors
The Eurobank Holdings' Shareholders Annual General Meeting held on 23 July 2021 approved the appointment of KPMG, as statutory auditor for the financial statements (standalone and consolidated) for the year ending 31 December 2021.

During 2021, the Audit Committee reviewed KPMG's independence and effectiveness, along with its annual audit plan. In addition, the Audit Committee ensured on a quarterly basis that a) the non-audit services assigned to KPMG, have been reviewed and approved as required and b) there is a proper balance between the audit and non-audit fees paid to KPMG, in accordance with the relevant provisions of the Group's Policy on External Auditors' Independence (note 46 of the consolidated financial statements).

Non financial information

Business model
Eurobank offers a wide range of financial services to the Group's retail and corporate clients. Eurobank has a strategic focus in Greece in fee-generating activities, such as asset management, private banking, equity brokerage, treasury sales, investment banking, leasing, factoring, real estate, trade finance and bancassurance. Eurobank is also among the leading providers of banking services and credit to SMEs, small businesses and professionals, large corporates and households, concentrating its efforts on financing the growth cycle of the Greek economy and the other countries of presence, including an instrumental participation in Recovery and Resilience Facility (RRF) funds. The Group has an international significant presence in four countries outside Greece (see further information in the section "International Activities").

Eurobank's diversified business model through business line, geography and customer, helps enhance its resilience to changes in the external environment. Its strategy aims at optimizing the financial performance, maintaining a strong capital base as well as contributing to the economy and society in a holistic manner.

In conducting its business activities, the Group considers the particular and diverse needs of its stakeholders and focuses on creating value for them. In this context, the Group a) makes appropriate use of available funds for supporting its customers and financing the economies in which operates, mainly in Greece and in Southeastern Europe, b) relies on the skills and expertise of its human resources for the implementation of its business strategy including the improvements of products and services to customers; for this purpose, it enhances staff engagement by strengthening the knowledge and experience of its employees through training and development programmes and providing a safe and productive work environment and c) invests in IT infrastructures and digital transformation for achieving in operating efficiency and improving customer experience.

Having built a flexible, sustainability-oriented operational model, the Group adapted it immediately to address Covid-19 pandemic by strengthening of existing digital channels infrastructure to support its customers, business and households.

Group’s approach towards sustainable development
The Group is committed in investing in sustainable development and for planning actions to improve its performance related to the Environmental Social Governance spectrum. The Group aims to support long-term prosperity by financing sustainable development, by delivering value to all stakeholder groups and by creating positive economic, social and environmental impacts through all aspects and areas of the Bank’s activities.

In this context, Eurobank is redesigning its strategy both in terms of its financing and other products, and in terms of its internal environment and how it is organised and operates. To this end, it redefines sustainable development actions and goals, taking into consideration the Principles for Responsible Banking and other international agreements and trends. Eurobank is a Founding Signatory Bank of the Responsible Banking Principles of UNEP-FI, committed to an active contribution towards the United Nations Global Sustainable Development Goals (SDGs) and the Paris Agreement on Climate Change. Within the scope of this commitment, Eurobank issued its first 18-month Self-Assessment Report on March 2021 (available on the Group website www.eurobankholdings.gr) documenting the progress made towards implementing the Principles for Responsible Banking. A major first step was to analyse the Bank’s portfolio, aiming to identify positive and/or negative impact areas stemming from the Bank’s operations. To conduct this analysis, the Bank used the Portfolio Impact Analysis Tool, which was developed by the UNEP FI to guide Banks through a holistic impact analysis of their portfolio. Furthermore, the Bank has developed an implementation roadmap for the next three years.

Eurobank actively participates at globally renowned ESG ratings, aiming to continuously improve its environmental, social and governance performance, to enhance its related disclosures and to further enhance the trust of the investment community in the Bank. In 2021, Eurobank posted significant improvements in important ratings such as Sustainalytics and was included for the first time in the ATHEX ESG Index and the Bloomberg Gender Equality Index.

<u>Groups’s implementation of the EU Taxonomy Regulation</u>
The EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council) is a green classification system that translates the EU’s climate and environmental objectives into criteria for specific economic activities for investment purposes. The Taxonomy Regulation is a key component of the European Commission's action plan to redirect capital flows towards a more sustainable economy. The primary aim of the Taxonomy is to prevent greenwashing and help companies to become more climate friendly. The Regulation came into effect on 1 January 2022.

For an economic activity to be defined as environmentally sustainable under the Taxonomy, and thereby classified as aligned with the Taxonomy, it must meet the following criteria:
a) making a substantial contribution to at least one environmental objective
b) doing no significant harm to any other environmental objective
c) complying with minimum social safeguards
d) complying with the technical screening criteria

The Taxonomy is currently limited to the classification of environmentally sustainable economic activities. However, work is ongoing at the EU level to review whether the Taxonomy will be expanded to classify e.g. social sustainability and activities that could cause significant harm to the environment.

Integration of the Taxonomy in the business strategy and operating model
The Group recognizes the significance of the impact of its activities in society and the environment. It places high importance on the effective integration of Sustainability principles and ESG aspects throughout the activities of the organization, the governance model and related commitments. Moreover, the Bank’s BoD has assigned an executive member as the responsible BoD member for climate-related and environmental risks. As part of its duties, the member responsible will update the Board Risk Committee (BRC) (in alignment with the BRC Terms of Reference) and the Board of Directors of Eurobank Holdings and Eurobank on climate change and environmental related risks at least on a semi - annual basis.

The Bank has also established the ESG Management Committee, chaired by the BoD member responsible for climate-related and environmental risks. As part of its duties, the committee, among other, oversights ESG reporting and relevant activities, reviews and submits for approval ESG related frameworks/policies and also provides strategic guidance for sustainable development initiatives.

Integration of the Taxonomy in the Group's products and customers
Committed to being transparent about its ESG approach and to ensure that the decision-making is in line with environmental protection and sustainability, the Group developed its Sustainable Finance Framework in accordance with internationally recognized industry guidelines and principles. Indicatively, such guidelines are:

a) International Capital Market Association (ICMA) and Loan Market Association (LMA) principles
b) The EU Taxonomy Climate Delegated Act

Through its Sustainable Finance Framework, the Group classifies sustainable lending solutions offered to its customers, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). The Sustainable Finance Framework scope encompasses a wide range of sustainable lending products covering both Wholesale and Retail banking portfolios. Moreover, Eurobank has established and published the Green Bond Framework. The framework was prepared in accordance with global best practices and standards and considers EU Taxonomy eligibility criteria to classify potential investments as green. Furthermore, the Green Bond Framework has undergone a Second Party Opinion (process and a positive letter has been issued).

Disclosures relating to Article 8 of the Taxonomy Regulation for 2021
The EU Taxonomy Regulation sets mandatory requirements on disclosure, with the aim of providing transparency on environmental performance. Financial and non-financial undertakings and/or groups that fall under the scope of the Non-Financial Reporting Directive (NFRD), i.e. undertakings that are obliged to publish non-financial information pursuant to Article 19a or 29a of Directive 2013/34/EU, will have to disclose to what extent their activities meet the criteria set out in the EU Taxonomy.

The Group, upon reviewing its business activities, to align taxonomy reporting with its core activities, provides the key performance indicators (KPIs) and other disclosure requirements related to its dominant financial undertakings as laid down in Article 10 of the Art. 8 Delegated Act. For financial undertakings/groups, according to the Art. 10 of the Art. 8 Delegated Act, the transitional rules for the period from 1 January 2022 until 31 December 2023 are limited to the reporting of the extent to which their customers and counterparties' activities are Taxonomy-eligible as well as information on assets that cannot be assessed under the Taxonomy Regulation.

According to the EBA's recommendations and the European Commission's FAQs, the primary data sources used in the calculation of EU Taxonomy metrics is the EBA's Financial Report (FINREP) and the Group's internal information systems. The total assets in the KPIs table below are presented at their gross amounts according to EU Taxonomy methodology. Based on the European Commission's FAQs and on a conservative approach, the Group has not used estimates to identify the proportion of eligible assets in the mandatory EU Taxonomy disclosures.

The reported KPIs are included in the table below.

Assets	**Amounts (in € million)**	**Taxonomy KPIs (% of total assets)**
1. Taxonomy-eligible assets	10,658	13.36%
2. Taxonomy non-eligible assets	60,670	76.07%
of which non-NFRD counterparties	*29,119*	*36.51%*
of which derivatives, hedge accounting	*1,949*	*2.44%*
of which on-demand interbank loans	*26*	*0.03%*
3. Assets to central governments, central banks, supranational issuers	8,310	10.42%
4. Trading portfolio	119	0.15%
Total assets (1+2+3+4)	**79,757**	**100%**
Impairment for debt instruments at amortized cost and other adjustments according to EU Taxonomy methodology	*(1,905)*	
Total assets according to the Consolidated balance sheet as at 31/12/2021	**77,852**	

Clarification of Taxonomy-related KPIs:

Taxonomy-eligible assets
The Group will base disclosures for the taxonomy-eligible assets on actual information. The Group's corporate counterparties that are defined as NFRD companies will disclose the proportion of their Taxonomy eligible and Taxonomy non-eligible economic activities for the first time for 2021. Since this information is not yet available, the Group does not report its exposures to counterparties in the mandatory EU Taxonomy disclosures. Regarding retail exposures, ownership of immovable

property is considered as a Taxonomy-eligible economic activity. For this reason, loans to households collateralized by residential immovable property and repossessed real estate collaterals are assessed as Taxonomy-eligible up to their full value.

Taxonomy non-eligible assets
Due to the data limitations described above, exposures to corporate counterparties have been assessed as 100% non-eligible in the mandatory EU Taxonomy disclosures. All the retail exposures excluding mortgages are considered as non-eligible assets.

Assets to counterparties not subject to NFRD
The Group shall report on the proportion in their total assets of the exposures to companies not subject to NFRD ("non-NFRD companies"). In order to identify NFRD and non NFRD counterparties, the Group uses internal sizing classification information, that is data collected directly by Group's database or publicly available information, adopting a conservative approach taking into consideration data limitations.

On demand inter-bank loans, central governments, central banks and supranational issuers, as well as derivatives hedge accounting and trading portfolio
These assets are excluded from being reported as Taxonomy-aligned. However, when the Green Asset Ratio (GAR) KPI will be on force from 1 January 2024, derivatives and derivatives used for hedge accounting, will be included in the covered assets, while exposures to central governments, central banks, supranational issuers and trading portfolio will be fully excluded.

Materiality Analysis
As part of the Annual Business and Sustainability reporting process, Eurobank conducts a Materiality Analysis through a stakeholder engagement process.

For 2021 Annual Business & Sustainability Report, the Materiality Analysis process was conducted taking into consideration regulatory frameworks, the UN Sustainable Development Goals, Sustainability Reporting Standards such as GRI, ATHEX ESG Index requirements and voluntary initiatives such as UNEP FI PRB and UN Global Compact. Materiality was conducted in 3 Phases:

a) Identification of ESG topics relevant to the Bank's operation and financing services, based on ESG related Regulatory, sectoral and Eurobank's specific priorities and cross sector megatrends and global accords. The 20 topics identified included, for the first time in 2021, both the operational and financed impact of the Bank.
b) Prioritization of the identified ESG topics through stakeholder engagement (questionnaire survey). In this survey, the stakeholders were called to assess Eurobank's identified ESG topics according to two factors: Influence on Stakeholders and Impact for the Company.
c) Validation of the prioritized ESG topics from the ESG Management Committee for embedding the respective content of the 2021 Annual Business & Sustainability Report.

Following the review of the Materiality Analysis findings, the Top Material issues for 2021 were identified as following:

a) Responsible information and protection for clients
b) Direct economic value creation and financial performance
c) Innovation and digital economy
d) Corporate governance, strategy, compliance, and risk management
e) Diversity, equity & inclusion
f) Customer privacy and data security
g) Contribution in the mitigation of socio-economic challenges for the nation's future
h) Operational environmental impact
i) Economic Inclusion
j) Climate Impact

An integral part of Eurobank's approach to Sustainability is the fostering of strong relationships, cooperation and mutual benefit with all stakeholders affected directly or indirectly by its activities. In this context, Eurobank promotes two-way communication and develops an ongoing dialogue with stakeholders, so as to be able to offer tangible responses to the expectations, concerns and issues raised by all its stakeholders. In this context, the Materiality Analysis, Sustainability Indicators per the GRI Standards and information regarding the Banks's initiatives across the ESG spectrum are described in the 2021 Annual Business & Sustainability Report edition, which will be published on www.eurobankholdings.gr.

Response to the impact of the covid-19 crisis
Eurobank is committed in mitigating risk of business disruption due to Covid-19 imminent threat, in order to preserve its reputation, safeguard revenues, protect its workforce, serve its clients and sustain both a stable financial market and customer confidence. Through an established governance framework, an action plan aligned with its strategic goals, as well as the necessary agility, Eurobank plans and prepares for large-scale outbreaks of dangerous diseases that can potentially affect its

operations for months and threaten the workforce directly. In this context, the Group has immediately adapted its operational model to address Covid-19 pandemic in order to protect the health and safety of its employees and customers, to ensure the Business Continuity of critical banking operations, to invest further in digitalization promoting actively the utilization of advanced electronic transaction channels and to support its customers, business and households. The main actions/initiatives undertaken by the Group were the following:

Customer support measures
During the pandemic crisis, the Group has launched a series of initiatives, aiming to actively support its customers (Corporate, Small/Medium enterprises and Individuals).

Covid-19 relief measures (‘moratoria’)
In the last two years, the Group took all appropriate actions to address liquidity difficulties of businesses and individuals caused by the limited or suspended operations of businesses due to the Covid-19 pandemic. Information regarding the Covid-19 relief measures activated by the Group as well as the respective borrowers’ eligibility criteria is provided in note 5.2.1.2 (e) of the consolidated financial statements for the year ended 31 December 2020. As at 31 December 2021, the Group’s moratoria relief measures had expired (31 December 2020: gross carrying amount of €2.8bn).

Government support measures
In addition to the relief measures activated by the Group, the governments, in the countries where the Group operates, have initiated various programs in order to stimulate liquidity and economic activity and to alleviate the consequences of the Covid-19 outbreak. As at 31 December 2021, the gross carrying amount of loans under government support measures enacted as a response to Covid-19 pandemic in the countries that the Group operates amounts to €303m. The main programs to be extended to eligible borrowers in Greece are provided in note 5.2.1.2 (e) of the consolidated financial statements for the year ended 31 December 2021.

Operational capacity and utilization of digital and provision of covid-19 focused products and services
Leveraging on its capabilities, the Group has been proactive and hands-on to addressing all issues at an early stage, and in particular, to adjust its strategy and to improve its operating capacity in order to effectively deal with the increasing credit and operational risk as a result of the pandemic. To this end, the Group has designed and implemented a broad set of initiatives covering all major areas. In particular, the Group, among others, deployed sufficient IT resources and completed additional IT projects in order to enable the uninterrupted access to the Group’s IT systems and to ensure the continuous monitoring of the Group’s portfolios, to accurately and timely identify and classify customers affected by the pandemic, and to fully comply with regular and ad-hoc regulatory requests.

In addition, the Group proceeded with the strengthening of existing digital channels infrastructure to continuously support increasing customer volumes with the relevant provision of several services to its customers. In particular, the Group, among others, provides remote access to all its customers via e-Banking, dedicated Mobile Apps, as well as a V-Banking channel for Corporate and Personal Banking customers, including a dedicated telephone line to facilitate customers for remote access (Digital Onboarding). Furthermore, the Bank completed in eurobank.gr the possibility for the customers to book on appointment in the branches at their convenience and servicing more than 1,500 customers per week.

Employees protection measures
In line with authorities’ instructions and recommendations, the Group is taking all the required measures to protect the health and safety of its employees and customers in the first priority. Towards this direction, the following actions, among others, have been taken: (a) prohibition of large meetings and bans on business travel abroad and opting instead, where possible, for teleconferencing or videoconferencing, (b) enhancement of remote work capabilities (teleworking), (c) all buildings were preventively disinfected, staff were provided with all required protective supplies (e.g. masks, disinfectants, etc.) while continuous, intensified and thorough cleaning of workplaces (especially the branch network) was carried out and (d) return to normality and relaxation of measures in a gradual and cautious manner, always in line with government decisions.

Employee Engagement
Group’s employees constitute its greatest asset as far as development and sustainability are concerned. Starting from its recruitment process, the Group aims to establish a long-term and mutually beneficial relationship with every employee. As of 31 December 2021, the Group employed 11,935 (Dec.2020: 11,501) employees of which 5,275 (Dec.2020: 4,737) abroad. On Group level, the average employee age is below 45 years, while female employees represent 64% of the total headcount.

To ensure equal and fair opportunities to all employees, the Group implements, in Greece and abroad, several policies regarding Compensation & Benefits, Recruitment, People & Talent Development, Performance Management, Learning, Engagement & Communication, Kinship and Health & Safety. The Group respects human rights, equal opportunities, and diversity vis à vis clients, suppliers and employees while the Group’s objective is to recruit and retain its employees regardless of race, religion, age, gender, sexual orientation or disability. The Group strives to ensure that its workforce reflects the communities in which it operates and the international profile of the organization. The Group recognizes that diversity is a key component of a responsible business strategy in support of its international operations. Related matters were addressed in the updated 2020 Code of Conduct & Ethics for the Group.

The Bank is constantly revising its compensation and benefits policies taking into account market trends and aiming to create a competitive offering that will attract, engage and retain its employees while at the same time comply to all regulatory and legal requirements. As a result, the basic principles of the compensation and benefits framework which ensure alignment between individual objectives and the Bank's business strategy, as well as the long-term value creation for the shareholders, are the following:

a) Ensure gender-neutral compensation policies
b) Safeguard that total reward is sufficient for retaining and attracting executives with high skill and expertise
c) Ensure internal equity between Business Units
d) Avoid taking excessive risks, including direct and indirect sustainability risk
e) Link compensation with long-term performance

Furthermore, the Bank sets up the Eurobank Group's Occupational Pension Fund, seeking to provide long-term support to all its employees, while committing to strong ESG standards. The establishment of the Occupational Pension Fund (OPF), acting as an additional pillar of a modern Retirement Scheme, allows all Eurobank Group employees to participate on a voluntary basis. Following a written agreement between the employees and the employer, the OPF is set up as a Private Legal Entity to work in tandem and complement the mandatory Public Pension System.

Learning, Personal and Professional Development

Building and strengthening professional expertise with updated skills and capabilities, as well as providing an umbrella of modern learning curriculums and methodologies constitutes a major priority for the digital transformation strategy of the Group. The leading Learning Management System SAP Success Factors offers new enhanced self-service capabilities to all employees, to redefine and upgrade the knowledge and skills needed in the workplace (reskilling & upskilling). The size of investment in learning for 2021 is reflected briefly in the following indicators:

a) The total number of participations in training reached 238,360, on Group level.
b) The total number of training hours exceeded 530,000 (313,000 hours for employees working in Greece).
c) Over 99% of the learning employee activity working in Greece takes place online or through virtual classrooms and is adapted to the recent conditions which have been created due to COVID -19.

Upgrading of digital skills, capitalizing on technology and learning certifications constitute the axes of the strategic learning framework in Eurobank. More specific:

a) LinkedIn Learning Solutions: The strategic partnership with LinkedIn Learning allows all Eurobank employees in Greece access the platform's online training courses, and highlights Eurobank's actual commitment to addressing current needs of the digital era and helping its people further develop their skills. In addition, The Group extends its partnerships with other internationally recognized learning platforms such as Coursera, Interskill, and Pluralsight, offering more than 5,000 courses on cutting-edge technologies.
b) Digital Accelerator: In 2021 the Group designed and kicked off an innovative program, aiming to help local employees upgrade their digital skills. The program consists of six training paths in accordance with the European Digital Competence Framework, DigComp.
c) Leadership and Team Management skills in view of the new Remote Working Model. Eurobank's Top Management and the Heads of Eurobank's subsidiaries get the latest information from the world of business while, through a series of monthly executive master classes, they get the opportunity to connect and communicate online about the latest trends in strategic leadership transformation. Moreover, we designed a hybrid learning program to assist all Managers of our Organization usher their teams in the new phygital era.
d) Role-specific certification of knowledge and skills. The Group supports its employees acquire all the professional and regulatory certifications required by their role within the organization, offering web-based seminars and virtual classes to help them prepare for their certification exams.

In 2021, one additional functionality - Career Development - has been added to Eurobank's SAP SuccessFactors platform. With the guidance of their manager, all employees can now design their personal Development and Improvement Plan. In particular, through a set of specific training and development activities, this new functionality aims to support all employees further develop their skills and behaviors, bolstering their profile to match either their current role or a different one in the future. The Development Plan aims to immediately improve performance, in terms of skills and behaviors required by an employee's current function, through a set of specific, short-term actions and clear implementation steps.

To fully meet employees' and Group's learning needs, the Group implements policies and procedures certified according to the ISO 9001 standard. At the same time and since 2015 the Bank holds, the ACCA Approved Employer (Professional Development Stream) distinction, documenting the high training standards of its employees. Aimed at empowering employees on more demanding roles and enhance leadership capabilities, the Bank designs and implements specialized programs, such as Development & Succession planning, Talent Development & Management, Career Development & Planning, Knowledge & Experience Sharing (mentoring & reverse mentoring).

Development and Performance Evaluation System - "Axiopoio"
The Group's Performance Management process in Greece and Cyprus is based on a tailor-made employee development system named "Axiopoio" whose two main pillars streamline employee performance with Group strategy and culture. In 2020, the "Axiopoio" process was upgraded ("Axiopoio New Edition") and integrated into the SAP SuccessFactors HRMS platform. With the new edition, employees can configure, monitor, and adjust their priorities, in collaboration with their Manager, as well as give and receive feedback continuously, inside and outside of their unit. "Axiopoio New Edition" focuses on the impact the employees have on the Group results, as well as on the level of cooperation within their team, through the priorities they set and the behaviors they display. With access from every "smart" device, performance appraisal becomes a modern tool that supports the dynamic way of working today.

Improving Employee Experience
Eurobank, through the investment in the SAP SuccessFactors upgrades the working environment and expands the possibilities of cooperation. As part of the project, which will continue in 2022, the basic technological infrastructure was enriched with modern applications related to the acquisition of "talent" (talent acquisition) and performance appraisal. The applications of the SAP SuccessFactors platform improve the daily communication in the Group, increase the degree of autonomy and mobility of the users while managers can monitor and manage their teams. More particularly, the functions that are available both from the office space and on all the "smart" devices, the users, among others:

a) Have access, wherever they are, to their personal profiles and contact details of their colleagues,
b) Register and manage with self-service process, license requests and change of personal data,
c) Have access to learning and training planning for themselves and their teams, can attend online courses and connect to online libraries that are available (Learning Management System),
d) Have access to a modern evaluation and continuous feedback application.

Strengthening Dialogue & Information
Employees are systematically kept informed on a series of issues of interest and/or corporate issues through a variety of means including print, interpersonal and online ways. In 2018, the Group in Greece launched its new Intranet Portal named "Connected" and social network Yammer, providing timely corporate and work-related information to all employees. Through intranet, employees can access information on social issues, on physical or virtual visits of the management team, on corporate functions, on interviews given by Eurobank's management to printed and digital media etc. In 2020, a special Covid-19 section was created on the intranet's landing page, hosting useful material and announcements. This section is regularly updated with the latest developments and information regarding health protocols and current preventative measures. In addition, information about the Medical Help Line and the Telephone Support Line was placed in a prominent place, so that the employees could have immediate access. For the dissemination of the strategy and the two-way communication between the Management of the Bank and the employees, the program "Breakfasts with the Management" was deployed through digital means with the participation of employees from all Units. In addition, the initiative "Executive Meetings" took place with an extended participation from members of the management team. At the same time, the top management conducted a number of "Virtual Visits" to regional markets throughout Greece, an initiative that started during the pandemic crisis and continues all along, with the aim to strengthen an "open line" of communication with Network employees across Greece, facilitating the exchange of views and the discussion of challenges and opportunities.

Support at work - HR4U
The call center "HR4U" supports the employees of the Bank and responds daily at each employee's request, taking all the necessary actions for their best service. In 2021, more than 35,000 requests were seen to HR4U. Topics cover a wide range of questions about benefits and programs, as well as urgent needs, such as blood or platelets for employees and / or their families, as well as Covid-19 related issues.

Recognition and Reward Policy
As part of the Employee Recognition and Reward policy, Eurobank implemented the "Transformation Challenge Box", to enable all employees offer their ideas, proposals, and solutions for all aspects of banking operations, and make their own contribution to the transformation of the bank. Over a period of 9 weeks, a total of 171 original ideas - on all transformation pillars - found their way through the Transformation Challenge Box. The top-3 of them were selected after an internal vote of the employees, as well as a discussion and a vote by the Transformation Operating Committee members. In addition, recognizing long-term loyalty, the bank is awarding Group employees after 15 and 25 years of service. In the last 19 years,

Eurobank has recognized and rewarded over 2,780 secondary and higher education students, through the "Awarding Excellence" initiative. Through this program, the Bank is investing in the younger generation and is recognizing the children of employees that have outperformed at their school. The program also covers all bank employees that have undergone and topped in postgraduate degrees during their tenure in the organization. The Bank traditionally designs and implements initiatives that support the employees and their families. In 2021, the bank offered 12-month gift vouchers to more than 2,500 children of employees. In a spirit of giving back to our community, Eurobank has established and supports the "Team Up" initiative. This is an employee volunteerism program that has been up and running since 2018. Until 2021, nearly 900 employees have joined the program, implementing a total of 18 events and offering more than 1,400 hours of volunteering services. Due to the Covid-19 pandemic in 2019-2020, no activities took place.

Labour Unions

The Group respects employees' constitutional right to membership in Labour Unions. Six such Unions are currently active within the Bank, representing 87.4% of the staff, i.e. 5,539 employees. The most multitudinous of these Unions is recognized as the official representative Union in labour negotiations with the Bank's Management. All employees of the Bank are employed full-time and covered by collective labour agreements (industry-wide and enterprise-level), while labour relations are regulated by the current laws and the Bank's Statute of Internal Service. Furthermore, the Bank's Management cooperates with the labour unions and supports the scheduled working meetings to strengthen the dialogue and to monitor the developments in the working environment.

Corporate Social Responsibility

Since its formation, Eurobank has embraced social responsibility activities, which address the concerns of society and local communities. In this context, corporate social responsibility is based in the following pillars:

Addressing the demographic challenge

In 2021, Eurobank launched 'Moving Family Forward', a new Corporate Social Responsibility programme for addressing the country's demographic challenge. As the rate of births in Greece is decreasing year by year and population is constantly aging, 'Moving Family Forward' aims at providing young families with incentives for making the decision to have a child or one more child. The Programme focuses on the eastern borders of Greece – Prefecture of Evros, North Aegean islands and the Dodecanese, areas of outstanding national gravity and several problems and limitations compared to other locations closer to the Capital. The Programme is organised in five pillars, including collaborations with non-governmental organisations for supporting future and young parents, banking products with beneficial terms for customers of those geographical areas and a number of actions for setting the demographic challenge higher in the agenda of public dialog.

Supporting the society

Following the catastrophic fires of Attika, Evvoia and the Peloponnese in August 2021, Eurobank committed to contribute to the State's efforts to reconstruct the affected areas by donating €1m. More specifically, the Bank announced its intention to design and execute an integrated Programme for restoring, in a sustainable manner, forests that were destroyed, facilitating fire prevention and protection, as well as educating local communities and especially younger students, towards the same direction. Moreover, Eurobank announced its intention to sponsor premises renovation at Sotiria Thoracic Diseases Hospital of Athens, recognising its central role in fighting Covid-19 since the beginning of the pandemic crisis. Also, the Bank supports a significant number of non-governmental organizations and institutions supporting mainly children and vulnerable population groups. Additionally, the Eurobank actively promotes cultural and athletic events throughout the country.

Education and excellence

Education significantly shapes society and the economy both through establishing moral standards and providing the new generation with knowledge and setting competencies. In this context, Eurobank has been running since 2003, a programme entitled, 'Moving Education Forward' in which the top high school graduates from all over the country are awarded every year. By 2021, the 19th year of its operation Eurobank has awarded more than 20,000 top pupils throughout the country.

Access to financial services for all /Financial inclusion

Eurobank collaborates with Action Finance Initiative "AFI" within the framework of the programme EaSI for employment and social innovation, to provide micro-credit facilities (up to €12,500) to support the long-term unemployed, vulnerable social groups and business people with limited access to bank loans, giving them the opportunity to create their own job (self-employment) or develop small businesses and create new jobs. Eurobank has offered financing to 438 businesses amounting €4.4m in total, in cooperation with AFI. The financing is used to meet working capital needs, capital for investments in fixed assets, as well as capital for investments in intangible fixed assets.

Digital literacy and inclusion

Eurobank launched "Eurobank Digital Academy for Business", a resource center on digital skills for Greek companies that treat technology as a key enabler and digital transformation as a growth strategy and a source of competitive edge. Since 2019, 16 events have been held with 662 participations. Eurobank has created a special service line for access to its digital channels dedicated to digitally illiterate elder groups.

Supporting entrepreneurship and innovation
Eurobank actively contributes to economic growth and recognizes the importance of entrepreneurship as a major lever for the expansion of the Greek economy. It focuses on supporting the extroversion of Greek businesses and encouraging new business initiatives. In this context, Eurobank has developed the operation of Exportgate, an international trade portal that promotes the business networking of Greek and Cypriot companies worldwide.

Eurobank, in strategic partnership with Banco Santander for Global Trade, has joined the "Trade Club Alliance", the First Global Digital Business Interconnection Network that is supported by 14 international banking groups. The network, using, among other things, artificial intelligence technology, connects more than 22,300 businesses in more than 60 countries. All participating banks follow audits to ensure network integrity.

Since 2016, Eurobank, in partnership with Grant Thornton, established the Growth Awards to award business excellence as a growth leverage of the Greek economy. Up to now, the 5 Growth Awards ceremonies have awarded 32 of the most dynamic Greek enterprises. More than 2,000 guests attend the award ceremony every year, 5 internationally renowned speakers have been hosted, and around 80 enterprises apply every year. The Award Committee is consisted of 20 distinguished individuals from the Greek business and academic arena.

In the area of innovative youth entrepreneurship, the Bank, in collaboration with Corallia developed the "egg-enter•grow•go" ("egg"), a comprehensive business incubation and acceleration program. Since 2013 "egg" is continuously helping the Greek startup community to improve competitiveness in a challenging global market, under three main pillars extroversion, financing and business networking and it has been playing a crucial role in shaping the Greek startup scene, boosting innovative entrepreneurship through the egg Start-Up (incubator) and egg Scale-Up (accelerator) platforms. In particular, its business and social footprint is reflected in the following:

a) 1,000 business people have been hosted into programme egg
b) 275 startups have been integrated in it
c) 150 startups formed a legal entity and 92 of these had a combined turnover of €12 million
d) 36 companies have applied for patents
e) 68 businesses have travelled to the largest technology ecosystems worldwide
f) €12m have been invested in egg accelerator by Eurobank
g) €3.2m is Eurobank financing to 49 egg startups
h) €25.3m in equity funding have been received by 36 businesses
i) €75k have been distributed by Eurobank as cash prizes to the egg startups
j) €89k have been donated to NGOs by the egg startups

In this context, Corporate Social Responsibility actions are described in the Annual Business and Sustainability Report 2021, which will be published on www. eurobankholdings.gr.

Protection of environment
The Group is committed to minimizing its environmental footprint and to promoting a green economy. In this context, the Group implements a Sustainability Policy, an Environmental Policy and an Energy Management Policy, towards the protection of the environment in all aspects of its operations. Furthermore, the Group within the framework of the implementation of the Environmental Policy, has established a Green Procurement Policy, aiming to evaluate and select suppliers based on environmental criteria.

In the context of these policies, the Group implements certified management systems, in accordance with International Standards, such as a Quality Management System (ISO 9001), an Environmental Management System (ISO 14001, EMAS) and an Energy Management System (ISO 50001). The implementation of these management systems is supported by relevant e-learning training programs. Additionally, for the integration of the Environmental and Social (E&S) issues into its business model, the Group implements an Environmental and Social Management System (ESMS) in accordance, among others, with the requirements and expectations of Group's institutional investors, shareholders and other stakeholders.

The environmental performance, with respect to the improvement of the operational environmental footprint, is monitored through specific environmental indicators and associated targets in order to identify any deviations and corrective actions, and is included in the Annual Business & Sustainability Report and in the Environmental Report (EMAS). Both reports are assured by independent third parties. With regards to monitoring of environmental impacts, the Bank pays particular attention to water conservation, implementing measures such as installing special systems for water flow control in water supply facilities. In 2021, the water consumption amounted to 62,322m^3 (2020: 54,691 m^3, 2019: 74,973m^3), which represents an increase of 13.95% compared to 2020. The increase is attributed to the greater presence of staff in the workplace in 2021 compared with 2020. In the context of reducing its waste, the Bank addresses the reduction of paper consumption in line with digitalization of its operations. As a result of these efforts in 2021, the paper supply amounted to 209.2 tons and represented a reduction of 15.35% compared to 2020 (attaining the set target of 225 tons for 2021), while the corresponding consumption per employee decreased by 5.01%. In addition, the increase in the use of the e-statement service was significant in 2021, as more than 228,000 additional e-Banking users chose e-statements, resulting in the additional savings of 560,000 physical statements. The Bank's financial savings from the discontinuation of physical statements are also substantial, amounting to more than €23m since the service became available. The Annual Business and Sustainability Report and the Environmental Report (EMAS) for 2021 will be available at the Group and Bank websites respectively (www.eurobankholdings.gr and www.eurobank.gr).

The Group is actively involved in a series of International and European Initiatives for environmental protection and sustainability, such as the EU Eco-Management and Audit Scheme (EMAS), the Energy Efficiency Financial Institutions Group (EFFIG). The Group participates at the Sustainable Development Committee of the Hellenic Bank Association, the UN Global Compact Network Hellas and as an ambassador at the Sustainable Greece 2020 Initiative. In 2021, the Bank was distinguished for the "Supplier Evaluation for the Bank and Eurobank Group" at the Bravo Sustainability Awards and was included in the Sustainability Performance Directory 2021 companies, rated as one of Greece's Most Sustainable Companies.

Energy and Emissions Management
The Bank applies energy and emissions management practices in line with the obtained certification for Energy Management System (ISO 50001). The Bank relies on the international Greenhouse Gas (GHG) Protocol, to monitor and mitigate its environmental footprint, by reducing greenhouse gas emissions.

Direct GHG Emissions (Scope 1) result from the Bank's consumption of natural gas and heating oil to heat buildings and the use of fuel for the Bank's own vehicles. It also includes the data on fluorinated gases (F-gases) released by the air conditioning installations of the Bank (fugitive emissions).

Regarding electric energy use (Scope 2), the Bank applies the market-based method using annual CO_2 emission coefficients from electrical power providers. This methodology provides a framework for recording and allocating energy consumption, as well as for calculating direct and indirect greenhouse gas emissions. Electric energy consumption are accounted for Indirect GHG Emissions (Scope 2).

The Bank discloses the outcomes of climate-related policies by providing information on specific indicators and the performance on such indicators, in consistency with pre-defined targets. In this context, in 2021 the total electricity consumption was at 41,395 MWh decreased by 5.22% compared to 2020, while the indirect greenhouse gas emissions (scope 2) in carbon equivalents was at 16,169 tCO^2e[5] n 2021 decreased by 5.56% i, compared to 2020 (17,120 tCO_2e). This performance was in line with the environmental management targets set for 2021 at 5% reduction in electricity compared to 2020 and at 5% reduction of indirect greenhouse gas emissions (scope 2) for 2021 compared to 2020. Overall, in 2021 compared to 2020, the total energy consumption and total greenhouse gas emissions (all energy sources for Scopes 1 & 2) in tCO2e were decreased by 5.53% and 5.27% respectively.

For 2021, 96.71% of total electricity consumed was sourced by Renewable Energy Sources (RES), certified through "Guarantees of Origin", while the same process will continue for 2022. Compared to 2020, this indicator was improved by 3.01%. The Bank monitors the energy intensity ratio which expresses the absolute energy consumption of the Bank for all its operational revenue and serves in monitoring energy performance in relation its scale of activities. In 2021 the intensity ratio was at 29.71MWh/€m (2020: 30.99 MWh/€m) reduced by 4.13% compared to 2020.

Finally, the Bank has certified 19 buildings with the third party green building certification methods of "Leadership in Energy and Environmental Design - LEED" (level: gold & platinum) and "Building Research Establishment Environmental Assessment Method – BREEAM" (scale: good, very good & excellent), thus demonstrating Eurobank's excellent working environment. In 2022, the Bank plans to expand its Energy & Emissions monitoring to include Scope 3 emissions, in line with regulatory obligations and its Climate Risk Strategy as well as with applicable international best practice.

Actions against corruption and bribery incidents
The Group is committed to pursuing the fundamental values of integrity, transparency and accountability. It is also committed to safeguarding its reputation and client base.

The Group follows best business practices, having accepted and integrated in its culture the ten principles of the UN Global Compact. The 10th principle on Anti-Corruption states that "Businesses should work against corruption in all its forms,

[5] The 2020 data has been restated based on the use of new CO2 conversion factors according to NIR Greece and DEPEEP data.

including extortion and bribery". The Group has adopted a zero tolerance approach against all types of fraud, including bribery. In accordance with the relevant legislation, the Group prohibits bribery in any form either direct or indirect (through a third party). The principle of zero tolerance applies to all staff and prohibits all forms of bribery, whether active or passive, direct or indirect and is also reflected in contractual documents adopted when entering into relationships with third parties, either natural or legal. The principle of zero tolerance also applies to clients of the Group, as the Organisation for Economic Co-operation and Development (OECD) anti-bribery convention is followed.

In this context, the Group has adopted the following policies and procedures to govern the treatment of bribery and corruption cases encountered:
a) Code of Conduct and Ethics
b) Anti Bribery & Corruption Policy
c) Policy for Reporting Unethical Conduct
d) Management of Sponsorships and Donations

Recognizing that any involvement in cases of bribery not only constitutes a crime, but also reflects adversely on its reputation and client base, the Group takes the following measures aimed at limiting its exposure to bribery:
a) Setting out a clear approach to deal with the risk of bribery.
b) Establishing a robust system of internal controls that does not tolerate bribery and corruption.

Group Compliance is responsible for issuing policies and procedures to combat bribery and corruption cases. Each unit of the Bank is responsible for complying with the existing policies. The Market & Internal Conduct Division of Group Compliance carries out risk assessment exercises on anti-bribery and anti-corruption issues and performs specialized monitoring exercises for potential violations. The Forensic Audit Division of Internal Audit investigates all cases of suspected internal fraud / corruption.

Related party transactions
As at 31 December 2021, the Group's outstanding balances of the transactions and the relating net income / expense for 2021 with (a) the key management personnel (KMP) and the entities controlled or jointly controlled by KMP are: compensation €8.5m, receivables €5.1m, liabilities €23.9m, guarantees received €0.01m, guarantees issued €0.01m, net expense €15.5m, of which €0.5m expense relating with equity settled share based payments, (b) the Fairfax group are: receivables €0.4m, liabilities €0.2m, net income €6.2m and (c) the associates and joint ventures are: receivables €102.6m, liabilities €121.5m, guarantees issued €4.7m net expense €89.5m.

At the same date, the Company's outstanding balances of the transactions and the relating net income / expense for 2021 with (a) KMP are: compensation €0.2m that is referring mainly to KMP services provided by Eurobank S.A. in accordance with the relevant agreement, (b) the Fairfax group refer to receivables of €0.3m related to financial consulting services and (c) the subsidiaries are: receivables €1,012m, liabilities €0.3m and net income €123.9m.

In addition, as at 31 December 2021, the Bank's subgroup outstanding balances of the transactions and the relating net income / expense for 2021 with (a) the KMP and the entities controlled or jointly controlled by KMP are: compensation €8.3m, receivables €5.1m, liabilities €23.9m, guarantees received €0.01m, guarantees issued €0.01m, net expense €15.5m, of which €0.5m expense relating with equity settled share based payments (b) the Fairfax group are: receivables €0.05m, liabilities €0.2m, net income €6.2m, (c) the associates and joint ventures are: receivables €102.6m, liabilities €121.5m, guarantees issued €4.7m net expense €89.5m and (d) the Eurobank Holdings S.A.: receivables €0.3m, liabilities €1.016m, net expense €69m.

All transactions with related parties are entered into the normal course of business and are conducted on an arm's length basis. Further information is provided in the note 45 to the consolidated financial statements, note 45 to the consolidated financial statements of Eurobank S.A. and note 21 to the financial statements of the Company.

Corporate Governance Statement

In compliance with the art. 17 of the L.4706/2020 for the listed companies (effective from 18.7.2021 onwards), which stipulates that listed companies should adopt and implement a corporate governance code, prepared by a recognized and reputable body, and following a relevant resolution of the Board of Directors of Eurobank Holdings on 29 September 2021, Eurobank Holdings has adopted and implements the Hellenic Corporate Governance Code (Code). The Code has been posted on Eurobank Holdings' website (https://www.eurobankholdings.gr).

The Corporate Governance Statement for the year 2021, attached herewith, is an integral part of the Directors' Report, and outlines how the principles stipulated by the Code were applied, during 2021, to Eurobank Holdings and to Eurobank (100% subsidiary of Eurobank Holdings).

Georgios Zanias	Fokion Karavias
Chairman	Chief Executive Officer

5 April 2022

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.

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 year ended 31 December 2021 and for the year ended 31 December 2020:

Components of Alternative Performance Measures

€ million	**FY21**	**FY20**
Net Interest Income [(2)]	1,321	1,349
Fees and commissions	456	384
Total Operating income [(1)]	1,900	2,400
Total Operating income, excluding the gain on FPS disposal and the derecognition gain / (loss) on "Mexico" and "Cairo" loans[(3)]	1,904	2,172
Total Operating expenses [(4)]	(876)	(869)
Pre-provision income (PPI)[(1)]	1,024	1,531
Pre-provision income (PPI), excluding the gain on FPS disposal and the derecognition gain/(loss) on "Mexico" / "Cairo" loans	1,028	1,303
Core Pre-provision income (Core PPI)	900	865
Net profit/(loss) from continued operations[(1)]	328	(1,215)
Impairment loss on projects "Mexico" and "Cairo"	(72)	(1,509)
Derecognition gain/(loss) on "Mexico" / "Cairo" loans, after tax	(5)	7
Gain on disposal of FPS (before tax)	-	218
Gain on disposal of FPS (after tax)	-	173
Restructuring costs, after tax	(19)	(104)
Goodwill impairment loss	-	(160)
Tax adjustments	-	(160)
Adjusted net profit	424	538
Impairment losses relating to loans and advances	(490)	(2,081)
Impairment losses for loans, excluding the loss on projects Cairo and Mexico	(418)	(572)
Non performing exposures (NPE)	2,775	5,724
NPE formation [(7)]	44	(94)
Due to customers	53,168	47,290
Gross Loans and advances to customers at amortized cost	40,815	40,874
Impairment allowance for loans and advances to customers	(1,872)	(3,477)
Impairment allowance for credit related commitments	(48)	(66)
Due to customers (Greek operations)	37,016	34,189
Gross Loans and advances to customers at amortized cost (Greek operations)	31,259	32,829
Impairment allowance for loans and advances to customers (Greek operations)	(1,606)	(3,227)
Common Equity Tier 1 (CET1)	5,436	5,604
Average balance of continued operations' total assets [(1)]	71,677	66,549
Average balance of loans and advances to customers at amortised cost [(5)]	37,826	37,539
Average balance of tangible book value[(1)] [(6)]	5,139	5,658

[(1)] *The comparative information has been restated due to change in accounting policy following the IFRIC agenda decision for attributing benefit to periods of service (IAS 19).*

[(2)] *4Q2021 NIM: Net interest income of the fourth quarter 2021 (€321m), annualised, divided by the average balance of continued operations' total assets (€75,613m).*

[(3)] *International Operations: Operating income: €492m (2020: €474m). Greek operations: Operating income: €1,412m, excluding the derecognition loss on "Mexico" loans of €5m (2020: €1,698m, excluding the gain on FPS disposal of €218m and the derecognition gain on "Cairo"' loans of €9m).*

[(4)] *International Operations: Operating expenses: €234m (2020: €226m). Greek operations: Operating expenses: €643m (2020: €643m).*

[(5)] *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 (31 December 2021: €38,943m), at the end of interim quarters (30 September 2021: €37,780m, including "Mexico" senior notes of €1,621m and excluding "Mexico" loss of €72m, 30 June 2021: €37,490m and 31 March 2021: €37,522m), and at the end of the previous period (31 December 2020 €37,397m).*

[(6)] *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 (31 December 2021: €5,270m) and at the end of the previous period (31 December 2020: €5,008m).*

[(7)] *NPEs formation has been calculated as the decrease of NPE in 2021 (€2,949m), after deducting the impact of write-offs €475m, securitizations / sales €2,720m and other movements (€202m).*

Source of financial Information

The Directors' Report includes financial data and measures as derived from the Company's consolidated financial statements for the year ended 31 December 2021 and for the year ended 31 December 2020, 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 5).

CORPORATE GOVERNANCE STATEMENT 2021

1. Adoption of the Hellenic Corporate Governance Code

In compliance with art. 17 of L.4706/2020 for the listed companies (effective from 18.7.2021 onwards), which stipulates that listed companies should adopt and implement a corporate governance code, prepared by a recognized and reputable body and following a relevant resolution of Eurobank Ergasias Services and Holdings S.A. (Company, Eurobank Holdings, Holdings or HoldCo) Board on 29.9.2021, Eurobank Holdings has adopted and implements the Hellenic Corporate Governance Code (the Code).

The Code which is available on Eurobank Holdings' website (https://www.eurobankholdings.gr/en/corporate-governance/corporate-governance-principles/), has been issued by the Hellenic Corporate Governance Council (HCGC) in June 2021 and entered into force from 18.7.2021 onwards.

Given that the Eurobank Holdings Group (the Group) consists mainly of Eurobank S.A. (Eurobank or Bank) and its subsidiaries (the Eurobank group), the present Corporate Governance Statement outlines how the principles stipulated by the Code were applied to both Eurobank Holdings and Eurobank during 2021. The Eurobank Board has approved the adoption and implementation of the Code on 30.09.2021.

2. Board of Directors[1]

2.1 General

The HoldCo is managed by a Board of Directors (Board or BoD) which is collectively responsible for the long-term success of the HoldCo. The Board exercises its responsibilities in accordance with the Greek legislation, international best practices and the Bank's and HoldCo's contractual obligations to the HFSF under the Tripartite Relationship Framework Agreement (TRFA) signed between the HoldCo, the Bank and the Hellenic Financial Stability Fund (HFSF), as well as with its Articles of Association and the shareholders' General Meeting's legitimate decisions.

The Board's role is to provide entrepreneurial leadership to the Group within a framework of prudent and effective controls which enables risk to be assessed and managed. The Board sets the Group's strategic goals, ensures that the necessary financial and human resources are in place for the Group to pursuit its purpose and reviews management performance. The Board sets the Group's values and standards and ensures that its obligations to its shareholders and others are understood and met. All Directors must act in what they consider to be the best interests of the Group, consistent with their statutory duties.

2.2 Composition of the Board

The members of the Board are elected by the HoldCo's and Eurobank's General Meeting, which determines the exact number of the directors, within the limits of the law and of the HoldCo's and Eurobank's Articles of Association and their term of office and also designates the independent non-executive directors.
The HoldCo's and Eurobank's BoD by its decision dated 28 January 2021, appointed Ms. Efthymia Deli as the new representative of the HFSF to Eurobank Holdings and Eurobank BoDs in replacement of the resigned Mr. Dimitrios Miskou and for an equal term to his remaining term, according to the provisions of Law 3864/2010 and the TRFA.

In addition, on 23.7.2021, due to the expiration of the tenure of the BoDs, the Annual General Meeting (AGM) of the Shareholders of HoldCo and Eurobank appointed the new Board of Directors with three years term (that in any case extends until the date when the Annual General Meeting for the year 2024 will take place) and designated the independent non-executive members of the Board.

The new BoDs, in their meeting of 23.7.2021, decided on their constitution, on the appointment of the Chief Executive Officer and Deputy Chief Executive Officers and on the determination of its executive and non-executive Directors.

It is noted that, for efficiency reasons, HoldCo's BoD has the same composition as Eurobank's BoD.

Following the above, the current Board, as of the date of approval of the here-in Statement, consists of thirteen (13) Directors of whom, four (4) executives, three (3) non-executives, five (5) independent non-executives and one (1) representative of the HFSF, who has been appointed (as non-executive Director) in accordance with relevant legal requirements, as outlined below:

[1] Information regarding the Board's composition is also included in relevant note of the consolidated accounts of HoldCo and Eurobank respectively

		Eurobank Holdings		Eurobank	
		First appointment	End of Term	First appointment	End of Term
Georgios P. Zanias	Chairperson, Non-Executive Director	Mar. 2019	2024	Mar. 2020	2024
Georgios K. Chryssikos	Vice-Chairperson, Non-Executive Director	Jun. 2014	2024	Mar. 2020	2024
Fokion C. Karavias	Chief Executive Officer	Jun. 2014	2024	Mar. 2020	2024
Stavros E. Ioannou	Deputy Chief Executive Officer	Apr. 2015	2024	Mar. 2020	2024
Konstantinos V. Vassiliou	Deputy Chief Executive Officer	July 2018	2024	Mar. 2020	2024
Andreas D. Athanassopoulos	Deputy Chief Executive Officer	Dec. 2020	2024	Dec. 2020	2024
Bradley Paul L. Martin	Non-Executive Director	Jun. 2014	2024	Mar. 2020	2024
Rajeev K. L. Kakar	Non-Executive Independent Director	July 2018	2024	Mar. 2020	2024
Jawaid A. Mirza	Non-Executive Independent Director	Jun. 2016	2024	Mar. 2020	2024
Alice K. Gregoriadi	Non-Executive Independent Director	Apr. 2020	2024	Apr. 2020	2024
Irene C. Rouvitha-Panou	Non-Executive Independent Director	Apr. 2020	2024	Apr. 2020	2024
Cinzia V. Basile	Non-Executive Independent Director	Dec. 2020	2024	Dec. 2020	2024
Efthymia P. Deli	Non-Executive Director, HFSF Representative	Jan. 2021	2024	Jan. 2021	2024

The short CVs of the HoldCo and Eurobank Board members as summarized below are evidence that the Boards' composition reflects the knowledge, skills and experience required for the execution of their duties, in accordance with the Board Nomination Policy and the HoldCo's/Bank's business model and strategy.

It is also noted that the directorships of the HoldCo and Eurobank Board members as at 31.12.2021, are outlined in Section 2.7, "Directorships of Board members".

Georgios Zanias Chairperson, Non-Executive Director Membership in Board Committees: Nomination Committee – Member Strategic Planning Committee – Chairman Year of birth: 1955 Nationality: Hellenic Number of shares in Eurobank Holdings: -	George P. Zanias joined Eurobank as the Chairman of the Board of Directors in 2019. He is also a Professor of Economics at the Athens University of Economics and Business and a Member of the Boards of the American-Greek Chamber of Commerce and of IOBE. In the past, Mr Zanias has served as the Minister of Finance (2012), Chairman of the Board of Directors of the National Bank of Greece (2012-2015), Chairman of the Board of the Hellenic Banking Association (2012-2015), Member of the Board of the European Banking Federation (2012-2015), Member of the Intitute International d' Etudes Bancaires (2012-2015 and 2019-today), Chairman of the Council of Economic Advisors at the Ministry of Finance (2009-2012), General Secretary of the Ministry of Economy and Finance (2001-2004), Chairman and Scientific Director of the National Economic Institute (KEPE) (1998-2001). He has also served as a Director on the Boards of Hellenic Exchanges (2000-2001), the Public Debt Management Office (PDMA) (2009-2012), General Bank (1997-1998), CHIPITA SA (2015-2019), the European Financial Stability Mechanism (EFSF/ESM) (2010-2012). Also: Member of the Board of Governors of the Black Sea Trade and Development Bank (2003-2004), Alternate Governor of the Board of Governors of EBRD (2002-2004), Member of the European Securities Committee (2001-2002), Member of the Monetary Policy Committee of the Bank of Greece (May-July 2012), Chairman of the Board of Directors of Piraeus Real Estate SA and Picar SA (2017-2019), Vice Chairman of the Board of ETVA Industrial Zone SA (2018-2019). He holds a Doctorate from Oxford University, an M.Sc. for the University of Reading and a B.Sc. from the Athens University of Economics and Business..
George Chryssikos Vice Chairman, Non-Executive Director of the BoD Membership in Board Committees: Strategic Planning Committee – Member Year of birth: 1972 Nationality: Hellenic	Mr. Chryssikos is the Founder and Managing Partner of Grivalia Management Company SA and also serves as Chairman of the BoD of Grivalia Hospitality. In the past, Mr. Chryssikos had also the following significant posts: Non-Executive Director of the BoD, MYTILINEOS (2017-2019), Member of the BoD, Praktiker Hellas (2014-2019), Member of the BoD and General Secretary, British Hellenic Chamber of Commerce (2014-2017), CEO, Executive Director of the BoD and Chairman of the Investment Committee, Grivalia Properties REIC (2013-2019), Non-Executive Director of the BoD, Lamda Hellix (2013-2017), General Manager,

Number of shares in Eurobank Holdings: 2.880.000	Executive Director of the BoD and Chairman of the Investment Committee, Grivalia Properties REIC (2008), Investment Manager and Member of the Investment Committee, Grivalia Properties REIC (2006). He holds an MBA in Corporate Finance & Strategy from the Columbia Business School, USA, an MSc in Engineering & Construction Management from UC Berkeley, USA, as well as a MEng in Civil Engineering from the National Technical University of Athens.
Fokion Karavias Chief Executive Officer (CEO) Membership in Board Committees: Strategic Planning Committee – Member Year of birth: 1964 Nationality: Hellenic Number of shares in Eurobank Holdings: 7.569	Mr. Karavias joined Eurobank in 1997 and served, inter alia, as Senior General Manager, Group Corporate & Investment Banking and Capital Markets & Wealth Management (2014-2015) and Executive Committee Member (2014-2015), General Manager and Executive Committee Member (2005-2013), Deputy General Manager and Treasurer (2002-2005), Head of fixed income and derivative product trading (1997). In the past, Mr. Karavias had also the following significant posts: Treasurer of Telesis Investment Bank (2000), Head of fixed income products and derivatives in Greece of Citibank, Athens (1994) and has also worked in the Market Risk Management Division of JPMorgan NY (1991). He holds a PhD in Chemical Engineering from the University of Pennsylvania, Philadelphia, USA and an MA in Chemical Engineering from the same university, as well as a Degree in Chemical Engineering from the National Technical University of Athens. He has published articles on topics related to his academic research.
Stavros Ioannou Deputy Chief Executive Officer (CEO), Group Chief Operating Officer (COO) & International Activities Membership in Board Committees: Strategic Planning Committee – Member Board Digital and Transformation Committee - Member Year of birth: 1961 Nationality: Hellenic Number of shares in Eurobank Holdings: 1.528	Mr. Ioannou holds several other posts in the Eurobank Group as member of the BoD of Eurobank AD Beograd, Serbia (since November 2010), Eurobank Bulgaria AD (since October 2015), Eurobank Cyprus Ltd (since November 2015) and is also the Chairman of the BoD, BE-Business Exchanges SA (since January 2014). He is currently the Chairman of the Executive Committee in the Hellenic Banking Association (since June 2020) and Non-Executive Director of Grivalia Management Company S.A. (since September 2019). In the past, Mr. Ioannou had also the following significant posts: Vice Chairman, Cardlink SA (2013-2015), Member of the BoD, Millennium Bank, responsible for Retail, Private Banking and Business Banking (2003), Head at Barclays Bank PLC, responsible for Retail Banking, Private Banking and Operations (1990-1997). He holds an MA in Banking and Finance from the University of Wales, UK and a Bachelor Degree in Business Administration from the University of Piraeus.
Kostas Vassiliou Deputy Chief Executive Officer (CEO), Head of Corporate & Investment Banking Membership in Board Committees: Strategic Planning Committee – Member Year of birth: 1972 Nationality: Hellenic Number of shares in Eurobank Holdings: -	Mr. Vassiliou holds several other posts in the Eurobank Group as Chairman of the BoD of Eurobank Factors Single Member SA (since December 2018), Member of the BoD of Eurobank Equities Single Member SA (since March 2015). He also serves as Vice-Chairman of the BoD of Eurolife FFH Insurance Group Holdings SA (since January 2021), Eurolife FFH Life Insurance SA (since December 2020) and Eurolife FFH General Insurance SA (since December 2020). In the past, Mr. Vassiliou had also the following significant posts: Country Manager for Greece, Cyprus and the Balkans, Mitsubishi UFJ Financial Group, London (2000-2005) and Senior Relationship Manager, Mitsubishi UFJ Financial Group, London (1998-2000). He holds an MBA from Boston University, USA and a BA in Business Administration from the Athens University of Economics and Business.
Andreas Athanasopoulos Deputy Chief Executive Officer, Group Chief Transformation Officer, Digital & Retail Membership in Board Committees: Strategic Planning Committee – Member Board Digital and Transformation Committee - Member Year of birth: 1966 Nationality: Hellenic Number of shares in Eurobank Holdings: -	In the past, Mr. Athanassopoulos had the following significant posts: Group Chief Customer Officer & CEO Financial services, Dixons Carphone, UK (2018-2020), CEO and Vice President, Dixons Carphone, Greece (Kotsovolos) (2013-2018), General Manager Retail Banking, National Bank of Greece (2008-2013), Chairman of NBG Asset Management (2011-2013), Deputy General Manager Small Business Banking, Eurobank (Greece & New Europe) (2003-2008), Consumer Credit Director, Piraeus Bank (Greece) (2000-2003). He holds a Postdoc on Decision Sciences from the London Business School, UK, a PhD in Industrial and Business Studies from the University of Warwick, UK, an MSc in Statistics and Operational Research from the University of Essex, UK, a BSc in Applied Mathematics from the University of Patras, Greece. He has also served as a Professor in Financial Services of the Athens Graduate School of Business (ALBA) (1997-2001) and a Senior Lecturer of the Warwick Business School, UK (1992-1996) and has published 35 scholarly reviewed papers in top rated academic journals.

Alice Gregoriadi Independent Non-Executive Director Membership in Board Committees: Board Risk Committee – Member Remuneration Committee – Member Nomination Committee – Member Board Digital and Transformation Committee – Vice Chairman Year of birth: 1968 Nationality: Hellenic Number of shares in Eurobank Holdings: -	In the past, Mrs. Gregoriadi had also the following significant posts: Hellenic Corporation of Assets & Participations (HCAP), Greece, Non-Executive Board member, Audit Committee member, Corporate Governance and Nominations Committee member (February 2017 – February 2021), JPMorgan, London, UK, various posts as Managing Director (February 2010 – May 2015), IBOS Board Director (April 2010 – August 2014), ABN Amro Bank, Amsterdam, Netherlands & London, UK, various posts as Managing / Executive Director (November 2001 – December 2009), Citibank NA, London, UK, various Senior Executive Director posts (February 1994 – August 2001) , Clearing House Automated Payments System (CHAPS), UK, Board Director (June 1997 – July 2000). She holds an MBA from the Manchester Business School, UK (1991-1993), including an MBA international exchange program from the E.J.Cox School of Management, Texas, USA – (1992), an Executive Certification on Blockchain for business from University College London (2019), an Executive Certification on eCommerce from the Darden School of Business, Virginia University, USA (2000) and a BSc in Business Administration from the The American College, Athens, (1987-1990).
Rajeev Kakar Independent Non-Executive Director Membership in Board Committees: Audit Committee – Member Board Risk Committee – Chairman Remuneration Committee – Vice Chairman Board Digital and Transformation Committee – Member Year of birth: 1963 Nationality: Indian Number of shares in Eurobank Holdings: -	Mr. Kakar is a senior international banker with 35 years of financial services experience, and currently also serves as a board member of several Financial Institutions- including Commercial International Bank (Egypt), Gulf International Bank Group Board (Bahrain), Gulf International Bank (Saudi Arabia), UTI Asset Management Company Ltd. (India), and is also a Global Advisory Board member at the University of Chicago's Booth School of Business. In the past Mr. Kakar has also served as board member on several international financial institutions/bank boards - eg., as Board Member of Visa International CEEMEA (United Kingdom 2004-2006), Chairman of the BoD, Fullerton Securities & Wealth Advisors (New Delhi, India 2008-2017), board Member of Fullerton India Credit Company (India 2009-2017), Member of the Board of Commissioners, Adira Dinamika Multi Finance Tbk, subsidiary of Bank Danamon (Indonesia 2010-2013), etc. Between 2006-2018, Mr. Kakar served as the Global Co-Founder of Fullerton Financial Holdings (Singapore) - a wholly owned subsidiary of Temasek Holdings, Singapore. In this role, he also concurrently served as Fullerton's Global CEO of Consumer Banking, Regional CEO for Central Europe, Middle East and Africa, and also as the Founder, Managing Director and CEO of Dunia Finance (Fullerton's UAE subsidiary). Prior to 2016, he was at Citibank for 20 years working across various countries and held various senior management positions, including, his most recent Citibank assignment where he served as the Regional CEO & Division Executive for Citibank-Turkey, Middle East and Africa until Jan 2006. Mr. Kakar holds an MBA, Finance & Marketing from the Indian Institute of Management, Ahmedabad (India) and a Bachelor of Technology, Mechanical Engineering from the Indian Institute of Technology (India).
Bradley Paul Martin Non-Executive Director Membership in Board Committees: Audit Committee – Member Board Risk Committee – Member Remuneration Committee – Member Nomination Committee – Vice Chairman Year of birth: 1959 Nationality: Canadian Number of shares in Eurobank Holdings: 122.500	Mr. Martin also serves as a Vice Chairman in Strategic Investments of the Fairfax Financial Holdings, where he has been a senior executive since 1998. In the past Mr. Martin has also served as: Member of the BoD, Bank of Ireland (2013-2017), Chief Operating Officer (COO), Fairfax Financial Holdings (2006-2012) and Partner, Torys LLP law firm (before 1998). He holds a BA from Harvard University, USA and an LLB from the University of Toronto, Canada.
Jawaid Mirza Independent Non-Executive Director Membership in Board Committees: Audit Committee – Chairman Board Risk Committee – Member Nomination Committee – Member Board Digital and Transformation Committee – Chairman Year of birth: 1958 Nationality: Canadian	In the past, Mr Mirza was the Lead Director for 9 years with Commercial International Bank – Egypt as well as Non-Executive Director with South Africa Bank of Athens – Johannesburg. He also served Commercial bank of Egypt (CIB) as Managing Director & CEO Consumer Banking group and Group COO. Mr Mirza also worked with ABN AMRO in the Netherlands for 15 years as Corporative Executive Vice President in senior positions in the Netherlands and Hong Kong. Mr Mirza also worked with Citibank from 1989-1993 and he has also served as Non-Executive Director of Atlas Mara (Sub Saharan African financial services group in 7 sub-Saharan countries) where he chaired the Audit, Risk and Compliance committee. His education includes programmes as "Executive Development Program" from Queens University, Kingston, Canada, "Director's Consortium" from Stanford

Number of shares in Eurobank Holdings: -	University Graduate School of Business- USA and courses from Wharton School of Business.
Rena Rouvitha Panou Independent Non-Executive Director Membership in Board Committees: Nomination Committee – Chairperson Audit Committee – Vice Chairperson Remuneration Committee – Member Year of birth: 1958 Nationality: Cypriot Number of shares in Eurobank Holdings: -	In the past, Mrs. Rouvitha Panou had also the following significant posts: Chairperson of the Board of The Cyprus Telecommunications Authority CYTA (July 2016-July 2021), Chairperson of the Management Committee of the Pensions & Grants Fund of the Personnel of CYTA (January 2019-July 2021), Board Member of the Cyprus Employers and Industrialists Federation (May 2020-July 2021), Independent Non-Executive Director of Alpha Bank Group subsidiaries (Alpha Bank Romania, Alpha Leasing in Greece, Alpha Bank Cyprus) and Chairperson/Member of Audit, Risk, Remuneration Board Committees (November 2014-April 2020), Chairperson of the Board of The Cyprus Development Bank (September 2008-April 2014), Manager/Group Divisional Director/Group General Manager/Board Member at The Cyprus Popular Bank, including Managing Director of Laiki Bank SA in Greece (October 1991-November 2006). She holds a Master of Science in Management from the Massachusetts Institute of Technology, USA (Fulbright Scholar), an M.Phil. Economics from the University of Cambridge, UK and a BSc Economics (Honours) from the London School of Economics, UK (Metcalfe Scholar). Since May 2020 she is a Member of the Advisory Council of the School of Economics and Management, University of Cyprus..
Cinzia Basile Independent Non-Executive Director Membership in Board Committees: Audit Committee – Member Board Risk Committee – Vice Chairman Remuneration Committee – Chairman Year of birth: 1971 Nationality: Italian Number of shares in Eurobank Holdings: -	In the past, Mrs. Basile had also the following significant posts: she set up and ran Credit Suisse AG's Investment Bank multi-asset investment management business (Custom Markets) in the UK, Ireland and Luxembourg, Non-Executive Member of the BoD and Chair of the Operating and Risk Committee of Credit Suisse Custom Markets, a sponsored management company of Credit Suisse located Luxembourg (August 2011 – August 2017), Non-Executive Member of the BoD and Chair of the Operating of Custom Markets plc and Custom Markets QIAF, sponsored management companies of Credit Suisse located in Ireland (August 2011 – August 2017), Non-Executive Member of the BoD and Chair of the Operating and Risk Committee of Custom Markets QIAF a subsidiary of Credit Suisse located in Ireland (August 2011 – August 2017). She holds a Juris Doctor Degree from the University of Rome "La Sapienza", Italy and she was awarded a Thesis Scholarship (derivative instruments), London School of Economics, UK.
Efthymia Deli Non-Executive Director, Representative of the Hellenic Financial Stability Fund under Law 3864/2010 Membership in Board Committees: Audit Committee – Member Board Risk Committee – Member Remuneration Committee – Member Nomination Committee – Member Board Digital and Transformation Committee – Member Year of birth: 1969 Nationality: Greek Number of shares in Eurobank Holdings: -	In the past, Mrs. Deli had also the following significant posts: Project Management Office, New Hellenic Postbank (merged with Eurobank Ergasias) (January 2014 – August 2015), Deputy General Manager at Hellenic Postbank (February 2012 – December 2013), Interim Chief Executive Officer (CEO) at T Bank (former Aspis Bank) (July 2011 – December 2011), Deputy General Manager at Hellenic Postbank (March 2008 – July 2011), Director, Strategic Analysis Division, (Marfin) Egnatia Bank (September 2004 – March 2008), Director, Customer Relationship Management Division, Egnatia Bank (May 2002 – September 2004), Senior Advisor to the Management, Strategic Planning and Economic Research Division, National Bank of Greece (1999 – March 2002). She holds a MSc in Analysis, Design and Management Information Systems (MIS) from the London School of Economics and Political Science (LSE), UK and a BSc in Statistics from the Athens University of Economics and Business.

The short CV of the Secretary to the BoD is the following:

Ioannis Chadolias Secretary to the BoD, Head of Group Company Secretariat Sector Secretary to the following Board Committees: Remuneration Committee Nomination Committee Strategic Planning Committee Board Digital and Transformation Committee Year of birth: 1970 Nationality: Hellenic Number of shares: -	Mr. Chadolias is responsible to provide effective company secretarial support to the Board and Board Committees of Eurobank and Eurobank Holdings as well as to their most important Executive Committees, and to safeguard the integrity of the corporate governance framework of these companies. Mr. Chadolias has served within Eurobank Group as Deputy Company Secretary (September 2016 – January 2021), Head of Group Corporate Governance Division (September 2009 – August 2016) and Subsidiaries Control and Compliance Manager (December 2006 – September 2009). He holds a Master of Science (MSc) in Project Analysis, Finance and Investment from the University of York (United Kingdom), a Bachelor Degree in Economics from the Economic University of Athens (Greece) and several professional qualifications.

There are no restrictions in the re-election and cessation of Directors in the HoldCo's and Eurobank's Articles of Association. In all cases of members whose membership has lapsed, the Board is entitled to continue the management and representation of the HoldCo and Eurobank, without being obliged to replace the lapsed members, provided that the number of the remaining members exceeds half of the number of the members prior to the event that led to the lapse of their membership and, in any case, is not less than three (3).

According to the HoldCo's and Eurobank's Articles of Association, in compliance with Law 4548/2018, the Board may consist of three (3) to fifteen (15) members, while, under the TRFA, this range has been specifically set to be between seven (7) and fifteen (15) members (including the representative of the HFSF). In addition, according to the TRFA, (a) the number of the Board's members must always be odd, (b) the majority of the directors must be non-executive members with at least half of the non-executive members (rounded to the nearest integer) and in any case not less than three (3) (excluding the representative of the HFSF), being independent non-executive members, in accordance with the provisions of Law 4706/2020 on corporate governance and the Joint ESMA and EBA Guidelines on the "Assessment of the suitability of members of the management body and key function holders" and (c) the Board should include at least two (2) executive members. For any differentiations from TRFA's provisions the HFSF's prior consent should be received. Furthermore, according to the HFSF corporate governance review criteria developed as per the relevant provisions of Law 3864/2010, the target size of the Board should be up to thirteen (13) members.

2.3 HFSF and Tripartite Relationship Framework Agreement (TRFA)

The first economic adjustment programme for Greece required the establishment of the HFSF, funded by the Greek government out of the resources made available by the IMF and the EU, to ensure adequate capitalisation of the Greek banking system. The HFSF was established in July 2010 and its duration, originally set until 30 June 2017, was extended until 30 June 2020 and most recently until 31 December 2022, although this may be further extended by the Minister of Finance if the extension is necessary to enable the HFSF to achieve its objectives.

In Eurobank's case, the support provided to it by the HFSF was through the issuance of new ordinary shares covered entirely by the HFSF with the contribution of bonds issued by the EFSF and owned by the HFSF, as resolved by the Eurobank's Extraordinary General meeting on 30 April 2013.

Reflecting the HFSF's status as a shareholder of Eurobank Holdings (it currently owns 1.4% of Eurobank Holdings' shares), and following the completion of the demerger, Eurobank Holdings, the Bank and the HFSF are parties to a Tripartite Relationship Framework Agreement (TRFA) signed on 23 March 2020 and amended on 3 February 2022. The TRFA allows the HFSF to enforce against the Bank all the rights which it had against the former Eurobank Ergasias S.A. under an earlier Relationship Framework Agreement (RFA) between it and Eurobank Ergasias S.A. Accordingly, the TRFA, among other matters:

- regulates the corporate governance of the Bank;
- monitors the implementation of the Bank's non-performing loan management framework; and
- monitors the Bank's performance in relation to non-performing loan resolution.

The TRFA also (i) deals with the material obligations of Eurobank Holdings and the Bank under the RFA, and the switch of the restricted voting rights that the HFSF currently has in Eurobank Holdings to full voting rights if those obligations are breached, (ii) requires the Bank's risk profile to be monitored against the approved Group Risk and Capital Strategy, (iii) requires the Bank to obtain the HFSF's prior written consent for its Group Risk and Capital Strategy and for its Group Strategy, Policy and Governance (relating to the management of the Bank's arrears and non-performing loans) and (iv) establishes the duties, rights and obligations of HFSF's Representative in the Board of each of Eurobank Holdings and the Bank (see further below). The TRFA and L. 3864/200 (HFSF Law) do not preclude, reduce or impair the ability of the management of each of Eurobank Holdings and the Bank to continue to determine independently, among other matters, their respective commercial strategy and policy and to manage the Bank's day-to-day operations.

According to the HFSF Law and the TRFA, the HFSF has the following rights:

- the right to vote at the General Meetings of Eurobank Holdings only for decisions concerning (i) the amendments of the Articles of Association of Eurobank Holdings, including the increase or reduction of the capital or the corresponding authorisation to its Board, (ii) mergers, divisions, conversions, revivals, extension of term or dissolution of Eurobank Holdings, (iii) the transfer of assets (including the sale of subsidiaries) or (iv) any other issue requiring increased majority as provided for in the Greek law on Sociétés Anonymes;
- the right to appoint one director (the "HFSF representative") to the Board of each of Eurobank Holdings and the Bank, to appoint the HFSF representative to their respective Audit, Risk, Nomination and Remuneration Committees and also to appoint an observer in the Board and in the Audit, Risk, Nomination and Remuneration Committees with no voting rights of each of Eurobank Holdings and the Bank;
- free access to the books and records of each of Eurobank Holdings and the Bank for the purposes of HFSF Law, with executives or consultants of its choice;
- to review the annual self-assessment of the Board and the Committees of each of Eurobank Holdings and the Bank for the purpose of identifying weaknesses and improving working methods and effectiveness and the responsibility to

perform, assisted by an independent consultant of international reputation, an evaluation of their respective corporate governance framework, Board and committees, as well as their respective members; and
- the right to monitor the implementation of the Bank's non-performing loan management framework and of the Bank's performance on non-performing loans resolution.

The HFSF representative has a number of rights, including to:
- to call a Board meeting, a meeting of any Board committee of each of Eurobank Holdings and the Bank he is a member of and a general meeting of shareholders of Eurobank Holdings and to include items on the agenda of any of those meetings;
- to veto any resolution of the Board of each of Eurobank Holdings and the Bank (i) related to dividend distributions or the remuneration policy and proposed bonuses to Board members and General Managers or their deputies (ii) which may jeopardise depositors' interests or materially affect liquidity, solvency or, in general, the prudent and orderly operation of the Bank (such as business strategy and asset/liability management), (iii) concerning corporate actions resulting in any matter for which the HFSF would have full voting rights in a shareholder meeting which may materially impact HFSF's participation in the share capital of Eurobank Holdings, or (iv) any decision related to any other veto right each time provided by the HFSF Law;
- to request the postponement of a Board meeting of each of Eurobank Holdings and the Bank or the discussion of any item in order to receive HFSF's Executive Board's instructions or in case the notification of the date of a relevant Board meeting, including the agenda and the relevant material, data or information and all supporting documents with respect to the items of the agenda, are not sent at least three business days prior to such Board meeting;
- to request an adjournment of any Board meeting of each of Eurobank Holdings and the Bank or the discussion of any item by up to three business days, if it finds that the material, data or information and the supporting documents submitted to the HFSF pursuant to the items of the agenda of the forthcoming relevant Board meeting are not sufficient; and
- to approve the Chief Financial Officer ("CFO") of each of Eurobank Holdings and the Bank.

In exercising these rights, the HFSF representative should take into account the business autonomy of each of Eurobank Holdings and the Bank.

Finally, the HFSF Law as in force, has introduced certain minimum requirements with respect to the size, the structure and the members of the Board and the Board Committees of the companies whose corporate governance framework may be assessed by the HFSF according to the relevant provisions of HFSF. In particular, Board members must (i) have a minimum of ten years of experience as senior executives in banking, auditing, risk management or management of risk-bearing assets, with three years of experience, with respect to the non-executive members, as board members of a credit institution, a financial sector enterprise or an international financial institution, (ii) not serve or have been entrusted during the last four years with prominent public functions, such as heads of state or of government, senior politicians, senior government, judicial or military officials or prominent positions as senior executives of state owned corporations or political party officials, and (iii) have declared any economic connections with the credit institution prior to their appointment. In addition, the Board must comprise at least: (i) three experts as independent non-executive directors, with sufficient knowledge and international experience of at least fifteen years with financial institutions of which at least three years as members of an international banking group which is not active in the Greek market unrelated to any Greek credit institution during the past decade, which shall chair all board committees, and (ii) one member with at least five years of international experience and specialisation in risk or NPL management, who shall be responsible for NPL management at board level and shall chair any special board committee for NPL management. Furthermore, and based on the provisions of article 10, par. 6 of the HFSF Law, the HFSF with the assistance of an independent consultant has developed additional criteria as to the eligibility of individual Board members.

2.4 Division of responsibilities

There is a clear division of responsibilities at the head of the HoldCo and the Bank between the proper operation of the Board, attributed to the Chairperson, and the day-to-day management and control of the HoldCo's and the Bank's business, attributed to the CEO and the Deputy CEOs. The roles of Chairperson and CEO are not exercised by the same person.

Chairperson

The Chairperson of the HoldCo's/Bank's Board is a Non-Executive Director and does not serve as Chairperson of either the Risk or Audit Committees. The Chairperson, who is elected unanimously by all the Board members (including the Independent Non-Executives) as per the L. 4548/2018 and the Articles of Association, chairs the Board and is responsible for the overall effective and efficient operation and organization of its meetings.

The Chairperson is responsible to:
- organize and coordinate the work of the Board
- set the Board's agenda and ensure that adequate time is available for discussion of all agenda items, in particular strategic issues
- promote a culture of open-mindedness and constructive dialogue
- facilitate and promote the establishment of good and constructive relationships between the members of the Board and the effective contribution of all non-executive members

- ensure that the Directors receive accurate, timely and clear information and that their developmental needs are met, with the view of enhancing the effectiveness of the Board as a team
- ensure continuous and clear communication with the representatives of the Ministry of Finance, the BoG, the HFSF and of other public authorities
- ensure that the Board as a whole has a satisfactory understanding of the views of the shareholders
- ensure effective communication with all shareholders as well as the fair and equitable treatment of their interests and the development of constructive dialogue with them in order to understand their positions
- work closely with the CEO and Corporate Secretary to prepare the BoD and to fully inform its members

The Board has also elected a Vice-Chairperson. The Vice-Chairperson who is a Non-executive Director, supports the Chair and acts as a liaison between the Chair and the members of the Board.

It is noted that the Board has not appointed a Senior Independent Director.

CEO

The HoldCo's/Bank's CEO is accountable for and manages strategy development and implementation in line with the vision of the Group. He is responsible for leading the organisation to the achievement of its objectives.

Executive Directors

The HoldCo/Bank's Executive Directors (i.e. the HoldCo's/Bank's CEO and Deputy CEOs) have responsibilities for the day-to-day management and control of the Group and the implementation of its strategy defined by the Board. In addition, the HoldCo's/Bank's Executive Directors are responsible to a) consult regularly with the non-Executive Directors on the appropriateness of the implemented strategy, b) to provide updates to the Board (in collaboration with the other senior managers of the HoldCo/Bank) regarding the market and any other developments that affect the HoldCo/Bank and c) inform the Board without delay in writing, either jointly or separately, by submitting a report with their estimates and proposals, of situations of crises or risks that are expected to influence the financial situation of the HoldCo/Bank.

The HoldCo's/Bank's CEO and Deputy CEOs exercise their responsibilities as these are defined in the HoldCo's and Bank's Internal Governance Control Manuals (IGCMs) which are approved by the respective HoldCo's/Bank's Board. The HoldCo and Bank IGCMs which meet the legal and regulatory requirements on corporate governance issues, describe the overall framework by which Eurobank Holdings and Bank are directed and controlled.

Non-Executive Directors

The non-Executive Directors are responsible for the overall promotion and safeguarding of the HoldCo's and the Bank's interests. In addition, the non-Executive Directors monitor and examine the strategy and its implementation, as well as the achievement of the objectives, ensure effective supervision of the executive members, including monitoring and control of their performance, examine and express opinions on the proposals submitted by the Executive Directors on the basis of existing information and approve, revise and oversee the implementation of the remuneration policy at Group level.

The non-Executive Directors may request, in accordance with HoldCo's/Bank's established, internal procedures, to contact the executives of the company's senior management through regular presentations by the heads of departments and services.

The non-Executive Directors meet at least annually, or exceptionally when judged appropriate without the presence of executive members in order to discuss the performance of the latter. At these meetings the non-Executive Directors do not act as a de facto body or a committee of the Board. In 2021, the HoldCo's/Bank's non-Executive Directors met twice, on 12.04.2021 and 25.06.2021.

The HoldCo and the Bank encourage the non-executive Directors to take care of their information regarding all the issues that the respective Board deals with.

The Independent non-Executive Directors have the duty, to submit, each one of them or jointly, to the Annual or Extraordinary General Meeting of Shareholders, their own reports other than those of the Board.

2.5 Operation of the Board

The way that the Board operates, including the manner in which it meets and takes decisions and the procedures it follows, taking into account the relevant provisions of the HoldCo's/Bank's Articles of Association and the mandatory legal provisions, is described in the HoldCo's/Bank's IGCM, which is approved by the respective HoldCo's/Bank's Board and is drawn up in compliance with legal and regulatory requirements on corporate governance issues.

Board Meetings

The Board meets regularly every quarter and on an ad hoc basis, whenever the law or the HoldCo's and the Bank's needs necessitate it. For each calendar year and within the 3rd Quarter of the preceding year, the Board adopts an annual calendar of Board and Board Committees meetings and an annual action plan, which is revised according to the developments and needs, in order to ensure the correct, complete and timely fulfilment of its tasks, as well as the examination of all matters on which it takes decisions. All updates / amendments in the adopted annual calendar of Board and Board Committees are promptly communicated to Board and Board Committees' members so that they make the necessary planning.

The Board meetings take place given at least two (2) business days' notice or at least five (5) business days' notice, if a specific meeting is held outside the HoldCo/Bank's registered office, as per Company Law 4548/2018 provisions. The invitation must also mention with clarity the agenda subjects, otherwise a decision is taken only when all members of the Board are present or represented and nobody objects to the convocation of the meeting and to the taking of decisions. Submissions to the Board are normally circulated together with the agenda.

In addition, according to the TRFA provisions the Board informs the HFSF Representative and the Observer on the activities and the decisions of the Board and to that end it shall notify to them the agenda together with the relevant supporting material at least three (3) business days prior to the Board meeting, otherwise, unless an emergency case unforeseeable by the HoldCo/Bank exists, the HFSF Representative is entitled to request a postponement of the Board meeting which shall be resumed the earliest after three (3) business days, provided that the aforementioned documents are provided to him/her on time. In case where an item on the agenda requires, as per TRFA provisions, the prior HFSF consent, the HoldCo/Bank should not submit it for approval to the Board before HFSF consent is granted, unless otherwise agreed between the HoldCo/Bank and the HFSF. For urgent matters, the Board may approve matters subject to subsequent HFSF consent.

Dissemination of Information

The Board utilises technological tools with the necessary security specifications for real-time information and facilitates the connection and information of members.

The Chief Executive and senior management shall ensure that any information necessary for the performance of the duties of the members of the Board is available to them at any time.

Quorum in the Board Meetings

The Board is considered to be in quorum and meets validly when at least half plus one of its members are present or represented. The number of the present or represented members is not allowed to be less than three (3). For defining the quorum any resulting fraction is omitted. Decisions of the Board are taken by absolute majority of the Directors that are present or represented. In case of parity of votes, the vote of the Chairperson of the Board does not prevail.

Board Decisions and Minutes

Decisions are taken following discussions which exhaust the agenda items to the satisfaction of all members present. Board meetings minutes are kept by the Company Secretary of the Board, are approved at subsequent Board meetings and signed by all members present. Finally, the drawing up and signing of minutes by all the members of the Board or their representatives is equal to a decision of the Board, even if no meeting has preceded.

Company Secretary

The HoldCo's/Bank's Board is supported by a competent, qualified and experienced Company Secretary in order to comply with internal procedures and policies, relevant laws and regulations and to operate effectively and efficiently. The HoldCo's/Bank's Company Secretary is a senior management officer who is appointed and dismissed by the Board on the proposal of the Chair.

The Company Secretary is the head of the Group Company Secretariat which is a sector of the Bank. Among others, the Company Secretary is responsible, in consultation with the Chair, for ensuring immediate, clear and complete information of the Board and Board Committees, the inclusion of new members, the organisation of General Meetings of Shareholders, the facilitation of communication of shareholders with the Board and the facilitation of communication of the Board with senior management.

In addition, the Company Secretary is responsible for advising the Board through the Chairperson on all governance matters and ensuring that the Board procedures are complied with.

All members should have access to the advice and services of the Company Secretary, who is responsible to facilitate their induction and assist them with their professional development.

2.6 Attendance of Board members in the Board and Board Committees

In accordance with HoldCo's and Bank's Board and Board Committees' Attendance Policy, the Board members are expected to attend all Board and Board Committees' meetings to which they are appointed.

It is accepted, though, that the Board members may be unable to attend some meetings due to conflicts with other commitments or other unforeseen circumstances. In this context and in line with the TRFA, a mandatory minimum attendance of not less than 85% for each member should be achieved every calendar year. Individual meetings up to 15% can be missed only if a valid excuse is provided.

In addition, according to L. 4706/2020, in case of unjustified absence of a Board member in at least two (2) consecutive meetings of the Board, this member shall be considered as resigned. This resignation is established by a decision of the Board, which replaces the member, in accordance with the procedure provided by the Law.

During 2021 the average Directors' of HoldCo and Eurobank Board attendance was as follows:

Company	Meetings		Average ratio of Directors' attendance	
	2021	2020	2021	2020
HoldCo	19	23	99.6%	98%
Bank (from 20.3.2020)	20	22	99%	99%

During 2021, at individual level, the attendance of all the Directors to the Board, stood above the 85% threshold. Moreover, in all the cases of missed Board attendances in the period, representation proxies have been provided, leading to an overall attendance (physical and under representation) of 100%.

In particular, the Directors' attendance rates at the Board meetings in 2021 were the following:

	Eurobank Holdings Board			Eurobank Board		
	Eligible to attend	Attended in person (# and %)		Eligible to attend	Attended in person (# and %)	
Georgios Zanias, *Chairperson, Non-Executive Director*	19	19	100%	20	20	100%
Georgios Chryssikos, *Vice-Chairperson, Non-Executive Director*[2]	19	19	100%	20	19	95%
Fokion Karavias, *Chief Executive Officer*[3]	19	18	95%	20	19	95%
Stavros Ioannou, *Deputy Chief Executive Officer*	19	19	100%	20	20	100%
Konstantinos Vassiliou, *Deputy Chief Executive Officer*	19	19	100%	20	20	100%
Andreas Athanassopoulos, *Deputy Chief Executive Officer*	19	19	100%	20	20	100%
Bradley Paul Martin, *Non-Executive Director*	19	19	100%	20	20	100%
Rajeev Kakar, *Non-Executive Independent Director*	19	19	100%	20	20	100%
Jawaid Mirza, *Non-Executive Independent Director*	19	19	100%	20	20	100%
Alice Gregoriadi, *Non-Executive Independent Director*	19	19	100%	20	20	100%
Irene Rouvitha-Panou, *Non-Executive Independent Director*	19	19	100%	20	20	100%
Cinzia Basile, *Non-Executive Independent Director*	19	19	100%	20	20	100%
Efthymia Deli, *Non-Executive Director, HFSF Representative*[1]	18	18	100%	20	20	100%
Dimitris Miskou, *Non-Executive Director, HFSF Representative*[1]	1	1	100%	-	-	-

[1] Mrs. Efthymia Deli was appointed as HoldCo and Eurobank Board member, in replacement of Mr. Dimitrios Miskou, on 28.01.2021
[2] Mr. Chryssikos provided representation proxy for the missed meeting in Eurobank
[3] Mr. Karavias provided representation proxies for the missed meetings in Eurobank Holdings and Eurobank

The average Director's attendance rates to HoldCo's and Eurobank's Board Committees, along with the individual attendance rates per Board Committee are presented separately, under the subsection of the present Corporate Governance Statement, referring to the Board Committees.

2.7 Directorships of Board members

The directorships of the Board members (including significant non-executive commitments to companies and non-profit organisations) are notified before their appointment to the Nomination Committee Chairperson and/or the Nomination Committee in accordance with the HoldCo and Bank External Engagements Policy. In parallel, the Board members notify changes regarding their directorships to the Bank Group Company Secretariat as soon as they occur.

The number of directorships which may be held by the Board members at the same time comply with the provisions of art. 83 of the Law 4261/2014 (Law), according to which the Directors shall not hold more than one (1) of the following combinations of directorships at the same time: a) one (1) executive directorship with two (2) non-executive directorships; and b) four (4) non-executive directorships. This restriction is not applied to directorships within the Group. Bank of Greece (BoG) as the competent authority may allow Board members to hold one (1) additional non-executive directorship. Based on their declared information, all members are compliant with the provisions of Law 4261/2014.

In addition, it is noted that directorships in organizations, which do not pursue predominantly commercial objectives, do not count for regulatory purposes.

In the context of Board's overall effectiveness assessment through which the Nomination Committee (NomCo) assesses annually the knowledge, skills, experience and contribution of individual Board members and of the Board collectively and reports to the Board accordingly, the Board members' directorships were also reviewed. The relevant review revealed that all Board members are compliant with the Law's provisions.

HoldCo and Eurobank Board Members' Directorships (including Directorships within Eurobank Group) as at 31.12.2021

Georgios Zanias - *Chairperson, Non-Executive Director*
Foundation for Economic and Industrial Research (IOBE) – *Board Member*[1]
American – Hellenic Chamber of Commerce – Board Member[1]
Georgios Chryssikos - *Vice-Chairperson, Non-Executive Director*
Grivalia Management Company S.A. – *Executive Director*
Grivalia Hospitality S.A. – *Non-Executive Director*

Fokion Karavias - *Chief Executive Officer*
Hellenic Bank Association (HBA) – *BoD Member*[1]
Eurobank Private Bank Luxembourg S.A - *Non-Executive Director*[2]

Stavros Ioannou - *Deputy Chief Executive Officer*
Grivalia Management Company S.A. - *Non Executive Director*
Be-Business Exchanges S.A. of Business Exchanges Networks and Accounting and Tax Services - *Chairman*
Eurobank Direktna a.d. Beograd - *Non-Executive Director*[2]
Eurobank Cyprus Ltd - *Non-Executive Director*[2]
Eurobank Bulgaria AD - *Non-Executive Director, Supervisory Board*[2]

Konstantinos Vassiliou - *Deputy Chief Executive Officer*
Hellenic Exchanges – Athens Stock Exchange S.A. - *Non-Executive Director*
Marketing Greece S.A. - *Non-Executive Director*[1]
Eurolife FFH General Insurance Single Member S.A - *Vice Chairman, Non-Executive Director*[3]
Eurolife FFH Life Insurance Single Member S.A. - *Vice Chairman, Non-Executive Director*[3]
Eurolife FFH Insurance Group Holdings S.A. - *Vice Chairman, Non-Executive Director*[3]
Eurobank Equities Investment Firm Single Member S.A. - *Non-Executive Director*[2]
Eurobank Factors Single Member S.A. - *Chairman*[2]

Andreas Athanassopoulos - *Deputy Chief Executive Officer*
Praktiker Hellas Trading Single Member S.A – *BoD Member*

Bradley Paul Martin - *Non-Executive Director*
Blue Ant Media Inc.- *Non-Executive Director*
Resolute Forest Products Ltd – *Non-Executive Director*
AGT Food and Ingredients Inc – *Non-Executive Director*

Rajeev Kakar - *Non-Executive Independent Director*
Gulf International Bank, Bahrain - *Non-Executive Director*[4]
Gulf International Bank, Kingdom of Saudi Arabia - *Non-Executive Director*[4]
Commercial International Bank (CIB) - *Non-Executive Director*
UTI Asset Management Co. Ltd (UTIAMC) - *Non-Executive Director*

Jawaid Mirza - *Non-Executive Independent Director*
AGT Food and Ingredients Inc – *Non-Executive Director*

Alice Gregoriadi - *Non-Executive Independent Director*
Hellenic Blockchain Hub - *Non-Executive Director*[1]

Cinzia Basile - *Non-Executive Independent Director*
Creditis Servizi Finanziari S.p.A. - *Non-Executive Director*
Brent Shrine Credit Union (trading name My Community Bank) - *Non-Executive Chair of the Board*[1]
Zenith Service S.p.A. - *Non-Executive Director*
Nikko Europe Asset Management - *Non-Executive Director*

Irene Rouvitha-Panou - *Non-Executive Independent Director*
None

Efthymia P. Deli - *Non-Executive Director, HFSF Representative*
None

[1] Organization that does not pursue predominantly commercial objectives
[2] Company that belongs to Eurobank Group and along with directorships in HoldCo, Eurobank and the other companies of the Group is considered as 1 (one) directorship for each Board member

[3] Company that belongs to Eurolife FFH Group and along with directorships in the other companies of that group, is considered as 1 (one) directorship for each Board member
[4] Company that belongs to Gulf International Bank Group and along with directorships in the other companies of that group, is considered as 1 (one) directorship for each Board member

2.8 Conflicts of interest

The Group, based on the "Conflicts of Interest Policy", which is approved by HoldCo's and Eurobank's BoD, has adopted a series of Policies, procedures, systems and controls for identifying, preventing and managing conflicts of interest situations arising from the business activities of the Group.

To avoid situations of conflict of duties, the Group has procedures which segregate executive and non-executive responsibilities of the members of the Board, including the division of the responsibilities of the Chairperson of the Board with the executive responsibilities of the CEO. More specifically, by adopting appropriate procedures, effective segregation of duties is ensured, so as to avoid cases of incompatible roles, conflicts of interest between the members of the Board of Directors, Management and Executives and between the Group, its transacting parties and/or the malicious use of inside information or assets.

The Group should be able to identify whether an actual or potential conflict of interest exists to an extent that would impede the Board members' ability to perform their duties independently and objectively (independence of mind) and, if so, to assess its materiality in order to be able to proceed with mitigating measures.

The Board members:

- must comply with the high standards and principles of professional ethics in the performance of their duties, apply the principles of the "Conflicts of Interest Policy" and refrain from any activity or conduct that is inconsistent with it.
- according to article 97 par. 1 of Company Law 4548/2018, are prohibited from pursuing personal interests that run counter to the interests of the Holdings (or the Group) and must timely and adequately disclose to the other members of the Board of Directors any personal/own interests that may arise from the Holdings' transactions which fall within their line of responsibility, as well as any other potential, perceived or actual conflict of interests that may exist between Holdings or its affiliated undertakings (under article 32 of Law 4308/2014) and themselves. Furthermore, they have to disclose to the other members of the Board, any conflicts of interest between Holdings and their associated parties under article 99 par. 2 of the Company Law 4548/2018. Adequate disclosure on behalf of the Board members, as per the above, is considered the one that includes a description of both the transaction and the own interests.
- must ensure the privacy and the confidentiality of non-publicly available information and refrain from behaviors that would constitute market abuse and conflict of interest.

To assist with this framework, Board members are required to disclose, on an ongoing basis, any engagements, directorships or interests they hold with any legal entities outside the Group and to provide the Group with any information (on a "best of their knowledge" basis) that may be required. Board members are required to disclose any issue which, taking into consideration the Board's agendas, may create a conflict of interest.

Board Members are committed to inform the Group, on an ongoing basis during their tenure, for any new facts that may affect the initial assessment of the conflict of interest and independence of mind criterion.

All actual or potential conflicts of interest at the Board level should be adequately communicated, discussed, documented, decided on and duly managed/mitigated by the Group. A member of the Board should abstain from voting on any matter where the member has an identified conflict of interest.

2.9 Remuneration

Eurobank Holdings has established a Board of Directors' Remuneration Policy (Remuneration Policy) in line with related requirements of Law 4548/2018 (the Law) (latest version of the Policy approved by the AGM on 23.7.2021). The Remuneration Policy has been created to satisfy the pertinent terms of the Law (articles 109, 110, 111, 112 and 114) and it also complies with relevant stipulations of the TRFA.

The Remuneration Policy describes the key components and considerations of the remuneration framework for the members of the Board and its objective is to safeguard that remuneration is reasonable, gender neutral and sufficient to retain and attract directors with appropriate skills and experience to develop and implement the Eurobank Holdings' business strategy and ensure its long-term interests and sustainability, while avoiding excessive risk taking.

In addition, regarding the Remuneration Policy, it is noted that:

- The process of its development is characterised by objectivity and transparency.
- The Board members exercise independent judgment and discretion when approving and recommending to the General Meeting its approval and generally when approving any remuneration, taking into account both individual performance and the performance of the company.

Eurobank Holdings produces, for each financial year, a Remuneration Report concerning the remuneration and other financial benefits paid to each Executive and Non-Executive Directors of the Board during the reporting financial year, in line with the requirements of Article 112 of the Law. The Eurobank Holdings Remuneration Report for 2020 (https://www.eurobankholdings.gr/-/media/holding/omilos/grafeio-tupou/etairikes-anakoinoseis/2021/etairiki-anakoinosi-02-07-21/ekthesi-apodoxon-2020-en.pdf) has been approved by the Annual General Meeting on 23.7.2021 and for reasons of transparency and efficient information, presents clearly the additional remuneration of the Board members participating in committees.

The remuneration of the executive Directors, as well as the senior management of the company, are related to the size of the company, the extent of their responsibilities, the corporate strategy, the company's objectives and their realisation, with the ultimate goal of avoiding excessive risk taking including with respect to direct or indirect sustainability risks and creating long-term value in the company.

In addition, regarding the remuneration of the executive Directors, it is noted that:

- The Stock Options that are provided to them are completely matured after four (4) years from the date of granting.
- They have not received bonus during 2021, therefore there was no need for the Board to examine the refund of all or part of the bonus awarded to them, due to breach of contractual terms or incorrect financial statements.

Due to same composition of the Board of the Eurobank Holdings with the Board of its subsidiary Eurobank and since the Directors are paid solely by one of the two, that being the Bank, any reference to the remuneration and /or the benefits payable to the Directors of Eurobank Holdings, applies to the relevant remuneration they receive as Directors of the Bank.
The 2021 Board and key management remuneration disclosure is included in note 45 of the consolidated accounts of Eurobank Holdings and in compliance with the provisions of the Company Law 4548/2018 and in order to ensure adequate transparency to the market of the remuneration structures and the associated risks, is uploaded at website www.eurobankholdings.gr.

2.10 Board Role and Responsibilities

The principal duties and responsibilities of the HoldCo / Bank's Board are to:

- review, guide and approve the strategy (including the revision of opportunities and risks related to the strategy), major plans of action, risk policy, business and restructuring plans, set performance objectives, monitor performance, oversee and approve major capital expenditures, acquisitions, divestitures and formation of new entities including creation of special purpose vehicles
- ensure the existence of the necessary financial and human resources, as well as the existence of an internal control system
- approve the annual budget and monitor its implementation on a quarterly basis
- approve the three-years business plan and monitor its implementation
- review and approve at least annually the risk strategy and risk appetite and ensure that it is consistent with the overall business strategy, capital plan, funding plan, restructuring plan and budget
- receive and discuss at least on a quarterly basis comprehensive risk reports covering all the main risks and providing an overview of the key changes in the risk profile versus risk targets and risk appetite
- develop and deliver the objectives in the agreed restructuring plan under the HFSF Law and for taking any action necessary to that effect
- provide oversight to senior management
- along with the strategic orientation, approve corporate governance practices and corporate values and monitor their effectiveness and compliance with them, making changes as needed
- along with senior management, set the standard that shape the corporate culture (which is in line with values and strategic planning) and use tools and techniques for the integration of the desired culture into the systems, policies, procedures, practices and behaviors at all levels.
- approve the risk and capital strategy and regularly monitor that the CEO and the Executive Board pursue its implementation effectively
- approve the organization chart and any amendments
- approve Board and Board Committees related policies and other policies, as required by legal or regulatory requirements or internal processes
- ensure that rigorous and robust processes are in place to monitor organizational compliance with the agreed strategy and risk appetite and with all applicable laws and regulations
- select, compensate, monitor and when necessary, replace key executives and oversee succession planning
- align key executive and board remuneration with the longer term interests of Group and its shareholders
- ensure a formal and transparent board nomination and election process
- monitor, manage and approve where required potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions

- ensure the integrity of accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards
- review and monitor on a regular basis the Non-Performing Loans (NPL) and Non-Performing Exposures (NPE) performance against set targets
- oversee the process of disclosure and communications
- determine the appropriate level of remuneration of the Board and Board Committees' members, both at Company and Group level, pending final ratification by the respective General Assemblies
- bind and monitor the executive administration on matters relating to new technologies and environmental issues
- identify the stakeholders that are important, in accordance with its characteristics and strategy and ensure that mechanisms are in place for the knowledge and understanding of their interests and the way they interact with Group strategy and also monitor their effectiveness
- where necessary for the achievement of the objectives and in accordance with the strategy, ensure the timely and open dialogue with stakeholders and the usage of different channels of communication for each group of stakeholders, with a view to flexibility and facilitation of understanding of the interests of both parties

2.11 Main issues the Board dealt with during 2021

In 2021, the HoldCo's/Bank's Board has reviewed the corporate strategy, the main risks to the business and the system of internal controls;

In more detail, in discharging its responsibilities for 2021 the main issues Holdco's/Bank's BoDs dealt with related to:

Eurobank Holdings

a) Governance:
- appointment of the new Board of Directors due to the expiration of the previous Board and approval of the Board Committees' composition
- preparation and convocation of the Shareholders General Meeting
- annual evaluation of the Board and the Board Committees
- review of the attendance of Directors to the Board and Board Committees
- CEO's performance evaluation for 2020 and approval of his financial and non-financial objectives for 2021
- approval of the Board Nomination Policy, the Board and Board Committees Evaluation Policy, the Key Function Holders Selection and Appointment Policy and the Conflict of Interest Policy
- approval and further submission to the Annual General Meeting for approval, of the 'Board and Board Committees' fees for Non-Executive Directors, the Remuneration Policy for the Directors and the Remuneration Report for the financial year 2020
- approval of a stock option plan implementation
- approval of HoldCo's Internal Governance Control Manual
- update on HFSF's Evaluation of the Board of Directors
- approval of the adoption of the Hellenic Corporate Governance Code (legal requirement under L. 4706/2020)
- regular update on Board Committees' matters
- update on Company Secretary's Report 2021
- approval of Board and Board Committees calendar for 2022,
- various remuneration issues
- approval and further submission to the Annual General Meeting, of the proposal for the amendment of the Tripartite Relationship

Bank

a) Governance:
- appointment of the new Board of Directors due to the expiration of the previous Board and approval of the Board Committees' composition
- approval of the Terms of Reference of the Board Risk Committee,
- approval of the revised Group Company Secretariat Mandate
- preparation and convocation of the Bank's Shareholders General Meetings
- annual evaluation of the Board and Board Committees
- review of the attendance of Directors to the Board and Board Committees
- CEO's performance evaluation for 2020 and approval of his financial and non-financial objectives for 2021
- approval of the Board Nomination Policy, the Remuneration Policy, the Group Subsidiary Board Remuneration Policy, the Board and Board Committees Evaluation Policy, the Conflict of Interest Policy and the AML/CFT and Sanctions Policy
- approval and further submission to the Annual General Meeting for approval, of the 'Board and Board Committees' fees for Non-Executive Directors
- approval of Eurobank Internal Governance Control Manual
- update on HFSF's Evaluation on the Board of Directors
- update on Senior Executives succession plan
- approval of the adoption of the Hellenic Corporate Governance Code
- regular update on Board Committees' matters
- update on Company Secretary's Report 2021
- approval of Board and Board Committees calendar for 2022
- various remuneration issues,

Framework Agreement (TRFA) allowing for the extension of the External Auditors tenure up to five (5) years.

b) Environmental, Social & Governance (ESG) issues:
- update on the ESG project and on the status of ESG initiatives
- approval of the Board member responsible for the climate risk

c) Corporate and other actions:
- approval of the sale of 95% of mezzanine and junior notes of Mexico securitization (Project Mexico)

d) Capital adequacy:
- approval of the 2021 Internal Capital & Liquidity Adequacy Statements (CAS & LAS) in the context of the Internal Capital & Liquidity Adequacy Assessment Process (ICAAP & ILAAP 2021),

e) Business monitoring:
- approval of the 2020 annual financial statements and the 2021 interim financial statements
- approval of the Annual Budget 2022 and the 3-Years Business Plan for the period 2022-2024
- discussion of business developments and liquidity.

f) Risk Management and Internal Control:
- update on the Independent Triennial Evaluation of System of Internal Controls (SIC) per BoG Act 2577
- update on significant audit and compliance issues
- approval of Group Risk and Capital Strategy, Risk Appetite Framework and Risk Appetite Statements
- approval of the 2020 consolidated Pillar 3 Report (capital and risk management disclosures)
- regular briefing on Audit Committee's matters
- update on significant risk issues, including the Group Chief Risk Officer's Annual Report for the year 2020
- update on the 2020 Annual Activity Report of the Audit Committee (as per L. 4548/2018) before submission to the Annual General Meeting
- approval of new or revised policies as per the legal and regulatory framework and internal processes

- approval and further submission to the Annual General Meeting, of the proposal for the amendment of the Tripartite Relationship Framework Agreement (TRFA) allowing for the extension of the External Auditors tenure up to five (5) years
- Approval of the appointment of the Outsourcing officer
- Update from its international banking subsidiaries.

b) Environmental, Social & Governance (ESG) issues:
- discussion on the climate related risk roadmap
- approval of the Board member responsible for the climate risk

c) Corporate and other actions:
- approval of the merger of Eurobank A.D. Beograd with Direktna Banka (Project Unison)
- approval of the Covered Bond Issuance Programme of the Bank of an amount of up to €5 billion
- approval of the Draft Demerger Agreement of "Eurobank Ergasias Leasing Single Member Societe Anonyme" through absorption and with the establishment of a new company
- approval of the sale of distressed corporate loans (project Kalypso)
- approval of the final agreement for the sale of the Merchant Acquiring Business (Project Triangle)
- approval of the Hellinikon project (Project E).

d) Capital adequacy:
- approval of the securitization of the Bank's receivables from portfolios of business and other loans.

e) Business monitoring:
- approval of the 2020 annual consolidated financial statements and the 2021 interim consolidated financial statements
- approval of the Annual Budget 2022 and the 3-Years Business Plan for the period 2022-2024
- approval of the Group's NPE Targets for the period 2021-2023 and the NPE management Strategy
- update on significant subsidiaries activities and strategic priorities
- review of business developments and liquidity.

f) Risk Management and Internal Control:
- update on the Independent Triennial Evaluation of System of Internal Controls (SIC) per BoG Act 2577
- briefing on the assessment on Internal Audit Group and Group Compliance annual regulatory reports
- update on significant audit issues
- update on significant compliance issues, including AML end-to-end project status update
- update on significant risk issues
- approval of amendments relevant to the Group Risk and Capital Strategy and Risk Appetite Statements
- approval of the 2020 consolidated Pillar 3 Report (capital and risk management disclosures)
- update on credit and NPE related issues through various reports
- regular briefing on Board Risk and Audit Committees' matters

- approval of the 2021 Group Recovery Plan.
- update on the 2020 Annual Activity Report of the Audit Committee (as per L. 4548/2018) before submission to the Annual General Meeting
- approval of policies as per the legal and regulatory framework and internal processes.

g) Transformation Project:
- discussed and reviewed the transformation plan
- discussed various issues relevant to digitalization and transformation project

Board Strategy Day in 2021

Following the Board self-evaluation for the year 2018, the BoD decided in 2019, apart from the annual meeting on Eurobank's annual budget and its 3-year business plan, a strategy meeting, outside the formal confines of the BoD (no formal minutes are kept), to also take place (on an annual basis), so as the BoD members to have ample time for discussion and deliberation on the top strategic initiatives that are relevant to Eurobank's growth and its standing among its peers. For this purpose, the BoD Chairman proposed to establish the Board Strategy Day and the BoD members agreed with his proposal.

The Board Strategy Day in 2021 was divided in 2 days (on 30.09.2021 and 1.10.2021) and focused on Transformation and Deep dives on key transformation streams.

2.12 Board and Board Committees Evaluation and Individual Evaluations

Board and Board Committees Evaluation conducted internally

In accordance with the HoldCo/Bank Board and Board Committees Evaluation policy (Evaluation Policy), the HoldCo/Bank Nomination Committee (NomCo) has the overall responsibility to assess the structure, size, composition and performance of the Board and the Board Committees and make recommendations to the Board with regard to any changes deemed necessary. Therefore, it is NomCo's responsibility to design and coordinate the self-evaluation of the Board's and the Board Committees' effectiveness (Internal Evaluation).

The Internal Evaluation is based on a self-evaluation questionnaire. The content of the questionnaire and the evaluation process can be designed and managed by the Chair of the NomCo. Alternatively, the NomCo may assign this task to a member of the Bank's personnel (for example the Group Company Secretary) and/or to an external consultant.

In this context, the 2021 Internal Evaluation was carried out using the Board self-assessment questionnaires as primary input. The input includes the anonymized responses of Board members to the questionnaires, delivered through Diligent's secure web-based platform (Questionnaires module). In accordance with the Evaluation Policy, these questionnaires cover the following areas:
- Board's performance in setting and monitoring strategy (including the business plan),
- Board's performance in overseeing, engaging with, evaluating, incentivizing and retaining key management personnel,
- Board's performance in overseeing risk management and internal control,
- adequacy of the Board's profile and composition,
- adequacy of Board dynamics and functioning,
- role and performance of the Board Chairperson,
- adequacy of Board secretarial support,
- effectiveness of Board Committees.

Regarding the evaluation of the HoldCo/Bank Board Committees, it is noted that the Board members responded to the questions of the Board self-assessment questionnaires assigned to the particular Board Committee(s), they are members. Only the Bank Strategic Planning Committee (SPC) was excluded from the Internal Evaluation process and was performed through a separate process, as provided for in the SPC's Terms of Reference.

The results of the Internal Evaluation which, overall, concluded that the HoldCo/Bank Boards continued to function effectively in 2021 as in 2020, were reviewed by NomCo which updated accordingly the Board. In addition, the results will be taken into account in its work on the composition, the plan for the inclusion of new members, the development of programs and other relevant issues of the Board. NomCo will follow up on any corrective actions resulting from key-evaluation findings/recommendations and will update the Board.

The results and the proposed corrective actions for strengthening the effectiveness of the Board focused on the enhancement of the strategic overview of the BoD, by adding more strategic issues to the Board agendas and on the more detailed and frequent oversight over Environmental, Social and Governance (ESG) matters.

Assessment of the knowledge, skills and experience (KSE) of the Board collectively as well as the KSE and contribution of individual Board members.

The NomCo has also the responsibility to assess the knowledge, skills and experience (KSE) of the Board collectively as well as the KSE and contribution of individual Board members and to report to the Board accordingly.

Individual Evaluations

The individual evaluations (i.e. the assessment of the Board Chairperson, the assessment of NEDs and the assessment of the Executive Directors) take into account the status of the member (executive, non-executive, independent), the participation in committees, the undertaking of specific responsibilities / projects, the time devoted, the behavior and the use of knowledge and experience.

A. Assessment of the Board Chairperson

The Board Chair's evaluation is part of the Internal Evaluation (mentioned above) and is conducted by all other Board members via the Questionnaire for the self-evaluation of the Board's and the Board Committees' effectiveness.

The HoldCo/Bank Board Chair's evaluation in 2021 remained very strong (similarly to the respective evaluation in 2020).

B. Assessment of the Non-Executive Directors' (NEDs), excluding the Chairperson, contribution to the Board

The Board Chair is responsible to conduct the assessment of the NEDs' contribution to the Board and present the results to the NomCo.

The assessment of the NEDs' contribution to the Board is performed in the following discrete steps:

- The NomCo approves the NEDs self-evaluation questionnaire.
- The questionnaire is distributed to the NEDs. Responses are strictly confidential and can only be sent to the Board Chair and/or those expressly mandated to assist in the task by him/her
- The Board Chair holds confidential one-on-one interviews with each NED, using the individual NEDs self-evaluation Questionnaire as an input.
- The Board Chair presents an overall report on his findings to the NomCo.
- The Board Chair's views on NEDs performance and contribution of knowledge, skills and experience are presented and discussed at the NomCo also during the process of developing the NomCo's proposals for discussing the (re)appointment / succession planning of individual Board members.

In accordance with the procedure described above, the 2021 annual assessment of the NEDs' contribution to the HoldCo/Bank Board was directed by the Board Chair with the use of an individual self-evaluation questionnaire consisted of 10 questions aiming to identify the strengths and areas for improvement of individual Directors across the following 5 areas:

- Contribution to overall Board profile skillset
- Board participation and quality of contributions to Board deliberations
- Punctuality and attendance
- Team Spirit and demeanor
- Independent Thinking and Constructive Challenge

The 2021 annual assessment of the NEDs' contribution to the HoldCo/Bank Board demonstrated that the NEDs adequately meet expectations for effectively accomplishing their role as Directors of the HoldCo/Bank.

C. Executive Directors' Performance Evaluation

The Executive Directors' Performance Evaluation (i.e CEO and Deputy CEOs) is conducted through a separate process, involving the CEO and the Nomination and the Remuneration Committees, annually, on the basis of the qualitative and quantitative Key Performance Indicators, as these are approved every year by the Non-Executive Directors.

Regarding the Evaluation of the CEO, in accordance with the TRFA, the Remuneration Committee proposes to the Non-Executive Directors of the HoldCo's/Bank's BoD for their approval the Key Performance Indicators (KPIs) relevant to the remuneration of the Bank's CEO and evaluate the CEO's performance in light of these KPIs. The results of the evaluation are communicated to the Chief Executive and taken into account in determining his remuneration.

Board Profile Matrix

The Board Profile Matrix (BPM) is an instrument to identify the specific characteristics the Board needs on the basis of its strategic objectives and risk management priorities, purposed to track the current profile of the Board against the desirable KSEs, through the assessment of the existing KSEs of all Board members (Executives and Non-Executives Directors).

The BPM includes a collective set of each Board member's skills, work experience, geographic and industry expertise which are organized via the following profile attributes: a) Banking and financial industry expertise: Recent experience as senior executives, executive committee or executive board members of banks, other financial institutions or international financial institutions., b) Legal, regulatory and governance understanding: Possession of an understanding of the banking regulatory environment (including European regulation) and prudential supervision framework; corporate governance matters; and of HoldCo's, Bank's and their Boards' legal responsibilities, c) Strategic perspective: Ability to analyze the prevailing economic context and trends, offering a long-term strategic perspective to guide business planning, d) Financial expertise: Solid understanding of auditing procedures and financial accounting issues, e) Risk management: Ability to identify, assess and monitor the main categories of risk facing the HoldCo and the Bank, with a particular emphasis on the management and restructuring of non-performing exposures , f) Leadership and organization experience: Solid practical experience in leading and managing change in large organizations, demonstrating an understanding of performance management, talent development and compensation issue, g) International experience: An international perspective on economic and geo-political developments and global banking trends, which may potentially impact the HoldCo's and Bank's business across its geographic markets of operation, h) Information Technology and Security: Ability to understand information technology practices, digital technologies, digitized data, trends, issues and challenges and to detect and manage the information/digital security risks, i) Environmental, Social and Governance (ESG):Ability to understand ESG issues, including management of Eurobank's carbon footprint, secure that there are systems in place which ensure accountability as well as in order to identify, assess and monitor the risks of any negative financial impact stemming from impacts of ESG factors. (j) Gender: As per the Board of Directors Diversity Policy and k) Independence: As per the "independence" definition provided in local regulations in the Joint ESMA and EBA Guidelines on the assessment of suitability of members of the management board and key function holder under Directive 2013/36/EU and Directive 2014/65/EU (Joint ESMA and EBA Guidelines).

In February 2022, the HoldCo/Bank NomCo reviewed the BPM and concluded that the desired KSEs of HoldCo/Bank Board are overall met in all categories. Subsequently the HoldCo/Bank Board was updated accordingly.

Externally Facilitated Evaluation

In accordance with the HoldCo/Bank Board and Board Committees Evaluation policy, at least once every three years, the Evaluation may be conducted through an external consultant appointed to facilitate the process (Externally Facilitated Evaluation), taking also into consideration the relevant legal and regulatory requirements. The HoldCo/Bank NomCo is responsible to appoint the Consultant following a transparent selection process. In addition, among others, the NomCo is responsible to review the external consultant's report which shall contain findings and detailed recommendations and present its assessment to the Board.

In accordance with the art. 10 of L. 3864/2010 as in force, the HFSF is also entitled to perform its own evaluation of the corporate governance arrangements and of the Board and its Committees, through independent consultants of international reputation and established experience and expertise. The evaluation involves the size, organization, structure, and allocation of tasks and responsibilities within the Board and its Committees in view of the business needs of the Bank/HoldCo and extends also to the individual members of the Boards and its Committees. In addition, the evaluation is carried out based on the criteria set out by Greek Law 3864/2010, the TRFA, as well as on criteria that the HFSF establishes with the assistance of the independent consultant and are updated at least every two years or more often if there is material change in the financial position of HoldCo/Bank.

Based on this evaluation, HFSF develops specific recommendations for improvements and changes, if needed, in the corporate governance of HoldCo / Bank. The Board members cooperate with the HFSF and its consultants in conducting the review and provide necessary information for the purposes of the review.

Within the context of HFSF's 3rd Corporate governance review of the Greek systemic banks and evaluation of their Board of Directors, the HFSF conducted in early 2021, with the facilitation of Fidelio Partners, an external Board evaluation, the overall result of which was positive and the key areas for further focus were the following: a) the strengthening of the BoD's oversight on the strategic transformation, b) the enhancement of the succession planning, c) the BoD Committees' structure and further effectiveness, d) the demonstration of the process for challenge and debate in the BoD and its Committees, e) the BoD's oversight on the shareholders and stakeholders engagement and f) the reinvigoration of the BoD learning programme. The results of the evaluation and Fidelio's recommendations will be taken into account for the enhancement of the overall governance framework.

2.13 Directors' Induction and Continuous Professional Development Process

All new Board members appointed during 2021) have received a full and formal Induction Program whose main objectives were to (a) communicate HoldCo/Bank's vision and culture, (b) communicate practical procedural duties, (c) reduce the time taken for them to become productive in their duties, d) assimilate them as welcomed members of the Board, e) become familiar with the HoldCo/Bank's organizational structure and f) give them an understanding of HoldCo/Bank's business and strategy and the markets in which it operates, a link with the HoldCo/Bank's people and an understanding of its main relationships. Also, the new Board members, upon their appointment received a Manual of Obligations towards Supervisory Authorities and the HoldCo/Bank, aiming to inform them on their main obligations under the local regulations and the Board's procedures, while meetings and presentations were arranged with the HoldCo/Bank's Key Executives, in order for the new Directors to acquire a real overview of the HoldCo/Bank.

Furthermore, given that the HoldCo/Bank acknowledges the need to provide resources for developing and refreshing the knowledge and skills of the Directors, during 2021 and in the framework of its Continuous Professional Development program, all the Board members a) received formal training on ESG Transformation in Financial Services and on AML/CTF and Sanctions issues, b) received regular updates, including reports and presentations, from senior management regarding the operations and strategic targets of business units and c) were updated on a regular basis on risk, audit, compliance, financial, human resources, legal and regulatory issues, and d) received regular and ad-hoc research and economic bulletins prepared by Eurobank's Economic Analysis and Financial Markets Research Division.

3. Board Committees

The Boards of HoldCo/Bank are assisted in carrying out their duties by Board Committees to whom they delegate some of their responsibilities. In addition, the Boards approve their terms of reference, receive regular and ad hoc reports from them and assess their performance as per the provisions of the Board and Board Committees Evaluation Policy.

According to the TRFA, the HFSF appoints its Representative as well as its Observer (who has no voting rights in the Board's Committees) or replaces them with a written request addressed to the Chairperson of the Board and their appointment is completed immediately from the receipt by the HoldCo's/Bank's BoD of the HSFS's written request and no further procedures are required. Pursuant to the TRFA, the HFSF Representative has the right to participate in, request the convocation of, and include items on the agendas of the Audit Committee, Board Risk Committee, Remuneration Committee and Nomination Committee. In addition, HFSF is entitled to the assistance by an independent consultant of international reputation and established experience and expertise, to perform its own evaluation of the Board Committees, in accordance with the article 10 of L. 3864/2010 as in force.

According to the TRFA provisions, the members of the Audit, Board Risk, Remuneration and Nomination Committees should be at least three (3) and should not exceed 40% (rounded to the nearest integer) of the total number of Board members, excluding the representative of the HFSF. The Committees' Chairpersons should be independent non-executive members and shall meet the requirements provided for in Law 3864/2010. The Committees' members should be non-executives with the majority of them, excluding the representative of the HFSF, independent non-executives, except for the Audit and Board Risk Committees where 75% and 1/3, respectively, of their members (excluding the representative of the HFSF and rounded to the nearest integer) should be independent non-executives. For any deviations from the TRFA provisions, the prior consent of HFSF should be received.

Following the incorporation into the Greek legal framework of the new Directive (EU) 2019/878 (known as CRD V), as well as the licensing of the HoldCo as a financial holding company by the ECB, the HoldCo has scheduled to establish the Board Risk Committee and the Remuneration Committee in 2022. To be noted that since the demerger of Eurobank Ergasias S.A. on 20.3.2020, there was no regulatory requirement neither a business need for the establishment of those committees.

3.1 Audit Committee[2]

The primary function of the Audit Committee (AC) is to assist the Board in discharging its oversight responsibilities primarily relating to:

- the review of the adequacy of the Internal Control and Risk Management systems and the compliance with rules and regulations monitoring process,
- the review of the financial reporting process and satisfaction as to the integrity of the HoldCO's Financial Statements,
- the External Auditors' selection, performance and independence,
- the effectiveness and performance of the Internal Audit and of the Compliance function.

In addition, in the context of AC's responsibility to safeguard External Auditors' independence, the AC ensures that the nature of non-audit services, prior to their being undertaken by the External Auditors, has been reviewed and approved as required and that there is proper balance between audit and non-audit work in accordance with Group's / Bank's policy on External Auditors' Independence.

According to article 44 of the Law 4449/2017, as recently amended by Law 4706/2020, the AC could be either a Board Committee, or a mixed Committee consisted of Board members and third parties, or an independent Committee consisted exclusively from third parties. The type of the Committee, the tenure, the number and the qualifications of its members are decided by the Shareholders' General Meeting. In case the AC is a Board Committee, its composition is decided by the Board. In all other cases (mixed or independent Committee), the members are decided by the Shareholders' General Meeting.

AC Membership/Composition
The HoldCo/Bank's Audit Committees are Committees consisted exclusively by Board members and their compositions have been approved by the General Meeting of the Shareholders (as per the legal framework prior to the provisions of the new Law 4706/2020), following the recommendation of the Nomination Committees to the Boards. The tenure of the Committee members coincides with the tenure of the HoldCo/Bank's Boards, with the option to renew their appointment, but in any case the service in the Committee should not be more than nine (9) years in total. The Chairperson of the Committees is appointed by the members of the Committee, while the Committee's members may also appoint a Vice Chairperson. The HFSF appointed an Observer in the Audit Committees, in line with the requirements of the TRFA.

All AC members have sufficient knowledge in the field of HoldCo/Bank's activities and the necessary skills and experience to carry out their duties. The Chairperson of the Audit Committees and one (1) more member are the appointed financial/audit/risk expert members.

[2] HoldCo/Bank's Audit Committees' Terms of Reference may be found at the HoldCo/Bank websites (www.eurobankholdings.gr & www.eurobank.gr).

The Audit Committees consist of six (6) non-executive Directors, four (4) of whom are independent, including the Chairperson. One (1) of the Audit Committee members is the HFSF Representative. In particular, the HoldCo/Bank's AC composition is outlined below:

AC Chairperson:	Jawaid Mirza, *Non-Executive Independent Director of the Board*
AC Vice-Chairperson:	Irene Rouvitha-Panou, *Non-executive Independent Director of the Board*
AC Members:	Bradley Paul Martin, *Non-Executive director of the Board*
	Rajeev Kakar, Non-Executive Independent Director of the Board
	Cinzia Basile, Non-Executive Independent Director of the Board
	Efthymia Deli, *Non-executive Director of the Board, HFSF Representative*

It is noted that:
a) On 28.1.2021, following NomCo's recommendations, the BoD decided Ms. Efthymia Deli, new HFSF Representative and Non-Executive member of the Board, to be appointed as AC member, in replacement of the resigned Mr. Dimitrios Miskou, and
b) On 23.7.2021, taking into consideration the provisions of article 44 of law 4449/2017, as amended and currently in force, and further to a) the decision of the AGM of Shareholders as of 23.07.2021 regarding the type, composition and term of office of the AC and b) the Board decision of 23.07.2021 regarding the membership of the AC following a relevant recommendation by the NomCo of 23.06.2021, the AC decided on its constitution and on the appointment of its Chairman. Compared to the previous AC composition the following amendments in the composition of the AC took place: 1) Ms. Cinzia Basile was appointed as AC member, 2) Ms. Irene Rouvitha-Panou, previous AC member, was appointed as Vice-chairperson, in replacement of Mr. Bradley Paul Martin, previous AC Vice-chairperson and 3) Mr. Bradley Paul Martin remained AC member.

AC Meetings
The Audit Committee of the Bank meets at least four (4) times per year or more frequently, while HoldCo's Audit Committee meets at least eight (8) times or more frequently, as circumstances require, report to the Board on a quarterly basis on its activities, submits the minutes of its meetings to the Board and submits annually an Activity Report of the Audit Committee to the Board.

Quorum in the AC Meetings
The Audit Committee's meeting is in quorum and meets validly when half of its members plus one are present or represented, provided that at least three (3), including the Chairperson or the Vice Chairperson, are present. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof.

AC Decisions
The Audit Committee resolutions are validly taken by an absolute majority of the members who are present and represented. In case of a tie of votes, the Chairperson and in case of his/her absence the Vice Chairperson has the casting vote. The Board is informed whenever a decision of the Audit Committee is not reached unanimously.

Attendance to the AC Meetings
During 2021 the attendance details for the Audit Committee were as follows:

Company	Meetings		Average ratio of Directors' attendance	
	2021	2020	2021	2020
HoldCo	11	9	95%	98%
Bank (from 20.3.2020)	12	6	95%	97%

The Directors' individual attendance rates at the AC meetings in 2021 were the following:

	Eurobank Holdings AC			Eurobank AC		
	Eligible to attend	Attended in person (# and %)		Eligible to attend	Attended in person (# and %)	
Jawaid Mirza, *AC Chairperson*	11	11	100%	12	12	100%
Irene Rouvitha-Panou, *AC member until 23.7.2021 and AC Vice-Chairperson afterward*	11	11	100%	12	12	95%
Bradley Paul Martin, AC *Vice-Chairperson* until 23.7.2021 and *simple AC member afterward*	11	9	82%	12	10	83%
Rajeev Kakar, *AC member*	11	10	91%	12	11	92%
Cinzia Basile, *AC member since 23.7.2021*	5	5	100%	6	6	100%

Efthymia Deli, *AC member since 28.1.2021*	11	11	100%	12	12	100%

It is noted that Mr. Bradley Paul Martin and Mr. Rajeev Kakar provided representation proxies for each missed meeting in HoldCo/Bank AC, leading their overall attendance rate (physical and under representation) at 100% in HoldCo/Bank AC.

AC Secretary and Minutes

The Audit Committee appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and decisions of all Audit Committees' meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for the issuance of extracts. Decisions, actions and follow ups are disseminated to the responsible parties, as required.

AC Terms of Reference (ToR)

The Audit Committee's ToR are reviewed every two (2) years and revised if necessary, unless significant changes necessitate earlier revision. The ToR are approved by the Board.

AC's Performance Evaluation

The Committee's performance is evaluated annually according to the provisions of HoldCo/Bank Board and Board Committees Evaluation Policy. According to the Committee's 2021 self-evaluation it was determined that the Committee continuous to function effectively, especially in the areas of leadership, and AC Chairperson's contribution in organizing/coordinating meetings and encouraging critical discussions in meetings.

AC's Activity in 2021

For 2021, NomCo has amongst others:

Eurobank Holdings

- reviewed and discussed reports with information relating mainly to the Internal Audit and Compliance issues,
- acknowledged the independent triennial evaluation of the System of Internal Controls (SIC) per BoG Act 2577/2006,
- proposed to the BoD for approval the Internal Governance Control Manual,
- approved the revised Compliance Mandate,
- reviewed, approved and further submitted to the BoD the revised Conflict of Interest Policy,
- reviewed and approved the Anti-Bribery and Corruption Policy and the Antitrust Policy,
- discussed with Management, Internal Audit and External Auditors issues relating to the financial results,
- reviewed and cleared the financial statements and other financial reports and trading updates prior to their release,
- discussed with Management the implementation of corrective actions to recommendations made by Internal and External Auditors and Regulatory Authorities,
- assessed the effectiveness of the External Auditors, their objectivity and independence, discussed results with Management and Internal Audit and communicated final results to the Board and to the External Auditors,
- reviewed and approved the External Auditors' Independence Policy and the External Auditors' Tendering Policy and Procedure,
- approved the remuneration of External Auditors,
- monitored, in line with the External Auditor's Independence Policy, the non-audit services provided by the External Auditor in 2021, proposed to the Board / Annual General meeting for approval the extension of KPMG's tenure up to 5yrs (starting from 2023) as statutory auditors for the Eurobank Holdings Group,
- assessed the performance of the Internal Auditor,
- approved the annual Plans of Internal Audit Group and of Group Compliance and monitored their progress,
- received updates on the progress of the Annual Budget,

Bank

- reviewed and discussed reports with information relating to the System of Internal Controls, including quarterly reports from Internal Audit Group, Compliance, Operational Risk Sector, Clients Relations Office, etc.,
- ensured that an annual evaluation of the System of Internal Controls has been performed, by the Internal Audit Group for the year 2020. Results are documented in the latter's report of the System of Internal Controls. The Audit Committee has prepared its own assessment report on Internal Audit Group's evaluation. The reports were further submitted to the Board and the BoG in line with the BoG Act 2577/2006,
- proposed to the BoD for approval the Bank's Action Plan to address the SREP 2020 findings re internal governance and risk management
- acknowledged the independent triennial evaluation of the System of Internal Controls (SIC) per BoG Act 2577/2006,
- proposed to the BoD for approval the Internal Governance Control Manual,
- approved the revised Group Compliance Mandate,
- focused particularly on the AML function and received regular updates on the AML issues
- discussed and further submitted to the BoD the AML and Compliance Risk Assessment,
- reviewed the annual Group Compliance Sector's reports over AML and compliance activities of the Bank for the year 2020 and prepared its own assessment report thereon. The reports were further submitted to the Board and the BoG, in line with the BoG Governors Act 2577/2006,
- reviewed, approved and further submitted to the BoD the revised Group AML/CFT and Sanctions Policy and the revised Conflict of Interest Policy,
- reviewed and approved the revised Anti-Bribery and Corruption Policy, the Antitrust Policy, the revised Order Execution Policy and the revised MiFID II Product Governance Policy,
- discussed with Management, Internal Audit and External Auditors issues relating to the financial results,

- in accordance with the provisions of Law 2533/1997, the Audit Committee reviewed reports on substantial stock transactions of the HoldCo's Directors and General Managers which meet the criteria set in Law 2533/1997 and notified the Board,
- approved and notified the Board for further submission to the Annual General Meeting, the annual AC Activity Report for 2020.

- reviewed and cleared the consolidated financial statements,
- discussed with Management the implementation of corrective actions to recommendations made by Internal and External Auditors and Regulatory Authorities,
- discussed with the Audit Committee Chairpersons of Eurobank Serbia, Eurobank Bulgaria, Eurobank Cyprus and Eurobank Private Bank Luxembourg the key audit issues of the International Subsidiaries,
- assessed the effectiveness of the External Auditors, their objectivity and independence, discussed results with Management and Internal Audit and communicated final results to the Board and to the External Auditors,
- reviewed and approved the External Auditors' Independence Policy,
- approved the remuneration of External Auditors,
- monitored, in line with the External Auditor's Independence Policy, the non-audit services provided by the External Auditor in 2021,
- proposed to the Board / Annual General meeting for approval the extension of KPMG's tenure up to 5yrs (starting from 2023) as statutory auditors for the Eurobank Holdings Group,
- assessed the performance of the Head of Internal Audit and the Head of Group Compliance Sector,
- approved the annual Plans of Internal Audit Group and of Group Compliance and monitored their progress,
- monitored the memberships and the modus operandi of the Audit Committees of the subsidiaries, as required, and reviewed their Activity Reports,
- in accordance with the provisions of Law 2533/1997, the Audit Committee reviewed reports on substantial stock transactions of the Bank's Directors and General Managers which meet the criteria set in Law 2533/1997 and notified the Board,
- approved and notified the Board for further submission to the Annual General Meeting, the annual AC Activity Report for 2020.

3.2 Board Risk Committee[3]

As mentioned previously, following the incorporation into the Greek legal framework of the new Directive (EU) 2019/878 (known as CRD V), as well as the licensing of the HoldCo as a financial holding company by the ECB, the HoldCo has scheduled to establish the Board Risk Committee in 2022. To be noted that after the demerger of Eurobank Ergasias S.A. on 20.3.2020 and until the approval of the HoldCo as a financial holding company, there was no regulatory requirement neither a business need for the establishment of a BRC.

As regards the Bank's Board Risk Committee's (BRC), its purpose is to assist the Board in the following risk-related issues:

- to advise and support Eurobank's BoD regarding the monitoring of Eurobank's overall actual and future risk appetite and strategy, taking into account all types of risks to ensure that they are in line with the business strategy, objectives, corporate culture and values of the institution,
- to provide Eurobank's BoD with recommendations on necessary adjustments to the risk strategy resulting from, inter alia, changes in the business model of Eurobank, market developments or recommendations made by the risk management function,
- to assist Eurobank's BoD in overseeing the implementation of Eurobank's risk strategy and the corresponding limits set,
- to oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks of Eurobank, such as credit and market risks as well as non-financial risks such as operational, reputational conduct, legal, cyber, outsourcing climate and environmental, in order to assess their adequacy against the approved risk appetite and strategy,
- to oversee the progress of the Bank to enhance its resolvability in accordance with the requirements of the Resolution Authorities,
- to review a number of possible scenarios, including stressed scenarios, to assess how Eurobank's risk profile would react to external and internal events,

3 Bank's Board Risk Committee's Terms of Reference may be found at the Bank website (www.eurobank.gr)

- to oversee the alignment between all material financial products and services offered to clients and the business model and risk strategy of Eurobank. The BRC should assess the risks associated with the offered financial products and services and take into account the alignment between the prices assigned to and the profits gained from those products and services,
- to provide advice on the appointment of external consultants that Eurobank's BoD may decide to engage for advice or support,
- to assess the recommendations of internal or external auditors and follow up on the appropriate implementation of measures taken,
- to ensure that the Eurobank Group has developed an appropriate risk management framework which is embedded in the decision making process (e.g. new products and services introduction, risk adjusted pricing, internal risk models, risk adjusted performance measures and capital allocation) throughout the Eurobank Group,
- to define the Eurobank Group risk management principles and ensure that Eurobank has the appropriate methodologies, modeling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks, and
- to set, approve and oversee the implementation of the institution's risk culture, core values and expectations regarding credit risk.

BRC Membership/Composition
The BRC members are appointed by the BoD, following the recommendation of the Nomination Committee, in accordance with the legal and regulatory framework where applicable. The Chairperson qualifies as independent member with a solid experience in commercial banking and preferably risk and/or Non-Performing Exposures management and is familiar with the Greek and international regulatory framework. The appointment of the Chairperson and the Vice-Chairperson shall go through the Nomination Committee's proposal process and approved by the Board. The tenure of the BRC members coincides with the tenure of the Bank's Board, with the option to renew their appointment, but in any case the service in the BRC should not be more than nine (9) years in total. HFSF appointed an Observer in the BRC, in line with the requirements of the TRFA.

The BRC consists of six (6) non-executive Directors, four (4) of whom are independent, including the Chairperson. One (1) of the BRC members is the HFSF Representative. In particular, the BRC composition is outlined below:

BRC Chairperson:	Rajeev Kakar, *Non-Executive Independent Director of the Board*
BRC Vice-Chairperson:	Cinzia Basile, *Non-executive Independent Director of the Board*
Members:	Bradley Paul Martin, *Non-Executive Director of the Board*
	Jawaid Mirza, *Non-Executive Independent Director of the Board*
	Alice Gregoriadi, *Non-Executive Independent Director of the Board*
	Efthymia Deli, *Non-executive Director of the Board, HFSF Representative*

It is noted that during 2021 and following NomCo's recommendations, the BoD decided the following amendments on BRC's composition:
a) On 28.1.2021, Ms. Efthymia Deli, new HFSF Representative and Non-Executive member of the Board, was appointed BRC member, in replacement of the resigned Mr. Dimitrios Miskou and
b) On 23.7.2021 and in replacement of Bradley Paul Martin, previous BRC's Vice-chairperson, Ms. Cinzia Basile, Non-Executive Independent Director of the Board and previous member of the BRC, was appointed new BRC Vice-chairperson. Mr. Bradley Paul Martin remained BRC member.

BRC Meetings
The BRC meets at least on a monthly basis and the Chairperson updates the BoD members on the material matters covered by the Committee during the previous period (if any) at the quarterly meetings of the BoD.
Apart from the BRC members, the Audit Committee's members may also attend BRC sessions when common issues are discussed (i.e. on operational risk matters, on IT security and cyber risks). The Chairperson of the BRC may also invite to the meetings other executives of the Group or external advisors or experts, as deemed appropriate.

Quorum in the BRC Meetings
Quorum requires the majority of members (half plus one) to be present or represented, provided that no less than three (3) Committee members, including the Chairperson or the Vice Chairperson, are present. Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof. In determining the number of members for the quorum, fractions, if any, will not be counted.

BRC Decisions
The BRC resolutions require a majority vote of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson has the casting vote. In case of non-unanimous decisions, the views of the minority are also minuted. The Board is informed of the BRC's minutes.

Attendance to the BRC Meetings
During 2021, the BRC held fourteen (14) meetings with 99% attendance,
The Directors' individual attendance rates at the BRC meetings in 2021 were the following:

	Eurobank BRC		
	Eligible to attend	Attended in person (# and %)	
Rajeev Kakar, *BRC Chairperson*	14	14	100%
Cinzia Basile, *BRC member until 23.7.2021 and BRC Vice-Chairperson afterward*	14	14	100%
Bradley Paul Martin, *BRC Vice-Chairperson* until 23.7.2021 and *simple BRC member afterward*	14	13	93%
Jawaid Mirza, *BRC member*	14	14	100%
Alice Gregoriadi, *BRC member*	14	14	100%
Efthymia Deli, *BRC member since 28.1.2021*	13	13	100%
Dimitrios Miskou, *BRC member until 28.1.2021*	1	1	100%

It is noted that Mr. Bradley Paul L. Martin provided representation proxy for the missed meeting in BRC, leading his overall attendance rate (physical and under representation) at 100% in BRC.

BRC Secretary and Minutes
The BRC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the Group Chief Risk Officer ("GCRO"). The Secretary is responsible to minute the proceedings and resolutions of all BRC meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the Bank's responsible Units, as required.

BRC Terms of Reference (ToR)
BRC's ToR were approved by the Board in March 2020, when Eurobank was established, and will be reviewed at least every two (2) years and revised, if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision.

BRC's Performance Evaluation
The Committee's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to the Committee's self-evaluation, it was determined that it continues to function effectively, especially in the areas of leadership and BRC Chairperson's contribution in organizing/coordinating meetings and encouraging critical discussions in meetingsand should focus on new and emerging risks, including Non-Financial Risks (NFRs) and Climate Risk governance.

BRC's Activity in 2021
For 2021, the BRC has, amongst others:
- monitored qualitative and quantitative aspects of credit, market, liquidity and operational risks,
- updated the Board on the adequacy of the risk management policy and risk appetite framework,
- recognized material risks, including the aforementioned risks,
- monitored the progress of regulatory projects such as the New Definition of Default project, the Retail new origination application scorecards project, etc.
- approved, among others, the following regulatory and other reports, including risk policies and frameworks
  - SRB's Working Priorities for 2021 and Eurobank's Resolvability Work Programme (Bail in playbook, etc.)
  - Resolution Planning working priorities for 2022: Minimum Requirement for Own Funds and Eligible Liabilities (MREL) issuance plan, targets and Resolution planning priorities
  - MREL Issuance plan & Targets
  - Non-performing Exposures (NPE) Reduction Plan 2021-2023: Summary report, impairments and key risk metrics
  - Internal Capital & Liquidity Adequacy Assessment processes (ICAAP/ILAAP) 2021:
    - Macroeconomic, liquidity and operational risk scenarios and assumptions
    - Capital Adequacy Statements, Liquidity Adequacy Statements
    - Group Risk and Capital Strategy and Risk Appetite Framework as well as Risk Appetite Statements incl. RAS dashboard
  - 2021 Group Recovery Plan
  - Group CRO's Annual Risk report for 2020
  - Effect of Covid 19 sensitivity analysis on corporate loan portfolios, Covid 19 related bank's policies/ relief measures for Retail and Corporate borrowers, and Covid 19 post moratoria credit Strategy
- approved the Post Moratoria Remedial Strategy for Retail and Corporate clients
- discussed the Bank's Feedback letter on the Eurobank's response to the ECB letter (COVID-19 credit risk identification and measurement)
- reviewed and approved Mexico Project: new SRT Securitisation

- reviewed and approved the Project Wave: synthetic securitisation of corporate loans (SRT application to SSM)
- monitored the EBA/ECB Stress Test 2021
- reviewed the Compliance Roadmap for Climate-related and Environmental Risks
- approved the Early Warning Models (EWS) for Small Business & Corporate
- reviewed the Outsourcing alignment project update

3.3 Remuneration Committee[4]

As mentioned previously, following the incorporation into the Greek legal framework of the new Directive (EU) 2019/878 (known as CRD V), as well as the licensing of the HoldCo as a financial holding company by the ECB, the HoldCo has scheduled to establish the Remuneration Committee (RemCo) in 2022. To be noted that after the demerger of Eurobank Ergasias S.A. on 20.3.2020 and until the approval of the HoldCo as a financial holding company, there was no regulatory requirement neither a business need for the establishment of a RemCo.

As regards the Bank's remuneration Committee, the Board has delegated to it the responsibilities (a) to provide specialized and independent advice for matters relating to remuneration policy and its implementation at Bank and Group level and for the incentives created while managing risks, capital and liquidity, (b) to safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel's remuneration with the risks the Bank undertakes and manages and the required alignment between the Bank and the Group, and (c) to approve or propose for approval all exposures of Key Management Personnel[5] and their relatives (spouses, children, siblings). The Non-Executive Directors have the responsibility to approve and periodically review Bank's remuneration policy and oversee its implementation both at Bank and Group level.

The implementation of the remuneration policy is in line with the provisions of Laws 3864/2010, 4261/2014 and Bank of Greece Governor's Act 2650/2012.

The RemCo is also responsible to:

- to determine the remuneration system for the members of the Board of Directors and the senior executives and to make a relevant recommendation on them to the Board of Directors, which decides on them or to make recommendations to the General Meeting, where required.
- propose to the Non-Executive Directors of the Bank's BoD for their approval the goals and objectives relevant to the Bank's CEO remuneration and evaluate the CEO's performance in light of these goals and objectives.
- guide and monitor the external remuneration consultant (if hired) and ensure that it receives appropriate reporting from him/her. In addition, RemCo ensures that the external consultant is referred in the Bank's annual report of the year hired and/or completed his/her work, together with a statement of any possible relationship between him/her and the Bank or with members of the Board individually.

RemCo Membership/Composition
The RemCo members are appointed by the Board. One (1) of the RemCo members is the HFSF Representative, while the HFSF appointed an Observer in the RemCo, in line with the requirements of the TRFA.

In the event that the Chairperson of the Bank's Board is a member of the RemCo, she/he cannot participate in the determination of his/her remuneration.

The tenure of the RemCo members coincides with the tenure of the Bank's Board, with the option to renew their appointment, but in any case, the service in RemCo should not be more than nine (9) years in total.

The RemCo consists of six (6) non- executive Directors four (4) of whom are independent Directors, including the Chairperson. In particular, the RemCo composition is outlined below:

RemCo Chairperson:	Cinzia Basile, *Non-executive Independent Director of the Board*
RemCo Vice-Chairperson:	Rajeev Kakar, *Non-Executive Independent Director of the Board*
Members:	Bradley Paul Martin, *Non-Executive Director of the Board*
	Rena Rouvitha Panou, *Non-Executive Independent Director of the Board*
	Alice Gregoriadi, *Non-Executive Independent Director of the Board*
	Efthymia Deli, *Non-executive Director of the Board, HFSF Representative*

[4] RemCo ToRs may be found at the Bank website (www.eurobank.gr)
[5] Key Management Personnel includes: Bank's Executive and Non-Executive BoD members, Executive Board (ExBo) members, General Managers non-members of the ExBo and the Heads of Group Internal Audit, Group Compliance, Group Risk Management.

It is noted that during 2021 and following NomCo's recommendations, the BoD decided the following amendments on RemCo's composition:
a) On 28.1.2021, Ms. Efthymia Deli, new HFSF Representative and Non-Executive member of the Board, was appointed RemCo member, in replacement of the resigned Mr. Dimitrios Miskou and
b) On 23.7.2021, i) Ms. Rena Rouvitha Panou was appointed new RemCo member, ii) Ms. Cinzia Basile, previous RemCo member, was appointed as RemCo's Chaireperson, in replacement of Mr. Rajeev Kakar, and c) Mr. Rajeev Kakar, previous RemCo's Chairperson, was appointed RemCo's Vice-Chairperson, in replacement of Mr. Bradley Paul Martin who remained in RemCo as a RemCo member.

RemCo meetings
RemCo meets at least twice a year and minutes are kept.

Quorum in RemCo meetings
RemCo is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson are present. Each member of RemCo may validly represent only one of the other RemCo members. Representation in RemCo may not be entrusted to persons other than the members thereof.

RemCo Decisions
RemCo's resolutions are validly taken by an absolute majority of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of RemCo shall have the casting vote. In case of non-unanimous decisions, the views of the minority should also be minuted. The Board shall be informed whenever a decision of the Committee is not reached unanimously.

Attendance to the RemCo meetings
During 2021, RemCo held eight (8) meetings and the ratio of attendance was 100%, while, during 2020 and since the establishment of Eurobank in March 2020, RemCo held seven (7) meetings and the ratio of attendance was 100% as well.

RemCo Secretary and Minutes
RemCo appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of RemCo and the Group Human Resources Deputy General Manager. The Secretary is responsible to minute the proceedings and resolutions of all RemCo's meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the Bank's responsible Units, as required.

RemCo Terms of Reference (ToR)
RemCo's ToR were approved by the Board in March 2020, when Eurobank was established, and will be reviewed at least once every two (2) years and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision.

RemCo's Performance Evaluation
RemCo's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy of the Bank. According to RemCo's self-evaluation, it was determined that RemCo continues to function effectively in all areas..

RemCo's Activity in 2021
For 2021 and since the establishment of Eurobank in March 2020, RemCo has amongst others:
- reviewed and proposed to the Non-Executive Directors for approval the Remuneration Policy of the Bank,
- discussed the remuneration policy implementation at Bank and Group level,
- approved the Benefits Policy of the Bank,
- proposed to the Board for approval the Board and Board Committees' Fees 2021 for Non-Executive Directors of the Bank,
- approved the remuneration framework of Eurobank Bulgaria,
- proposed to the BoD for approval the Group Subsidiary Board Remuneration Policy,
- proposed to the Non-Executive Directors of the Bank for approval the CEO's Performance Evaluation for 2020 & CEO's Financial and Non-Financial objectives for 2021,
- reviewed the implementation of the Board and Board Committees' attendance policy,
- reviewed and further submitted to the Board for information the Group Subsidiary Board Remuneration Policy implementation during 2020 and 2021,
- approved the Remuneration Disclosures for 2020,
- received updates on the implementation of the Voluntary Exit Scheme and proposed to the Non-Executive Directors for approval a Small Perimeter Exit Scheme (VES) and received updates on its implementation,
- depending on the case, approved or proposed to the BoD / Non-Executive Directors for approval various remuneration increases and incentive schemes.

3.4 Nomination Committee[6]

Eurobank Holdings and the Bank's Boards have delegated to the Nomination Committees (NomCo) the responsibilities (a) to lead the process for Board and Board Committees appointments, including the identification, nomination and recommendation of candidates for appointment to the Board and (b) to consider matters related to the Board's adequacy, efficiency and effectiveness. NomCo, in carrying out its duties, is accountable to the Board.

In particular, among others, the NomCo is responsible:

- At least annually and in accordance with Board and Board Committees Evaluation Policy, to assess the structure, size, composition and performance of the BoD and make recommendations to the BoD with regard to the need for its renewal and/or any other changes it considers appropriate.
- At least annually and in accordance with Board and Board Committees Evaluation Policy, to assess the knowledge, skills, experience and contribution of individual Board members and of the Board collectively and report to the BoD accordingly.
- In the context of Board and Board Committees Evaluation Policy implementation, to determine the evaluation parameters based on best practices and ensure the effectiveness of the evaluation of the Board, the individual evaluation of Non-Executive Directors, including the Chair, the succession plan of the Chief Executive and the members of the Board, the targeted composition of the Board of Directors in relation to the strategy and Board Nomination Policy.
- To play a leading role in the nomination process and the design of the succession plan for the members of the Board and senior management.
- To review at least once every two years and recommend for the approval of the BoD the BoD Nomination Policy.
- To ensure that the nomination process, as this is defined in the BoD Nomination Policy, is clearly defined and applied in a transparent manner and in a way that ensures its effectiveness
- To ensure that there is adequate, step-wise succession planning for Board members so as to maintain an appropriate level of continuity and organizational memory at Board level, especially when dealing with sudden or unexpected absences or departures of Board members.
- To monitor the Board succession planning in order to ensure the smooth succession of the members of the Board with their gradual replacement in order to avoid the lack of management.
- To ensure that the succession framework takes into account the findings of the evaluation of the Board in order to achieve the necessary changes in composition or skills and to maximise the effectiveness and collective suitability of the Board.
- To review at least annually and always before the initiation of the CEO succession process the qualifications required for the position of the CEO, to ensure that there is a viable pool of internal and external candidates and also to ensure that the CEO is involved in all the areas of CEO Succession Plan, including the assessment of the nominees for his/her position, as he deems appropriate.
- To ensure that the CEO is involved in the succession planning process of the senior executives at the level of the CEO minus one, including the assessment of nominees for the said positions.

As far as Nomination Committees of subsidiaries are concerned, neither the HoldCo NomCo nor the Eurobank NomCo replace them. However, the Eurobank NomCo has the overall responsibility to oversee that the Nomination Committees of subsidiaries comply with its standards, modus operandi and governance framework.

NomCo Membership/Composition
NomCo members are appointed by the Board. The tenure of NomCo members coincides with the tenure of the Board, with the option to renew their appointment, but in any case the service in NomCo should not be more that nine (9) years in total.

The BoD Chairman is a member of NomCo, while one (1) of the NomCo members is the HFSF Representative. The HFSF appointed an Observer in the NomCo, in line with the requirements of the TRFA.
The NomCo as of the date of approval of the here-in Statement, consists of six (6) non-executive Directors, three (3) of whom are independent Directors, including the Chairperson who may not serve as the Chairperson of the Remuneration Committee. The NomCo composition is outlined below:

NomCo Chairperson:	Irene C. Rouvitha-Panou, *Non-Executive Independent Director of the Board*
NomCo Vice-Chairperson:	Bradley Paul L. Martin, *Non-executive Director of the Board*
Members:	Georgios P. Zanias, *Chairperson of the Board, Non-executive director of the Board*
	Jawaid A. Mirza, *Non-Executive Independent Director of the Board*
	Alice K. Gregoriadi, *Non-Executive Independent Director of the Board*

[6] HoldCo/Bank's Nomination Committees' Terms of Reference may be found at the HoldCo/Bank websites (www.eurobankholdings.gr & www.eurobank.gr)

Efthymia P. Deli, *Non-executive Director of the Board, HFSF Representative*

It is noted that during 2021 and following NomCo's recommendations, the BoD decided the following amendments on NomCo's composition:
a) On 28.1.2021, Ms. Efthymia Deli, new HFSF Representative and Non-Executive member of the Board, was appointed NomCo member, in replacement of the resigned Mr. Dimitrios Miskou and
b) On 23.7.2021 and in replacement of Mr. Rajeev Kakar, previous NomCo's Chaireperson, Ms. Alice Gregoriadi, Non-Executive Independent director of the Board, was appointed new NomCo member and Ms. Irene Rouvitha-Panou, Non-Executive Independent director of the Board and previous NomCo member, was appointed NomCo's Chairperson.

NomCo Meetings
NomCo meets at least twice a year and minutes are kept.

Quorum in the NomCo Meetings
NomCo is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson are present. Each member of NomCo may validly represent only one of the other NomCo members. Representation in the NomCo may not be entrusted to persons other than the members thereof.

NomCo Decisions
NomCo's resolutions are validly taken by an absolute majority of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of NomCo shall have the casting vote. In case of non-unanimous decisions, the views of the minority should also be minuted. The Board shall be informed whenever a decision of the Committee is not reached unanimously.

Attendance to the NomCo meetings
During 2021 the attendance details for the Nomination Committee were as follows:

Company	Meetings		Average ratio of Directors' attendance	
	2021	2020	2021	2020
HoldCo	7	9	98%	98%
Bank (from 20.3.2020)	7	8	98%	100%

The Directors' individual attendance rates at the NomCo meetings in 2021 were the following:

	Eurobank Holdings NomCo			Eurobank NomCo		
	Eligible to attend	Attended in person (# and %)		Eligible to attend	Attended in person (# and %)	
Irene Rouvitha-Panou, *NomCo member until 23.7.2021 and NomCo Chairperson afterward*	7	7	100%	7	7	100%
Bradley Paul Martin, *NomCo Vice-Chairperson*	7	6	86%	7	6	86%
Rajeev Kakar, *NomCo Chairperson until 23.7.2021*	5	5	100%	5	5	100%
Georgios Zanias, *NomCo member*	7	7	100%	7	7	100%
Jawaid Mirza, *NomCo member*	7	7	100%	7	7	100%
Alice Gregoriadi, *NomCo member since 23.7.2021*	2	2	100%	2	2	100%
Efthymia Deli, *NomCo member since 28.1.2021*	6	6	100%	6	6	100%
Dimitrios Miskou, *NomCo member until 28.1.2021*	1	1	100%	1	1	100%

It is noted that Mr. Bradley Paul L. Martin provided representation proxies for each missed meeting in HoldCo/Bank NomCo, leading his overall attendance rate (physical and under representation) at 100% in HoldCo/Bank NomCo.

NomCo Secretary and Minutes
NomCo appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of NomCo. The Secretary is responsible to minute the proceedings and resolutions of all NomCo's meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the responsible parties, as required.

NomCo Terms of Reference (ToR)
NomCo's ToR are reviewed at least once every two (2) years (last review performed in March 2020, to incorporate the necessary adjustments following the Demerger of Eurobank Ergasias) and revised, if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision. The ToR are approved by the Board.

NomCo's Performance Evaluation

NomCo's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy. According to NomCo's self-evaluation, it was determined that NomCo continues to function effectively, it should be involved in succession planning processes (incl. the CEO) and ensure improvement of gender diversity at senior management level.

NomCo's Activity in 2021

For 2021, NomCo has amongst others:

Eurobank Holdings

- Reviewed for further update of the Board, the Board and Board Committees 2020 self-evaluation and the Board's overall effectiveness assessment
- proposed to the Board for approval the appointment of a new representative of the HFSF as a non-executive member of the Board and the Board Committees
- proposed to the Board for approval a) the appointment of the new Board due to the expiration of its term and b) the composition of the Board Committees
- reviewed and proposed to the Board for approval the Key Function Holders Selection and appointment policy, the Board Nomination Policy and the Board and Board Committees Evaluation Policy
- reviewed and proposed to the Board for approval the revised Organizational Chart
- proposed to the Board for approval the Board member responsible for the climate risk
- approved the external engagements of the Executive Board members
- reviewed the number of directorships outside Eurobank Group of an Independent Non-Executive Director
- reviewed the independence of the Independent Non-Executive directors
- reviewed the attendance of Directors to the Board and Board Committees.

Bank

- Reviewed for further update of the Board, the Board and Board Committees 2020 self-evaluation and the Board's overall effectiveness assessment
- Proposed to the Board for approval the appointment of a newrepresentative of the HFSF as a non-executive member of the Board and the Board Committee
- proposed to the Board for approval a) the appointment of the new Board due to the expiration of its term and b) the composition of the Board Committees
- reviewed and proposed to the Board for approval the Key Function Holders Selection and appointment policy, the Board Nomination Policy and the Board and Board Committees Evaluation Policy
- reviewed and proposed to the Board for approval the revised Organizational Chart
- proposed to the Board for approval the Board member responsible for the climate risk
- approved the selection of candidates as members of the Board of Directors of Group's significant subsidiaries
- reviewed and updated the Board on Senior Executives succession plan
- approved the external engagements of the Executive Board Members
- reviewed the external engagements of a Senior Manager
- reviewed the number of directorships outside Eurobank Group of an Independent Non-Executive Director
- reviewed the independence of the Independent Non-Executive directors
- reviewed the attendance of Directors to the Board and its Committees.

Board of Directors Diversity Policy

The Board of Directors Diversity Policy ("Policy") sets out the approach to diversity on the Board and it is in accordance with international best practices and the applicable legal framework[7].

As declared in the Policy, the Board's diversity is one of the factors which, according to the Board Nomination Policy, the Committee shall consider when examining composition and structure of the Board. A diverse Board includes and makes good use of variety in the skills, educational and professional background, geographical provenance (nationality), gender, age and other qualities of Directors.

NomCo members discuss and agree all measurable objectives for achieving diversity on the Board during the review process of the Board profile matrix according to the Board Nomination Policy and for proposing the (re)appointment/succession planning of individual Board members according to the Board and Board Committees Evaluation Policy, taking into consideration the balance of all diversity aspects mentioned in the Policy. At any given time the Board may seek to improve one or more aspects of its diversity and measure progress accordingly.

According to the Policy, NomCo's priority is to ensure that the Board continues to have strong leadership and the right mix of skills to deliver the business strategy. Within this context and in regard to the less represented gender in the Board, NomCo's target is that the percentage of the female gender representation in Board shall be at least 25% calculated on the total Board size (rounded to the nearest integer) in the next three (3) years, with the aim the actual percentage to be maintained above the said minimum target at all times, also considering industry trends and best practices. As of 31.12.2021, the representation of the female gender in the Board stood at 31%.

[7] The Board of Directors Diversity Policy may be found at the HoldCo/Bank's website

Senior Management Diversity

The Bank/HoldCo have acknowledged the need to facilitate career growth for women executives, in order to create a pipeline of eligible female professionals that could participate in the Executive Committee and/or Board. For that purpose, the representation of female executives that have been identified during the annual Succession Planning exercise (reviewed and approved at Board level) has been enhanced, ensuring a 42% increase of women successors' participations in the pool, in absolute terms.

In a more long-term perspective, the Bank has launched "Women In Banking" program, a Women Leadership Acceleration Mentoring program, aiming to focus on and support career growth for high potential women that are currently in middle management roles, in order to create the context for their transition to top executive roles in the future.

The Bank's Human Resources General Division is currently in the process of examining further actions for enhancing Senior and/or Senior Management diversity within Bank/HoldCo.

Board Nomination Policy

The Board Nomination Policy sets out the guidelines and formal process for the identification, selection and nomination of candidates for the Board. The Policy ensures that such appointments are made: (a) in accordance with legal and regulatory requirements; (b) with due regard to the expectations of the major shareholders, (c) in line with the HoldCo's and Bank's contractual obligations with the HFSF and (d) on the basis of individual merit and ability, following a best practice process.

The primary objectives of the Policy are to:

- Define the general principles which guide the Nomination Committee (the "NomCo") as it discharges its role across all stages of the nomination process.
- Devise the specific criteria and requirements for Board nominees.
- Establish a transparent, efficient and fit-for-purpose nomination process.
- Ensure that the structure of the Board (including the succession planning) meets high ethical standards, has optimal balance of knowledge, skills and experience and is aligned with the current regulatory requirements.

The Board supported by NomCo shall nominate candidates who meet the following nomination criteria:

- *Reputation along with honesty, integrity and trust*
  a) Reputation: Sufficiently good repute, high social esteem and adherence to the reputation, honesty, and integrity criteria of the applicable regulatory framework
  b) Honesty, integrity and trust: Demonstration of the highest standards of ethics, honesty, integrity, fairness, and personal discipline, through personal history, professional track record or other public commitments

- *Knowledge, skills, experience (KSE) and other general suitability requirements*
  a) Understanding of the HoldCo/Bank: Sufficient KSE for the development of a proper understanding of the business, culture, supervisory and regulatory context, product and geographic markets of operations, and stakeholders of the HoldCo and its subsidiaries
  b) Seniority: Several years of experience in a generally recognised position of leadership in the candidate's field of endeavour
  c) Independent mind-set and ability to challenge: Ability of forming and expressing an independent judgement on all matters that reach the Board and candour to challenge proposals and views on these matters by management and other candidates
  d) Collegiality, team skills and leadership: Ability to contribute constructively and productively to Board discussions and decision making along with ability of leading such discussions as chair or vice-chair of specific committees or the Board as a whole
  e) Additional criteria for the nomination of Executive Directors: Proven, through current and previous executive positions, knowledge, skills, experience and character to lead the HoldCo/Bank and its subsidiaries in the achievement of strategic objectives, along with willingness to enter into full time employment with the HoldCo/Bank.

- *Conflicts of interest and independence of mind*
  NomCo examines the personal, professional, financial, political and any other possible interests and affiliations of candidates, ensuring that the candidates do not have actual, potential or perceived conflicts of interest which cannot be prevented, adequately mitigated or managed under the written policies of the HoldCo/Bank, that would impair their ability to represent the interests of all shareholders of the HoldCo/Bank, fulfil their responsibilities as Directors and make sound, objective and independent decisions (act with independence of mind).

  In particular, NomCo shall ensure that candidates are not linked to borrowers with an exposure above EUR 1 million or any exposures in arrears. NomCo shall also examine relevant direct and indirect monetary interests and non-monetary interests, including those arising from affiliations with and membership in other organisations.

- *Time commitment*
  NomCo ensures that all nominees are able to commit the time necessary to effectively discharge their responsibilities as Directors, including regularly attending and participating in meetings of the Board and its Committees.

- *Collective suitability*
  The Target Board Profile Matrix is updated in accordance with the strategic objectives and risk management priorities of the HoldCo/Bank, assisting in identifying the desirable KSE of the members to ensure collective suitability.

Among others, in overseeing the nomination process, the NomCo shall ensure that there is adequate, step-wise succession planning for Board members so as to maintain an appropriate level of continuity and organizational memory at Board level, especially when dealing with sudden or unexpected absences or departures of Board members. In this respect, the NomCo shall:

- Monitor the tenures of Board members and make its nomination proposals in such a manner as to encourage staggered appointments/retirements on the Board, wherever possible. The reappointment of current Board members shall be based on continuing adherence to the criteria established in this Policy;
- Ensure that there is an appropriate level of presence of relevant KSEs on the Board, without undue reliance on the expertise of a few Directors;
- Review whether there are sufficient Board members who are capable of serving as Board Chair and Committee Chairs, if necessary;
- Periodically monitor as required the availability of candidates who could address the Board's succession planning needs.

The Board Nomination Policy is approved by the Board and reviewed at least once every two (2) years by NomCo and revised if necessary, unless material changes, regulatory or other, necessitate earlier revision.

Succession Planning of the CEO

In the context of the Succession Planning of the CEO, NomCo defines the qualifications required for the position of the CEO, ensures that there is a viable pool of internal and external candidates, reviews at least annually and always before the initiation of the CEO succession process the qualifications required for the position of the CEO and the pool of candidates and also ensures that the CEO is involved in all the areas of CEO Succession Plan, including the assessment of the nominees for his/her position, as he deems appropriate.

3.5 Strategic Planning Committee[8]

As regards Eurobank Holdings, since the demerger of Eurobank Ergasias S.A. on 20.3.2020 (and even after the incorporation into the Greek legal framework of the new Directive (EU) 2019/878 (known as CRD V), as well as the licensing of the HoldCo as a financial holding company by the ECB), there hasn't been a regulatory requirement neither a business need for a Strategic Planning Committee.As regards the Bank, its Strategic Planning Committee (SPC) is established by the Board and its purpose is to:
a) assist the Board's Executive Officers in planning, developing and implementing the Group's Strategy and
b) recommend to the Board certain initiatives in relation to the Group's Strategy.

Key tasks and responsibilities of SPC
The key tasks and responsibilities of the SPC are:

- to ensure that the Group develops a well-defined planned medium-term strategy in line with the Board's guidance and its approved business plan,
- to review, within the framework of which the Executive Board draws up the annual budget and the business plan, the key objectives and goals contained therein and review major business initiatives, before their submission for approval to the Board.
- to review, analyze and deliberate issues concerning the Group's strategic choices (e.g. strategic partnerships, share capital increase, issuing convertibles and/or launching debt issuance programs, mergers, acquisitions or disposals, the formation of joint ventures, creation or dissolution of special purpose vehicles, dividend distribution and all other major investments or disinvestments by the Group etc.), ensuring these being in line with the approved Group's strategy. The SPC shall formulate relevant proposals to the Board, if:
  a) the issue under discussion exceeds € 40 million, while for lower amounts approval will be provided by the Executive Board;
  b) a decision of the Board is obligatory by Law or by the Bank's contractual commitments;
  c) it is deemed necessary by the SPC, taking into account the complexity and nature of the strategic choices under discussion.
- to submit to the Board for approval proposals relating to the strategy and the budget of the Property Portfolio as described in the Service Level Agreement between Eurobank and Grivalia Management Company.

[8] SPC ToRs may be found at the Bank website.

- to submit to the Board for approval proposals for the acquisition and disposal of assets other than repossessed assets (as these are defined in the Service Level Agreement between Eurobank and Grivalia Management Company) with book value above € 10 million.
- to submit to the Board for approval proposals for the disposal of repossessed assets (as these are defined in the Service Level Agreement between Eurobank and Grivalia Management Company) with gross book value above € 20 million.
- to maintain and take all necessary actions on regulatory and internal capital required to cover all types of risks (incl. strategic and reputational risks, as well as other non-quantifiable risks) and to ensure that capital requirements are met at all times,
- to review and evaluate all major Group's initiatives aiming at transforming the business and operating model,
- to monitor on a regular basis the strategic and the key performance indicators of the Group, including the segmental view,
- to review and, as needed, make proposals to the Board on all other issues of strategic importance to the Group.

SPC Membership / Chairmanship
The SPC members are appointed by the Board, on the recommendation of its Chairperson, following the proposal by the Nomination Committee.

The Committee is chaired by the Chairperson of the Board and in case of absence or impediment of the Chairperson by the Vice-Chairperson of the Board and is composed of the following members with voting rights:
- The Chairperson of the Board
- The Vice-Chairperson of the Board
- The Chief Executive Officer (CEO)
- The Deputy CEOs
- The Group Chief Risk Officer
- The Group Chief Financial Officer

The General Manager Group Strategy participates in the Committee as a permanent attendee with no voting rights.
The Committee may delegate specific responsibilities and authorities within the purview of its responsibilities and authorities to one (1) or more individual Committee members.

SPC Meetings
The SPC meets biweekly or ad hoc when necessary, keeps minutes of its meetings and reports to the Board on a quarterly basis and as required.

SPC Attendance Rate
During 2021 the SPC held forty-seven (47) meetings and the ratio of attendance was 96% .

Quorum in SPC
The Committee is in quorum and meets validly when half of its members plus one, including the Chairperson or the Vice-Chairperson and the CEO, are present.

SPC Decisions
Resolutions of the Committee are reached unanimously by the members who are present.

SPC Secretary and Minutes
The SPC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and resolutions of all SPC meetings, including the names of those present and in attendance and the action plans and follow up assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the Bank's responsible Units, as required. The minutes of the SPC are submitted to the Board on a quarterly basis.

SPC ToRs
The Terms of Reference (ToR) of the Committee were approved by the Board in March 2020, when Eurobank was established, and will be reviewed once every three (3) years and revised if necessary, unless significant changes in the role, responsibilities, organization and / or regulatory requirements necessitate earlier revision.

SPC's Performance Evaluation
The Committee evaluates its performance at least annually and establishes criteria for such evaluation. The results are submitted to the Nomination Committee, so that the latter makes proposals to the Board, as required. SPC performance evaluation for 2021 demonstrated that the SPC's performance is consistently rated as strong among all areas of assessment, i.e. profile and composition, organization and administration and key tasks and responsibilities.

3.6 Board Digital & Transformation Committee[9]

On 15 September 2020, following the recommendation of the Bank's NomCo, the Bank's Board established the Board Digital & Transformation Committee (BDTC). The BDTC is a consultative body that makes proposals to the BoD on the Group's

[9] BDTC ToR may be found at the Bank's website (www.eurobank.gr).

digital, innovation, transformation and cybersecurity matters in order to contribute in achieving the vision and strategic goals of the Bank. The BDTC, in carrying out its duties, is accountable to the Board.

BDTC Membership / Chairmanship
The BDTC members are appointed by the Board. The tenure of the BDTC members coincides with the tenure of the Bank's Board, with the option to renew their appointment, but in any case the service in BDTC should not be more than nine (9) years in total. The HFSF appointed an Observer in the BDTC, in line with the requirements of the TRFA.

The BDTC consists of six (6) Directors of whom two (2) executives, three (3) independent non-executives, one (1) non-executive who is also the representative of the HFSF. The BDTC composition is outlined below:

BDTC Chairperson:	Jawaid A. Mirza, *Non-Executive Independent Director of the Board*
BDTC Vice-Chairperson:	Alice Gregoriadi, *Non-executive Independent Director of the Board*
Members:	Rajeev Kakar, *Non-executive Independent Director of the Board*
	Stavros Ioannou, *Executive Director of the Board / Deputy CEO, Group Chief Operating Officer (COO) & International Activities*
	Andreas Athanasopoulos, *Executive Director of the Board / Deputy Chief Executive Officer, Group Chief Transformation Officer, Digital & Retail*
	Efthymia P. Deli, *Non-executive Director of the Board, HFSF Representative*

BDTC Meetings
BDTC meets at least twice a year and as each time required, also considering that the annually held Strategy Away Day is a forum in which relevant digital and transformation strategic matters are also discussed, while minutes are kept for all meetings.

Quorum in BDTC
BDTC is in quorum and meets validly when half of its members plus one (1) are present or represented (fractions, if any, are not counted), provided that no less than three (3) members, including the Chairperson or the Vice Chairperson and one non-executive director are present. At all times, the Chairperson or the Vice Chairperson are present and the total number of non-executive (incl. independent nonexecutive) directors should be the majority of the members present or represented. Each member may validly represent only one of the other BDTC members and representation may not be entrusted to persons other than the Committee members.

BDTC Decisions
BDTC's resolutions are validly taken by an absolute majority of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of BDTC shall have the casting vote. In case of non-unanimous decisions, the views of the minority should also be minuted. The Board shall be informed whenever a decision of the BDTC is not reached unanimously.

BDTC Attendance Rate
During 2021, BDTC held two (2) meetings and the ratio of attendance was 83%.

BDTC Secretary and Minutes
BDTC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of BDTC. The Secretary is responsible to minute the proceedings and resolutions of all BDTC's meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the Bank's responsible Units, as required.

BDTC Terms of Reference (ToR)
The BDTC ToR are reviewed at least once every two (2) years and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision. The ToR are approved by the Board.

BDTC Performance Evaluation
BDTC's performance is evaluated annually according to the provisions of the Board and Board Committees Evaluation Policy. BDTC's performance has been evaluated for the first time in 2021 and it was revealed that although the BCTCo is relatively new, so far has been effective in giving to the Management the Committee's view and direction and has created a healthy challenging culture within the Committee. The evaluation highlighted the need to further calibrate the mandate of the BDTC, to focus more on its advisory role towards the following matters among others: collaboration with strategic external partners (e.g. Fintechs), new types of technologies and schemes that fit with Eurobank's digital strategy (including cloud driven efficiency), unbundling Eurobank's operating model, review of skillset needs on IT and Digital.

BDTC's Activity
For 2021 BDTC has discussed mainly the Eurobank 2030 Transformation.

4. Management Committees

Given that there is no relevant regulatory requirement neither a business need, the CEO has not established committees at HoldCo level.

As regards the Bank, the CEO establishes committees to assist him, as required, in discharging his duties and responsibilities. The most important Committees established by the CEO are the Executive Board, the Management Risk Committee, the Group Asset and Liability Committee, the Central Credit Committees (I & II), the Troubled Assets Committee, the Products and Services Committee (PSC) and the Environmental, Social & Governance (ESG) Management Committee.

Executive Board

The Composition of the Executive Board and short biographical details of its members are summarized below:

Fokion Karavias Chief Executive Officer (CEO) Membership in Board Committees: Strategic Planning Committee – Member Year of birth: 1964 Nationality: Hellenic Number of shares in Eurobank Holdings: 7.569	Mr. Karavias joined Eurobank in 1997 and served, inter alia, as Senior General Manager, Group Corporate & Investment Banking and Capital Markets & Wealth Management (2014-2015) and Executive Committee Member (2014-2015), General Manager and Executive Committee Member (2005-2013), Deputy General Manager and Treasurer (2002-2005), Head of fixed income and derivative product trading (1997). In the past, Mr. Karavias had also the following significant posts: Treasurer of Telesis Investment Bank (2000), Head of fixed income products and derivatives in Greece of Citibank, Athens (1994) and has also worked in the Market Risk Management Division of JPMorgan NY (1991). He holds a PhD in Chemical Engineering from the University of Pennsylvania, Philadelphia, USA and an MA in Chemical Engineering from the same university, as well as a Degree in Chemical Engineering from the National Technical University of Athens. He has published articles on topics related to his academic research.
Stavros Ioannou Deputy Chief Executive Officer (CEO), Group Chief Operating Officer (COO) & International Activities Membership in Board Committees: Strategic Planning Committee – Member Board Digital and Transformation Committee - Member Year of birth: 1961 Nationality: Hellenic Number of shares in Eurobank Holdings: 1.528	Mr. Ioannou holds several other posts in the Eurobank Group as member of the BoD of Eurobank AD Beograd, Serbia (since November 2010), Eurobank Bulgaria AD (since October 2015), Eurobank Cyprus Ltd (since November 2015) and is also the Chairman of the BoD, BE-Business Exchanges SA (since January 2014). He is currently the Chairman of the Executive Committee in the Hellenic Banking Association (since June 2020) and Non-Executive Director of Grivalia Management Company S.A. (since September 2019). In the past, Mr. Ioannou had also the following significant posts: Vice Chairman, Cardlink SA (2013-2015), Member of the BoD, Millennium Bank, responsible for Retail, Private Banking and Business Banking (2003), Head at Barclays Bank PLC, responsible for Retail Banking, Private Banking and Operations (1990-1997). He holds an MA in Banking and Finance from the University of Wales, UK and a Bachelor Degree in Business Administration from the University of Piraeus.
Kostas Vassiliou Deputy Chief Executive Officer (CEO), Head of Corporate & Investment Banking Membership in Board Committees: Strategic Planning Committee – Member Year of birth: 1972 Nationality: Hellenic Number of shares in Eurobank Holdings: -	Mr. Vassiliou holds several other posts in the Eurobank Group as Chairman of the BoD of Eurobank Factors Single Member SA (since December 2018), Member of the BoD of Eurobank Equities Single Member SA (since March 2015), Vice-Chairman of the BoD of Eurolife FFH Insurance Group Holdings SA (since January 2021), Eurolife FFH Life Insurance SA (since December 2020) and Eurolife FFH General Insurance SA (since December 2020). In the past, Mr. Vassiliou had also the following significant posts: Country Manager for Greece, Cyprus and the Balkans, Mitsubishi UFJ Financial Group, London (2000-2005) and Senior Relationship Manager, Mitsubishi UFJ Financial Group, London (1998-2000). He holds an MBA from Boston University, USA and a BA in Business Administration from the Athens University of Economics and Business.
Andreas Athanasopoulos Deputy Chief Executive Officer, Group Chief Transformation Officer, Digital & Retail Membership in Board Committees: Strategic Planning Committee – Member Board Digital and Transformation Committee - Member Year of birth: 1966	In the past, Mr. Athanassopoulos had the following significant posts: Group Chief Customer Officer & CEO Financial services, Dixons Carphone, UK (2018-2020), CEO and Vice President, Dixons Carphone, Greece (Kotsovolos) (2013-2018), General Manager Retail Banking, National Bank of Greece (2008-2013), Chairman of NBG Asset Management (2011-2013), Deputy General Manager Small Business Banking, Eurobank (Greece & New Europe) (2003-2008), Consumer Credit Director, Piraeus Bank (Greece) (2000-2003).

Nationality: Hellenic Number of shares in Eurobank Holdings: -	He holds a Postdoc on Decision Sciences from the London Business School, UK, a PhD in Industrial and Business Studies from the University of Warwick, UK, an MSc in Statistics and Operational Research from the University of Essex, UK, a BSc in Applied Mathematics from the University of Patras, Greece. He has also served as a Professor in Financial Services of the Athens Graduate School of Business (ALBA) (1997-2001) and a Senior Lecturer of the Warwick Business School, UK (1992-1996) and has published 35 scholarly reviewed papers in top rated academic journals.
Christos Adam General Manager, Group Risk Management, Group Chief Risk Officer (Group CRO), Eurobank SA Year of birth: 1958 Nationality: Hellenic Number of shares in Eurobank Holdings: 577	Mr. Adam has served within the Eurobank Group as Deputy General Manager (2005-2013), Head of Group Credit Control Sector (1998-2013) and Senior Account Officer & Senior Manager, Corporate Division (1990-1997). He holds an MBA in Finance from the University of Michigan, Ann Arbor, USA, with full scholarship from the Fulbright Foundation and a Degree in Economics from the School of Economics & Political Sciences, University of Athens.
Thanasis Athanasopoulos General Manager – Head of Group Compliance General Division of Eurobank SA Year of birth: 1973 Nationality: Hellenic Number of shares in Eurobank Holdings: -	In the past, Mr. Athanasopoulos has served as Chief Audit Executive of the Alpha Bank Group and Vice President - Audit & Risk Review of the Mellon Financial Corporation. He holds a BSc, Business Administration from the Athens University of Economics and Business, a MSc, Banking from the University of Reading, a MSc, Economic History from the London School of Economics and he is certified as a Fellow Chartered Accountant of ICAEW and a Certified Director (IDP) by INSEAD.
Iakovos Giannaklis General Manager, Retail Banking, Eurobank SA Year of birth: 1971 Nationality: Hellenic Number of shares in Eurobank Holdings: 1.756	In the past Mr Giannaklis has also served within the Eurobank Group as Member of the BoDs of Eurobank FPS Loans and Credits Claim Management Société Anonyme, Eurobank Household Lending Services SA (2016-2018), Eurobank Asset Management MFMC (2014-2017), Head of Branch Network General Division (2014-2016), Head of Branch Network Commercial Development Sector (2014), Member of the BoD, Eurobank Business Services (2009-2017) and Head of Branch Network Sector (2009-2014). He holds an MBA from the University of Indianapolis, USA and a BA in Business Administration, from the City University of Seattle, USA.
Tasos Ioannidis General Manager Global Markets, Eurobank SA Year of birth: 1968 Nationality: Hellenic Number of shares in Eurobank Holdings: -	In the past Mr. Ioannidis has served as General Manager, Head of Global Markets & Treasury (April 2015 - July 2019), Deputy General Manager, Head of Global Markets & Treasury (October 2013 - March 2015), Deputy General Manager, Group Treasurer (April 2009 - October 2013), Deputy General Manager, Group Head of Trading (March 2007 - April 2009). He has also served as Member of the BoD, Eurobank Asset Management MFMC (May 2015 - September 2017), Chairman of the BoD, Eurobank ERB MFMC, former TT ELTA MFMC (February 2014 - September 2015), Member of the BoD, Global Asset Management SA (June 2006 - December 2009), and Member of the BoD, Portfolio Investment SA (June 2002 - April 2003). He holds a MSc in Shipping, Trade and Finance from Cass Business School, London, UK and a BSc, School of Mechanical Engineering from the National Technical University of Athens.
Apostolos Kazakos General Manager, Group Strategy, Eurobank SA Year of birth: 1972 Nationality: Hellenic Number of shares in Eurobank Holdings: -	Mr. Kazakos has also served as Deputy CEO, Eurobank Equities, the investment banking and brokerage arm of Eurobank Group (May 2010 – August 2013), Assistant General Manager, Head of Group Strategy & Investment Relations, National Bank of Greece (August 2014 – March 2015), General Manager and Head of the Investment Banking, Restructuring & Capital Investment Division, General Bank, Piraeus Group (September 2013 – July 2014), Head of the Investment Banking Division, Eurobank Equities and Telesis Bank (January 1998 – May 2010). He holds an MSc in International Securities, Investment and Banking, International Securities Market Association (ISMA) from the University of Reading, UK and a Degree in Accounting, Faculty of Administration & Finance from the Technological Educational Institute of Central Macedonia.
Harris Kokologiannis General Manager, Group Finance, Group Chief Financial Officer (Group CFO), Eurobank SA Year of birth: 1967 Nationality: Hellenic	Mr. Kokologiannis joined Eurobank in January 2008 as Head of Group Finance and Control until his appointment as Group CFO in July 2013. He has served as Audit Supervisor, Deloitte (Tax, Audit, Management Consultant), Group CFO (Lafarge Cement - Heracles General Cement Company), Director of Finance and Control (L'Oreal Hellas), Group Financial Manager (PLIAS Group).

Number of shares in Eurobank Holdings: -	He is a Chartered Accountant in UK, member of the Chartered Institute of Management Accountant (C.I.M.A.), UK. He holds an MBA from the University of Warwick (UK) and a BA in Business Management and Organization from the School of Economics and Business Science (ASOEE).
Michalis Louis Head of International Activities General Division & Group Private Banking Year of birth: 1962 Nationality: Cypriot Number of shares in Eurobank Holdings: -	Mr. Louis also serves as CEO, Eurobank Cyprus Ltd (since 2007), Member of the BoD, Eurobank Private Bank Luxembourg SA, Member of the Supervisory Board (SB) of Eurobank Bulgaria AD and Member of the BoD of Eurobank-Direktna (before the merger of Eurobank Serbia with Direktna on December 2021, he was serving as the BoD Chairman of Eurobank Serbia). He holds a MSc in Corporate Finance & Accounting from the London School of Economics and Political Sciences, UK and a Degree in Accounting from Ealing College, UK.
Natassa Paschali General Manager, Head of Group Human Resources General Division, (Group CHRO), Eurobank SA Year of birth: 1972 Nationality: Greek Number of shares in Eurobank Holdings: -	Mrs. Paschali is the Group Chief Resources Officer (Group CHRO), since June 2018 In the past she has served within the Eurobank Group as Head of People Engagement (January 2017 – June 2018), Head of HR, Eurobank Private Bank Luxembourg SA (parallel assignment), Luxembourg (May 2014 – May 2017), Head of HR Line Management, Wholesale Banking (2008-2016). She holds a MSc in Industrial Relations and Personnel Management from the London School of Economics and Political Science (1995-1996) and a BA in English Language and Literature from the University of Athens, School of Philosophy (1991-1995).

Mrs. Veronique Karalis, Deputy Group Company Secretary, serves as the Secretary of the ExBo.

The ExBo manages the implementation of Group's strategy, as developed by the SPC, in line with the Board's guidance. The functioning of ExBo is subject to the provisions of the TRFA. The ExBo is established by the CEO and its members are appointed by the CEO. The ExBo meets on a weekly basis or ad hoc when necessary. Other executives of the Group, depending on the subject to be discussed, may be invited to attend.

The ExBo is in quorum and meets validly when half of its members plus one are present or represented. In determining the number of members for the quorum, fractions, if any, shall not be counted. The ExBo resolutions require a majority vote. The ExBo appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee. The Secretary is responsible to minute the proceedings and resolutions of all ExBo meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. Decisions, actions and follow ups are disseminated to the Bank's responsible Units, as required. The ExBo Terms of Reference (ToR) are approved by the CEO, and revised as appropriate.

The ExBo's key tasks and responsibilities are to:

- manage the implementation of the Group's strategy as developed by the SPC, in line with the BoD's guidance
- draw up the annual budget and the business plan. The SPC reviews the key objectives and the goals contained therein, as well as the major business initiatives, and submits them to the Board for approval,
- approve issues concerning the Group's strategic choices (e.g. partnerships, share capital increase, issuing convertibles and/or launching debt issuance programs, mergers, acquisitions or disposals, the formation of joint ventures, creation or dissolution of special purpose vehicles, dividend distribution and all other investments or non-material disinvestments[10] by the Group etc.), ensuring these being in line with the approved Group's strategy, if the issue under discussion is less than or equal to €40 million. In case though:
  a) the issue under discussion exceeds € 40 million;
  b) a decision of the Board is obligatory by Law or by the Bank's contractual commitments;
  c) it is deemed necessary by the SPC, taking into account the complexity and nature of the strategic choices under discussion;

  the issues concerning the Group's strategic choices are approved by the Board following a relevant proposal by the SPC (as per its Terms of Reference),
- to perform its duties according to the Bank's policies, Service Level Agreements (SLAs) and Reverse Service Level Agreement (RSLAs) as approved by ExBo, BoD Committees and BoD. In particular, following the Amended & Restated SLA of August 2020 between Eurobank and Grivalia Management Company S.A., the Executive Board is responsible:
  - To approve any decision to acquire any single Asset to be classified as a Grivalia Asset with an acquisition price exceeding € 10 million, and up to € 40 million, following a recommendation by the Real Estate Committee (REC). For Assets exceeding € 40 million the decision is approved by the BoD following a recommendation by the SPC, which will have received a recommendation by the REC.
  - To approve any decision to divest any single Asset classified as a Grivalia Asset or included in the Eurobank Greek Portfolio with a book value exceeding € 10 million, and up to € 40 million, following a recommendation by the REC. For any Asset with a book value exceeding € 40 million, the decision is approved by the BoD following a recommendation by the SPC, which will have received a recommendation by the REC.

[10] As specified in the Divestment Policy

  - To approve any decision to divest a group of 10 Assets or more "Portfolio Sale" for which the total book value of the Assets exceeds € 5 million and up to € 40 million, following a recommendation by the Real Estate Committee. For a Portfolio Sale for which the total book value of Assets exceeds € 40 million, the decision is approved by the BoD following a recommendation by the SPC, which will have received a recommendation by the REC.
  - To approve any decision to lease an asset of the Grivalia Assets and Eurobank Greek Portfolio other of than the Eurobank REO Portfolio or Eurobank to lease from a third party, for rental contracts with a value exceeding € 300 thousand per month following a recommendation by the Real Estate Committee.
- in case that the Real Estate Strategic Committee cannot reach an unanimous decision for a matter, as described by its ToR, such matter shall be referred to the ExBo or the SPC, as required.
- monitor the performance of each business unit and country against budget and ensure corrective measures are in place wherever required,
- decide on all major Group's initiatives aiming at transforming the business and operating model, enhancing the operating efficiency and cost rationalization, improving organizational and business structure,
- ensure that adequate systems of internal controls are properly maintained,
- review and approve Bank's Policies (other than Credit Policies that are approved by Management Risk Committee and/or Troubled Assets Committee and/or BRC) that are related to its responsibilities and/or are of critical importance to the Bank, including but not limited to those requiring BoD approval as per the TRFA,
- review the performance of any Committee and /or individuals to whom it has delegated part of its responsibilities, as approved,
- ensure adequacy of Resolution Planning governance, processes and systems
- hire and retain external consulting firms in its sole judgment, and approve their compensation and terms of engagement in accordance with Bank's policies and procedures,
- hire and retain investment banking advisors, in its sole judgment, and approve their compensation and terms of engagement, in accordance with Bank's policies and procedures, where applicable.

Management Risk Committee[11]

The Management Risk Committee (MRC) oversees the risk management framework of Eurobank. 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 risk and to comply with regulatory requirements. The MRC members should have the ability to identify, assess and manage the Group's risks.

As part of its mandate, the MRC:
- reviews the Bank's and its subsidiaries' risk profile vis-à-vis its declared risk appetite and examines any proposed modifications to the risk appetite,
- reviews and approves the methodology, the parameters and the results of the Bank's stress testing programme,
- determines appropriate management actions which are discussed and presented to the ExBo for information and submitted to the BRC for approval, and maintains at all times a pro-active approach to Risk Management, understands and evaluates risks, addresses escalated issues, provides oversight to the Group's risk management framework – including the implementation of risk policies – and informs the BRC of the Group's risk profile
- assists the BRC in defining risk management principles and methodologies thereby ensuring that the Group's Risk Management Framework contains processes for identifying, measuring, monitoring, mitigating and reporting the current risk profile against its risk appetite, limits, and performance targets.

The MRC does not conflict with the GCRO or the Risk Management General Division's responsibilities for Risk governance as prescribed under the HFSF Relationship Framework Agreement or the Bank of Greece's Governor Act no. 2577/2006. The CEO serves as the Chairperson of the MRC and the GCRO as the Vice Chairman. They have responsibility to escalate material risks and issues to the BRC and to update ExBo on material risks and issues on a periodical basis.

The MRC is in quorum and meets validly when half of its members, including the Chairperson or the Vice-Chairperson, plus one are present or represented. Selected attendees can be invited to the MRC meetings, when the topics for discussion fall under their remit or they have the requisite expertise to constructively participate. The finalized minutes are distributed to

[11] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

the BRC, SPC and ExBo members, as prepared by the committee's secretary and approved by its Chairperson. Abstracts of resolutions reached and actions to be taken are provided to Management, SPC and/or ExBo members, as necessary.

Resolutions of the MRC are decided based on a simple majority and in case of a tie vote, the Chairman or the Vice-Chairman in the case of Chairman's absence, has the casting vote. The opinion of the minority is recorded in the meeting minutes whenever a decision of the MRC is not reached unanimously, and the BRC is informed accordingly.

Changes to the ToR of the MRC are reviewed by the MRC at least every two (2) years and revised if necessary, unless significant changes in the composition, role, responsibilities, organization and / or regulatory requirements necessitate earlier revision and are approved by the CEO. The ToR of MRC are also submitted to the BRC for information purposes.

Group Asset and Liability Committee (G-ALCO)[12]

G-ALCO's primary mandate is to i) review, approve, formulate, implement and monitor - as may be appropriate - the Group's a) liquidity and funding strategies and policies, b) interest rate guidelines and interest rate risk policies, c) Group's capital investments, as well as FX exposure and hedging strategy, and d) Group's business initiatives and/or investments that affect the Bank's market and liquidity risk profile, ii) approve at a first stage and recommend to the BRC for final approval the respective country limits (with special attention given for the approval / monitoring of the limits for countries where Eurobank has a local presence) and iii) approve or propose –as the case may be - changes to these policies that conform to the Bank's risk appetite and levels of exposure as determined by the BRC & Management while complying with the framework established by regulatory authorities and/or supervising bodies.

G-ALCO convenes once a month and/or whenever required. Other executives or managers of the Group, depending on the subject to be discussed, may be invited to attend as required.

Required quorum for G-ALCO meetings to be effective is six members. In order to have a quorum the presence of its Chairperson and a minimum of three (3) SPC members is required. Decisions on issues are taken by majority and communicated to the relevant / affected business areas, while meetings are minuted by the Committee's Secretary and distributed to G-ALCO members, the CEO, the Board's Chairman and the Single Supervisory Mechanism (SSM).

Central Credit Committees

Central Credit Committee I

The main objective of Central Credit Committee I (CCCI) is to ensure the objective credit underwriting of relevant exposures of Greek corporate performing and private banking clients, in accordance to the Risk Appetite Framework and the Credit Policy Manual of the Bank and in a way that balances credit risk and return on equity.

The CCCI is chaired by an independent to Business and Risk Professional, convenes at least once a week and all meetings are minuted. Decisions are taken unanimously. If unanimity is not achieved, the credit request is escalated by the Chairperson to the next (higher) approval level requiring a unanimous decision. In case of non-unanimity the final decision lies with the Management Risk Committee (MRC), by majority voting.

The main duty and responsibility of the CCCI is to assess and approve all credit requests for clients in the Greek related corporate performing and private banking portfolio of a total exposure above €50mio and unsecured exposure above €35mio. For total exposure exceeding €75mio and unsecured exposure exceeding €50mio, additional approval by the GCRO is required, while for total exposure exceeding €150mio and unsecured exposure exceeding €100mio, additional approval by the CEO is required. Furthermore, for exposures higher than 10% (or 20% for selected borrowers where no single risk exists) of the Bank's regulatory capital the additional approval of the Management Risk Committee (MRC) is required. Subsequently, the consent of Hellenic Financial Stability Fund (HFSF) is necessary, whereas final approval is granted by the Board Risk Committee (BRC).

Central Credit Committee II

The main objective of the Central Credit Committee II (CCCII) is the same as for the CCCI for lower levels of exposure.

The CCCII convenes at least once a week and all meetings are minuted. Decisions are taken unanimously. If unanimity is not achieved, the request is escalated by the Chairperson to the next approval level.

The main duty and responsibility of CCCII is to assess and approve all credit requests for clients in the Greek related corporate performing and private banking portfolio for total exposure from €20mio up to €50mio and unsecured exposure from €10mio up to €35mio and retail exposures for total limits above €3mio.

[12] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

Troubled Assets Committee[13]

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

The Committee meets at least once per month and/or whenever required if the majority of the members, including the Chairperson, are present. Decisions are taken by majority, are minuted and circulated as appropriate. The Chairman has a casting vote. TAC informs the Board or its competent Committees on the results of its activities, at least quarterly. TAC cooperates with Group Risk Management Division in order to develop and to be fully aligned with regard to the appropriate methodologies applied for the evaluation of the risks inherent in every type of modification and delinquency bucket, by portfolio. TAC's reports to the BoD or its competent Committees are also submitted to Group Risk Management General Division.

TAC's main responsibilities:
- review internal reports regarding troubled assets management under the regulatory provisions;
- approve the available forbearance, resolution and closure solutions by loan sub-portfolio, and monitor their performance through Key Performance Indicators (KPIs);
- define the criteria to assess the sustainability of credit and collateral workout solutions through the design and use of "decision trees";
- approve, monitor and assess pilot modification programmes; and
- supervise and provide guidance and know-how to the respective troubled assets units of Eurobank's subsidiaries abroad.

Products & Services Committee (PSC)[14]

Products & Services Committee (PSC) is responsible for creating and supervising the governance framework for the products and services offered to Eurobank's clients in Greece through the physical and alternative channels, in accordance with the supervisory and regulatory requirements. PSC has established a governance framework for the products and services, under its responsibilities, throughout their lifecycle, according to which financial and non-financial risks are assessed, taking also into account their financial performance. The Committee implements also a periodic review of all products and services to determine their continuation, modification or discontinuation.

PSC convenes once a month and/or whenever required. Other executives or managers of the Group, depending on the subject to be discussed, may be invited to attend as required.

The PSC is in quorum and meets validly when half of its members plus one are present (fractions are excluded from the computation). For quorum, the Chairperson should be also present.

Decisions are taken unanimously and are recorded in the meeting's minutes. In case of no reaching a decision due to disagreement of Members, the issue under discussion is escalated to the Executive Board (ExBo).

Environmental, Social & Governance (ESG) Management Committee - ESG ManCo[15]

The primary mandate of the ESG ManCo is to i) provide strategic direction on ESG initiatives, ii) review the ESG Strategy prior to approval, iii) integrate the elements of the ESG strategy into the Bank's business model & operations, iv) approve eligible assets of Green Bond Frameworks, v) regularly measure and analyze the progress of the ESG goals and performance targets, and vi) ensure the proper implementation of ESG related policies and procedures, in accordance with supervisory requirements and voluntary commitments.

ESG ManCo convenes four times a year and/or ad hoc when necessary. Other Bank employees, depending on the subject to be discussed, may be invited as deemed appropriate.

Required quorum for ESG ManCo meetings to be effective is seven members. In order to have a quorum, the presence of its Chairperson and a minimum of six (6) members is required. Decisions on issues are taken by majority. In case of a tie vote, the Chairperson has the casting vote. Whenever a decision of the ESG ManCo is not reached unanimously, this is recorded in the minutes along with the opinion of the minority. All meetings and decisions are minuted by the Committee's Secretary and distributed to ESG ManCo members.

[13] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).
[14] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).
[15] Information regarding current composition and short biographical details of its members may be found at the Bank's website (www.eurobank.gr).

The Terms of Reference of the ESG ManCo will be reviewed at least every two (2) years and revised if necessary, unless significant changes in the composition, role, responsibilities, organization and / or regulatory requirements necessitate earlier revision.

5. Key Control Functions

As part of its overall system of internal controls, HoldCo/Bank have established a number of dedicated control functions whose main responsibility is to act as independent control mechanisms thus reinforcing the control structure of the HoldCo/Bank. The most important functions and their key responsibilities are described below.

5.1 Internal Audit

Eurobank Holdings

Internal Audit ("IA") is an independent, objective assurance and consulting function designed to add value and improve the operations of Eurobank Holdings. IA has adequate organisation structure and appropriate resources to ensure that it can fulfil its roles and responsibilities.

IA also maintains a quality assurance and improvement programme, which covers all aspects of the IA activities, to ensure the consistent application of the methodology in accordance with the IIA Standards.

In order to safeguard its independence, IA reports functionally to the Audit Committee and administratively to the CEO. The Board has delegated the responsibility for monitoring the activity of the IA to the Audit Committee of the HoldCo. IA is headed by the Chief Internal Auditor (CIA) who is appointed by the Audit Committee. The latter also assesses the CIA's performance.

The mission of IA is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The key assurance and consulting responsibilities of IA are to:

- provide reasonable assurance, in the form of an independent opinion, as to the adequacy and effectiveness of the internal control framework of the HoldCo. ,
- assist Management on the prevention and detection of fraud or defalcation (unethical practices etc.),
- assist Management in enhancing the system of internal control by making recommendations to address weaknesses and improve existing policies and procedures,
- follow-up to ascertain that appropriate action is taken on reported audit findings within agreed deadlines,
- participate in HoldCo's projects in an assurance or consulting capacity.

Eurobank

Internal Audit Group ("IAG") is an independent, objective assurance and consulting function designed to add value and improve the operations of Eurobank and its subsidiaries. IAG has adequate organisation structure and appropriate resources to ensure that it can fulfil its roles and responsibilities.

IAG comprises the "Internal Audit Sector", the "Forensic Audit Division", the "International Audit Division" and the "Business Monitoring and Organisational Support Division". IAG also has a Quality Assurance function (QAF), to assess the effectiveness of the Group's internal audit activities and conformance with IIA Standards. QAF operates as Centre of Excellence for Audit Standards & Methodology, acting as an advisor to IAG Management in topics related to quality improvement and methodology.

In order to safeguard its independence, IAG reports functionally to the Audit Committee and administratively to the CEO. The Board has delegated the responsibility for monitoring the activity of the IAG to the Audit Committee of the Bank. IAG is headed by the Group Chief Audit Executive (CAE) who is appointed by the Audit Committee. The latter also assesses the CAE's performance.

The key assurance and consulting responsibilities of IAG are to:

- provide reasonable assurance, in the form of an independent opinion, as to the adequacy and effectiveness of the internal control framework of the Bank and its subsidiaries. In order to form an opinion, IAG establishes and carries out a programme of audit work (based on the risk assessment of the audit universe),
- assist and advise Management on the prevention and detection of fraud or defalcation or unethical practices and undertake such special projects as required,
- assist Management in enhancing the system of internal control by making recommendations to address weaknesses and improve existing policies and procedures,
- follow-up to ascertain that appropriate action is taken on reported audit findings within agreed deadlines,
- carry out any other specific duties required by the Regulatory Authorities and/or participate in bank wide projects undertaken by the Bank,
- participate in Bank projects in an assurance or consulting capacity
- assess the performance of the Group's internal audit functions, which have a direct reporting line to IAG.

5.2 Risk Management

Eurobank Holdings

As part of its overall system of internal controls HoldCo has engaged in a Service Level Agreement (SLA) with Eurobank 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 services provided through the above mentioned SLA are described below:

- Provision of advice on:
  - Identification, evaluation and monitoring of credit risk
  - Ensuring policy and instructions (strategy and products) recommended by business owners and Servicers are aligned to applicable credit policy manual and regulatory guidelines
  - Standardization of procedures and guidelines
  - Update and maintenance of the risk strategic framework master document
  - Participation in systemic bank consultation committees
  - Review new remedial products and initiatives prior submission to TAC or approval
- Coordination of NPE related regulatory reporting
- Provision of input for SSM submission and 3-year business plan, monthly MIS actual data (including Greek and International subsidiaries)
- Advising on identification, support/advise, recording and evaluation of liquidity risks and financial monitoring
- Advising in the identification, assessment, recording and monitoring of operational risks (e.g. RCSA, events capture, outsourcing etc.)
- Advising in the identification, assessment, recording and monitoring of climate risk

Eurobank

The Group Risk Management General Division, which is headed by the Group Chief Risk Officer (GCRO), is independent from the business units and has full responsibility for monitoring credit, market, liquidity and operational risks undertaken by the Eurobank Group.

It comprises the Group Credit General Division, the Group Credit Control Sector, the Group Credit Risk Capital Adequacy Control Sector, the Group Market & Counterparty Risk Sector, the Group Operational Risk Sector, the Group Model Validation & Governance Sector, the Group Risk Management Strategy Planning & Operations Division, the Risk Analytics Division and the Supervisory Relations & Resolution Planning Sector[16].

The GCRO serves as a pivotal point for the risk management functions of the Group and he is responsible for developing the Risk Appetite Framework and overseeing and coordinating the development and implementation of adequate risk measurement and management policies in relation to credit, market, liquidity, and operational risks.

The GCRO reviews the credit policies prepared by the responsible Risk Units before their submission for final approval to the BRC or to the BoD and oversees their implementation thereafter. The GCRO promptly reports any deviation from the credit policy or potential conflict with the approved risk strategy and risk appetite to the Board Risk Committee.

The GCRO is responsible to provide to the Board Risk Committee, on a monthly basis, adequate information so that the Committee can properly oversee and advise the BoD on the Bank's risk exposures / profile and future risk strategy. Additionally, the GCRO oversees compliance with approved Risk Appetite Limits, included in the Risk Appetite Framework (RAF) and reports compliance status as well as any deviations to the Board Risk Committee.

Eurobank has a well-established strategy and clear risk management objectives that has to deliver through core risk management processes and methodologies. At a strategic level, the risk management objectives are to:

- Identify Eurobank’s material risks (credit, market/liquidity, operational);
- Ensure that business plan is consistent with Eurobank’s risk appetite;
- Optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent review;
- Ensure that business growth plans are properly supported by effective risk infrastructure;
- Manage risk profile to ensure that specific financial deliverables remain possible under a range of adverse business conditions;
- Assist senior executives improve the control and co-ordination of risk taking across their businesses;
- Embed risk management into the Bank’s culture and existing processes and raise awareness of risk management throughout the Bank;
- Provide the framework, procedures and guidance to enable all employees to manage risk in their own areas across the Business and back-office Units.
- Advise and support Eurobank Holdings in risk management according to the agreed Service Level Agreement (SLA) between Eurobank Holdings and Eurobank.

[16] The Supervisory Relations & Resolution Planning Sector has a dual reporting line to both the GCRO & the Group Chief Financial Officer

5.3 Compliance

Eurobank Holdings
Eurobank Holdings Compliance is established with the approval of the Board of Directors and the Audit Committee of Eurobank Holdings. It is a permanent function and independent from Eurobank Holdings' business activities so that conflicts of interests are avoided. In order to safeguard its independence, Eurobank Holdings Compliance reports functionally to the Audit Committee of Eurobank Holdings and for administrative purposes to the CEO.

Its mission is to promote, within Eurobank Holdings, an organizational culture that encourages ethical conduct, and a commitment to compliance with laws and regulations as well as global governance standards.

The main objective of Eurobank Holdings Compliance is to ensure that Eurobank Holdings has established an adequate system of internal controls that allows it to operate in accordance with the ethical set of values contained in its "Code of Conduct and Ethics" and in compliance with applicable laws, regulations and internal policies. More specifically, for the regulatory topics within its scope of responsibilities, Eurobank Holdings Compliance is mandated to:

- raise compliance awareness in Eurobank Holdings
- advice the Board of Directors and Senior Management on Eurobank Holdings compliance with applicable laws, rules and standards and keeping them informed of related developments
- issue, as necessary, policies and other documents, in order to provide guidance to staff on the appropriate implementation of applicable laws, rules and standards as well as to assist the business to develop and implement regulatory compliant policies and procedures
- review new high-risk activities and advise on potential compliance risks
- ensure that staff is adequately trained about compliance issues
- provide support and challenge, if required, the business line management regarding the effectiveness of the compliance risk management activities
- monitor whether staff applies effectively the internal processes and procedures aimed at achieving regulatory compliance
- monitor through appropriate procedures staff adherence to internal policies and the "Code of Conduct and Ethics" and identify fraudulent activity
- monitor timely submission of reports to Competent Authorities and report any delays and fines for any alleged breaches of regulations to the AC
- fulfil any statutory responsibilities and liaise with regulators and external bodies on compliance issues.

Eurobank
Group Compliance is established with the approval of the Board of Directors and the Audit Committee of Eurobank. It is a permanent function and independent from the Bank's business activities so that conflicts of interests are avoided. In order to safeguard its independence, Group Compliance reports functionally to the Audit Committee of the Bank and for administrative purposes to the CEO. The Audit Committee in consultation with the Nomination Committee proposes to the Board for approval the appointment, replacement or dismissal of the Head of Group Compliance. The performance of the Head of Group Compliance is assessed on an annual basis by the AC. The Head of Group Compliance attends all Audit Committee's meetings and submits quarterly and annual reports (per regulatory requirements) summarising Group Compliance's activity and highlighting the main compliance issues.

Its mission is to promote, within Eurobank and its subsidiaries (Eurobank group), an organizational culture that encourages ethical conduct through integrity and a commitment to compliance with laws and regulations as well as the application of international governance standards.

The main objective of Group Compliance is to ensure that the Eurobank group has established an adequate system of internal controls that allows it to operate in accordance with the ethical set of values contained in its "Code of Conduct and Ethics" and in compliance with applicable laws, regulations and internal policies, as well as international best practices. In brief, for the regulatory topics within its scope of responsibilities, Group Compliance is mandated to:

- raise compliance awareness throughout the Eurobank group
- provide advice the Board of Directors and Senior Management on compliance with applicable laws, rules and standards and keep them informed of related developments
- issue policies, procedures and other documents such as compliance manuals, internal codes of conduct & ethics and practice guidelines in order to provide guidance to staff on the appropriate implementation of applicable laws, rules and standards as well as to assist the business to develop and implement regulatory compliant policies and procedures
- review new high-risk activities and advise on potential compliance risks
- ensure that staff is adequately trained and frequently updated about compliance issues by designing training programs and co-operating with HR for their implementation
- ensure the development of a robust compliance risk identification and assessment framework, provide support and challenge, if required, the business line management regarding the effectiveness of the compliance risk management activities
- monitor and test whether staff applies effectively the internal processes and procedures aimed at achieving regulatory compliance and report to the relevant Business Units any potential breaches in order for the latter to proceed with the required improvements

- monitor staff adherence to internal policies and the "Code of Conduct and Ethics" and identify potential breaches or fraudulent activity
- monitor timely submission of reports to Competent Authorities and report any delays and fines for any alleged breaches of regulations to the AC
- fulfil any statutory responsibilities and liaise with regulators and external bodies on compliance issues
- supervise, monitor, coordinate and evaluate the activities of the Compliance Officers of the Bank's local and international subsidiaries in order to ensure compliance with Eurobank group standards.

The scope of activities of Group Compliance covers the following regulatory topics:

- Financial Crime including laws and regulations on Anti Money Laundering (AML) and Countering the Financing of Terrorism (CFT) and legislation aimed at combatting Tax evasion such as FATCA and CRS. The scope includes the provision of timely and accurate responses to requests arising from regulatory and judicial authorities for the lifting of banking secrecy or freezing of assets and co-operation with them. The Eurobank Audit Committee in consultation with the Eurobank Nomination Committee proposes to the Board the appointment of the Anti-Money Laundering Reporting Officer of Eurobank and his/her Deputy
- Market Integrity related regulation regarding the provision of investment products and services to clients including laws and regulations on Market Manipulation, Insider Trading, Unlawful disclosure of inside information and other financial crimes
- Business and internal conduct rules including Conflict of interest regulatory provisions, internal codes of conduct, anti-bribery and anti-corruption legislation and Antitrust and Competition laws and regulations
- Consumer protection laws and regulations (including, inter alia, dormant accounts legislation, BoG's Code of Conduct for loans, the Payment Services Directive and the Deposit Guarantee scheme)
- Any other topic for which there is a law / regulation explicitly assigning a responsibility to the Compliance function, including, inter alia, the monitoring of the alignment of the Bank's activities with legal and regulatory requirements concerning Environmental Social and Governance regulatory aspects and sustainability.

6. System of Internal Controls

Principles of Internal Controls
The Group has established a System of Internal Controls that is based on international good practices and COSO terminology and is designed to provide reasonable assurance regarding the achievement of objectives in the following categories:
- efficient and effective operations,
- reliability and completeness of financial and management information,
- compliance with applicable laws and regulations.

The key principles underlying the Group's system of internal controls are described below:

- Control Environment: The control environment is the foundation for all components of Internal Control System, providing discipline and structure and influencing the control consciousness of employees. Integrity and high ethical values stem from management's philosophy and operating style and appropriate recruitment and training policies ensure the competence of the Group's people. The Group's organisation structure is suitable for its size and complexity with clearly defined responsibilities and reporting lines and clearly specified delegation of authority.

- Risk Management: the Group acknowledges that taking risks is an integral part of its business. It therefore sets mechanisms to identify those risks and assess their potential impact on the achievement of the Group's objectives. Because economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms in place shall be set (and evolve) in a manner that enables to identify and deal with the specific and new risks associated with changes.

- Control Activities: Internal control activities are documented in the policies and detailed procedures that are designed to ensure that operations are carried out safely and all transactions are recorded accurately in compliance with Management's directives and regulations. They occur throughout the organisation and business processes, at all levels and in all functions. One of the prime organisational measures to ensure control effectiveness in the Group is segregation of duties. Functions that shall be separated include those of approval (limits, limit excesses, specific transactions), dealing, administration (administrative input, settlement, confirmation checks, transaction approval check, documentation check, file keeping, custody) and controlling (reconciliation, limit monitoring, excess approval check, risk management, compliance checks, physical counts).

- Information and Communication: Information must be identified, captured and communicated in a form and timeframe that enables people to carry out their responsibilities. The Group has set effective communication channels to ensure that information is communicated down, across and up within the organisation. Mechanisms are also in place to obtain appropriate external information as well as to communicate effectively with outside parties including regulators, shareholders and customers.

- Monitoring: the Group has established mechanisms for the ongoing monitoring of activities as part of the normal course of operations. These include regular management and supervisory activities and other actions personnel take in performing their duties that assess the performance of internal control systems. There are also independent evaluations of the internal control system by the Internal Audit function, the scope and frequency of which depend primarily on an assessment of risks and the effectiveness of ongoing monitoring procedures. Internal control deficiencies are reported upstream, with serious matters reported to top management, the Audit Committee and the Board. Every three years the efficiency of the internal control system of HoldCo/Bank on a solo and consolidated basis is independently evaluated by a third auditing firm, other than the statutory auditor, as provided for in BoG Governor's Act 2577/2006. The evaluation report, following its assessment/acknowledgement by HoldCo/Bank competent bodies (Audit Committee and BoD) is further submitted to the BoG.

Characteristics of the System of Internal Controls (SIC)
HoldCo and Eurobank have indicative, and not restrictive, the following key characteristics of the SIC:

- Code of Conduct and processes for monitoring its implementation.
- Approved organisational chart in full development, for all levels of hierarchy, and with distinction of functions in main and secondary, in which the area of responsibility per sector/department is clearly defined.
- Composition and function of the Audit Committee.
- Description of strategic planning, process of its development and implementation.
- Long-term and short-term action plan per important activity, with a corresponding report and identification of the deviations on a periodic basis, as well as their justification.
- Complete and up-to-date Articles of Association which clearly identify and reflect the object of exploitation, work and the main objectives of the economic operator.
- Description of tasks of directorates, departments and job descriptions.
- Recording of policies and procedures of important operations of the HoldCo/Bank and identification of internal controls.
- Processes for compliance with the applicable legal and regulatory framework (Regulatory Compliance).
- Processes for risk assessment and management.
- Processes for the integrity and reliability of financial information.
- Processes for recruitment, training, delegation, targeting and evaluation of the performance of executives.
- Processes for the security, adequacy and reliability of information systems.
- Processes for safeguarding personnel and assets.
- Description of reporting lines and communication channels within and outside the organisation.
- Mechanism for monitoring and evaluating the efficiency and effectiveness of processes.
- Process for periodic evaluation of the adequacy and efficiency of the SIC by an independent auditor.
- Policies for the environmental management system and other environmental, social and governance issues (ESG factors).

In the context of the implementation of the above, HoldCo and Eurobank have recorded policies and procedures for the operation of organisational units. The procedures include a clear reference to the internal controls established to address the risks they face and to the person responsible for each procedure and are also assessed in the context of the corporate governance system's assessment.

Evaluation of the System of Internal Controls
The Bank AC, in accordance with the Bank of Greece Governor's Act 2577/9.3.2006 and its Terms of Reference, reviews and evaluates the adequacy of the Internal Control System (ICS) of the Bank, as well as of the Bank Subsidiaries annually, on the basis of the relevant data and information of the Internal Audit Group (IAG) of the Bank, the findings and remarks of external auditors and those of the supervisory authorities. The AC relies on the oversight and reporting mechanisms it has established with the Audit Committees of the Group's Subsidiaries.
Similarly, the HoldCo AC, in accordance with its Terms of Reference, reviews and evaluates the adequacy of the Internal Control System (ICS) of the HoldCo, on the basis of the relevant data and information of the Internal Audit (IA) of the HoldCo, the findings and remarks of external auditors and those of the supervisory authorities.

Independent Evaluation of the HoldCo/Bank System of Internal Controls
In March 2021, PWC presented to the AC members the scope, findings and methodology followed by PwC for the Independent triennial Evaluation of the Holdco/Bank System of Internal Controls (SIC) per BoG Act 2577/9.3.2006 (BoG Act).

Based on the procedures performed and the evidence obtained, there were no indications that the SIC, at the given time of the assessment, was not in compliance in all material aspects of the requirements of BoG Act.

Regarding the 26 observations raised by PwC (25 observations of low risk and 1 observation regarding the model validation of Eurobank Bulgaria of medium risk), Management agreed to take actions and address them by the end of 2021.

7. Sustainability

Approach towards sustainability

HoldCo/Bank has placed sustainable development as one of the foundations of its strategic planning, which is inexorably linked to the UN Sustainable Development Goals (SDGs). Responding to the needs of today's everchanging environment, HoldCo/Bank, aims to actively contribute to improving the economic and social environment where it operates, adopting responsible practices that promote transparency and business ethics.

In this context, Bank is redesigning its strategy both in terms of its financing and other products, and in terms of its internal environment and how it is organised and operates. To this end, it redefines sustainable development actions and goals, taking into consideration the Principles for Responsible Banking and other international agreements and trends.

Bank has given priority to managing and mitigating any underlying economic, environmental and social risks arising (when developing business plans or new products/services), as well as to complying with all relevant legislation and regulations. Furthermore, Bank develops and improves mechanisms in order to identify, measure and communicate impact, across the full spectrum of its activities.

Sustainability Policies & Frameworks

Bank implemented a Sustainability Policy, which has been modelled on the best international sustainability practices and ensures its decision-making is in line with environmental protection and sustainability and has also implemented its Environmental Policy and an Energy Management Policy, depicting related commitments and actions towards the protection of the environment and energy efficiency.

Moreover, Bank documented and approved its Sustainable Finance Framework, which will support the identification of sustainable/green financing opportunities (finance the transition of Bank's clients). Bank has also approved and made publicly available its Green Bond Framework. The Framework, which has been externally reviewed by an established second-party opinion provider, facilitates the financing of projects that will deliver environmental benefits to the economy and support Bank's business strategy and vision. The above mentioned Frameworks enable Bank to pursue economic growth in line with ESG criteria.

Engaging with stakeholders

HoldCo/Bank promotes strong relationships of trust, loyalty and good cooperation with its stakeholders: shareholders, employees, customers, suppliers, young entrepreneurs, business community organisations, investment analysts and investors, NGOs & associations, government & supervisory/regulatory authorities and by promoting two-way communication and maintaining open dialogue with them. This ongoing communication allows to listen to stakeholders' concerns and opinions, to broaden the view, to identify areas for improvement and to share in a transparent way the actions towards meeting expectations. A more detailed presentation of the cooperation framework, expectations and means of communication is included in the Annual Report 2020 – Business & Sustainability.

Stakeholder consultation is the key process for identifying, prioritizing and reporting on HoldCo's/Bank's material issues. This process takes place on an annual basis through dedicated communication channels for specific stakeholder groups as well as surveys/questionnaires and its outcomes inform the issue prioritisation and provide an in depth understanding out each stakeholder group's concerns and expectations. Further details regarding the aforementioned process and its results can be found in the Annual Report 2020 – Business & Sustainability.

Furthermore, HoldCo/Bank seeks to collaborate and partner with various stakeholders in order to promote sustainable development and increase its positive impacts.

Governance

Bank has approved a governance structure on the process for the allocation of roles and responsibilities with regards to ESG and climate risk management (both for transition risk and physical risk). Moreover, the HoldCo/Bank BoD has assigned an executive member as the responsible BoD member for climate-related and environmental risks. As part of his duties, the member responsible will update the Board Risk Committee (BRC) (in alignment with the BRC Terms of Reference) and the Board of Directors of HoldCo and Bank on climate change and environmental related risks at least on a semi - annually basis.

Bank has established the ESG Management Committee, chaired by the BoD member responsible for climate-related and environmental risks. The purpose of the ESG Management Committee is to provide strategic direction on ESG initiatives, review the ESG Strategy prior to approval, integrate the elements of the ESG strategy into Bank's business model & operations, approve eligible assets of Green Bond Frameworks, regularly measure and analyze the progress of the ESG goals and performance targets, ensure the proper implementation of ESG related policies and procedures and to validate the Material Issues reported in the Annual Business & Sustainability Report, in accordance with supervisory requirements and voluntary commitments.

Reporting and Transparency

HoldCo/Bank issue on an annual basis the Annual Report 2020 – Business & Sustainability, which provides stakeholders with a holistic view to its ESG performance and complies with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI). Through the Report, Euroban/HoldCo provide full disclosure on sustainability impacts such as environmental performance, energy and emissions, social impact and corporate governance, while addressing all material stakeholder interests across the ESG spectrum. The Annual Report 2020 - Business & Sustainability is accessible to all interested parties through the corporate website. The sustainability-related disclosures in the report are assured by a competent assurance provider in accordance with the AA1000 Assurance Standard and related Principles for inclusivity, materiality, responsiveness and impact, as per the independent auditor's Limited Assurance Report which is disclosed as part of the Annual Report 2020 – Business & Sustainability.

Moreover, Holdco/Bank closely cooperates with third-party international bodies to report the performance and ESG ratings. HoldCo's/Bank's aim is to illustrate continuous progress against ESG commitments.

8. Shareholders' General Meeting

The Shareholders' General Meeting ("General Meeting") is the supreme body of the HoldCo/Bank, convened by the respective Board and entitled to resolve upon any matter concerning the HoldCo/Bank and is the only competent body to resolve on issues described in article 117 of Company Law 4548/2018 (such as amendments to the Articles of Association). All shareholders have the right to participate and vote at the General Meeting either in person or by their legal representatives according to the proposed legal procedure each time in force.

The General Meeting is in quorum and meets validly when the shareholders, present or represented, represent at least 20% (1/5) of the paid-in share capital that corresponds to the shares with voting rights ("share capital"). Resolutions are reached by absolute majority and shall be binding upon absent and dissenting shareholders as well. Exceptionally, with regard to certain significant decisions such as most decisions related to share capital, mergers etc.(para 3, art. 130, Company Law 4548/2018), the General Meeting is in quorum and meets validly when the shareholders, present or represented, represent at least 50.00% (1/2) of the paid-in share capital. Resolutions on the aforementioned issues are reached by two-thirds (2/3) majority. If such quorum is not reached, the General Meeting is convened again in a repeat Meeting where lower quorum is required for all categories of resolutions.

The HFSF's Representative has the right to request the convocation of HoldCo's/Bank's Shareholder's General Meeting. Such right was not exercised during 2021.

Based on the present 1.4% stake in HoldCo's share capital, the HFSF, under Law 3864/2010 as in force and the TRFA signed between the Bank, the HoldCo and the HFSF, exercises its voting rights in the General Meetings of HoldCo only for decisions concerning the amendment of the HoldCo's Articles of Association, including the increase or reduction of the capital or the corresponding authorization to the Board, the mergers, divisions, conversions, revivals, extension of term or dissolution of the HoldCo, the transfer of assets (including the sale of subsidiaries), or any other issue requiring increased majority as provided for in Company Law 4548/2018.

The Annual General Meeting is held every year before the 10th of September. An Extraordinary General Meeting may be convened by the Board when it is deemed appropriate or necessary or when required by law.

The minutes of the General Meeting are signed by the Chairperson and the Secretary of the General Meeting.

Standard minority rights, as described in Company Law 4548/2018, apply.

Information about the Eurobank Holdings General Meetings

Requirements for calling and convening the General Meetings
All persons appearing as shareholders of ordinary shares of the HoldCo in the registry of the Dematerialized Securities System (DSS) managed by Hellenic Central Securities Depository S.A. on the Record Date, namely at the start of the fifth day before the General Meeting, have the right to participate and vote in the HoldCo General Meeting. The aforementioned record date is applicable for the Repeat Meeting as well. The shareholders are informed on time about the agenda of each General Meeting and new technologies are used to help them participate.

At least 20 days before the General Meeting date, the shareholders are informed and given access to all necessary information, in compliance with the Greek Law. The Notice of General Meeting includes:

- Date, time and place of the Meeting.
- Items on the agenda.
- Participation and voting rights with the relevant procedures.
- Minority shareholder rights.
- Relevant documents available.

All resolutions and information about each General Meeting are posted under Investor Relations on the Eurobank Holdings website.

Participation and proxies
Shareholders are assisted to participate in HoldCo General Meetings. All Eurobank Holdings shareholders have the right to participate in person or appoint a proxy. Proxies must be appointed at least 48 hours before the General Meeting date.

To the extent that shareholders' questions on items on the agenda are not answered during General Meeting, HoldCo has a process for submitting the relevant answers.

Annual General Meeting (AGM) of the shareholders
In the Annual General Meeting of the HoldCo's shareholders, held on July 23, 2021, remotely via teleconference in real time, participated shareholders representing 2,762,035,636 shares out of 3,709,161,852 shares, corresponding to 75.53%

of the paid up share capital with voting rights on the items of the agenda. It is noted that, according to Law 3864/2010, as in force, for the calculation of the percentages of quorum and majority of the General Meeting, the 52,080,673 common shares of the Company held by the Hellenic Financial Stability Fund were not included. In respect of the items on the agenda, as referred to on the invitation dated 02.07.2021, the General Meeting:

1. Approved the Annual and Consolidated Financial Statements for the financial year 2020, as well as the Directors' and Auditors' Reports.
2. 2. Approved the overall management for the financial year 2020 as well as the discharge of the Auditors for the financial year 2020.
3. Approved: a) the appointment of the firm KPMG Certified Auditors S.A. (KPMG) as statutory auditor for the Annual and Consolidated Financial Statements of the Company for the financial year 2021 and b) KPMG's relevant fees for the audit of the Annual and Consolidated Financial Statements of the Company for the financial year 2021 to amount to €0.2 m.
4. Approved the amendment of the Remuneration Policy for Directors of the Company, which had been approved by the Annual General Meeting of shareholders of the Company on 28.07.2020.
5. Approved the remuneration paid during the financial year 2020 as well as the advance payment of remuneration for the financial year of 2021 to the non-executive Board members for the execution of their duties as Board members and as members of the Board Committees.
6. Casted a positive vote on the Remuneration Report for the financial year 2020.
7. Approved the final appointment of Ms. Cinzia Basile as independent non-executive member of the Board, in replacement of the resigned independent non-executive member of the Board Mr. George Myhal.
8. Approved the Nomination Policy of the Directors of the Board
9. Approved: a) The election of the following as Board members of the Company: 1. Andreas D. Athanassopoulos 2. Konstantinos V. Vassiliou 3. Alice K. Gregoriadi, 4. George P. Zanias 5. Stavros E. Ioannou 6. Fokion C. Karavias 7. Irene K. Rouvitha Panou 8. George K. Chryssikos 9. Cinzia Basile 10. Rajeev Kakar 11. Bradley Paul L. Martin 12. Jawaid A. Mirza 13. Efthymia P. Deli, Representative of the HFSF.
   The term of office of the members will expire on 23.07.2024, prolonged until the end of the period the Annual General Meeting for the year 2024 will take place.
   b) The appointment of Messrs. Alice K. Gregoriadi, Irene K. Rouvitha Panou, Cinzia Basile, Rajeev Kakar and Jawaid A. Mirza as independent non-executive Board members.
10. Approved: a) The Audit Committee to function as Committee of the Board consisting of members of the Board. b) The Audit Committee to consist of six (6) non-executive members of the Board, of which at least three (3) shall be independent. c) The term of office of the members of the Audit Committee that will be appointed by the Board in accordance with article 44, par. 1c of L. 4449/2017, as in force, to concise with their term of office as members of the Board of Directors, i.e. the term of office of the Audit Committee members will expire on 23.07.2024, prolonged until the end of the period the Annual General Meeting for the year 2024 will take place.

All information on the AGM can be found at Eurobank Holding's website (https://www.eurobankholdings.gr/en/investor-relations/shareholders/general-meetings-pages/annual-general-shareholders-meeting-23-07-21),

Information about the Eurobank General Meetings

The HoldCo, following the demerger, constitutes the Eurobank's sole shareholder, who represents 100% of its share capital. According to article 121 par. 5 of Law 4548/2018, an invitation to convene a general meeting is not required in the event that the meeting is attended or represented by shareholders representing the entire capital and none of them objects to its holding and decision-making. In this context the following general meetings of Eurobank were held.

Annual General Meeting (AGM) of the shareholders
In the Annual General Meeting of Eurobank's shareholders, held on July 23, 2021 in Athens, at "Bodossakis Foundation Building" ("John S. Latsis" Hall), 20 Amalias Avenue, participated the sole shareholder Eurobank Holdings representing 3,683,244,830 shares, corresponding to 100% of the paid up share capital with voting rights on the items of the agenda. In respect of the items on the agenda, the General Meeting:

1. Approved the Annual and Consolidated Financial Statements for the financial year 2020 as well as the Directors' and Auditors' Reports.
2. Approved the overall management for the financial year 2020 and discharge of the Auditors for the financial year 2020.
3. Appointed "KPMG Certified Auditors S.A." as Auditors for the financial year 2021 and b) KPMG's relevant fees for the audit of the Annual and Consolidated Financial Statements of the Company for the financial year 2021 to amount to €1.2 m.
4. Approved the remuneration for the financial year 2020 and of the advance payment of the remuneration for the non-executive Board Directors for the financial year 2021.
5. (a) Approved the election of the following as Board members of the Bank due to the expiration of the term of the current Board and designation of the independent non-executive members of the Board:
1. Andreas D. Athanassopoulos 2. Konstantinos V. Vassiliou 3. Alice K. Gregoriadi, 4. George P. Zanias 5. Stavros E. Ioannou 6. Fokion C. Karavias 7. Irene K. Rouvitha Panou 8. George K. Chryssikos 9. Cinzia Basile 10. Rajeev Kakar 11. Bradley Paul L. Martin 12. Jawaid A. Mirza 13. Efthymia P. Deli, Representative of the HFSF.
The term of office of the members will expire on 23.07.2024, prolonged until the end of the period the Annual General Meeting for the year 2024 will take place.
b) The appointment of Messrs. Alice K. Gregoriadi, Irene K. Rouvitha Panou, Cinzia Basile, Rajeev Kakar and Jawaid A. Mirza as independent non-executive Board members.

6. Approved: a) The Audit Committee to function as Committee of the Board consisting of members of the Board. b) The Audit Committee to consist of six (6) non-executive members of the Board, of which at least three (3) shall be independent. c) The term of office of the members of the Audit Committee that will be appointed by the Board in accordance with article 44, par. 1c of L. 4449/2017, as in force, to concise with their term of office as members of the Board of Directors, i.e. the term of office of the Audit Committee members will expire on 23.07.2024, prolonged until the end of the period the Annual General Meeting for the year 2024 will take place.
7. Approved the Annual Activity Report of the Audit Committee for the financial year 2020.
8. Approved the repeal of transitional provisions of the Bank's Articles of Association.

Extraordinary General Meeting of the Shareholders
In the Extraordinary General Meeting of Eurobank's shareholders, held on June 1, 2021 in Athens, at "Bodossakis Foundation Building" ("John S. Latsis" Hall), 20 Amalias Avenue, participated the sole shareholder Eurobank Holdings representing 3,683,244,830 shares, corresponding to 100% of the paid up share capital with voting rights on the items of the agenda. In respect of the items on the agenda, the General Meeting resolved on the:

1. a) Reduction in kind of the share capital of the Bank according to par. 1 of article 31 of law 4548/2018 with reduction of the nominal value of each common registered share of its issue by 0.0276957019308433 euros, in order for the shareholder to reach the corresponding in value by reducing the capital of bonds of the subsidiary company "Mexico Finance Designated Activity Company" and b) reduction of share capital by reducing the nominal value of each common registered share of its issue by 0.00230429806915667 with the formation of, equal amount of special reserve according to par. 2 of article 31 of law 4548/2018. Provision of authorizations and approval of the corresponding amendment of article 5 of the Bank's articles of association.
2. Demerger of "Eurobank Ergasias Leasing Single Societe Anonyme" ("Split") by absorption by the Bank ("Benefiting by Absorption") and by setting up a new company ("Benefiting by Establishment") and approval of the Plan. Approval of the Articles of Association of the Beneficiary with Establishment. Provision of authorizations.
3. Appointment of Mrs. Cinzia Basile as new independent non-executive member of the Board of Directors.
4. Announcement of the election of Mr. Andreas D. Athanassopoulos as new executive member of the Board of Directors.
5. Announcement of the election of Mrs. Efthymia Deli as new non-executive member of the Board of Directors and new member of the Audit Committee.

9. Other information required by Directive 2004/25/EU

- **Holders of securities with special control rights**

The HFSF's participation interest in the HoldCo's share capital, through the ordinary shares it possesses, confers to HFSF the rights according to the legislation in force and the TRFA that has been signed between the HoldCo, the Bank and the HFSF.

- **Treasury Shares**

The Shareholders' General Meeting can authorize the Board, under article 49 of Company Law 4548/2018, to implement a program of acquisition of treasury shares. However, 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 HoldCo, HoldCo is not permitted to purchase treasury shares without the approval of the HFSF (note 37 of the consolidated accounts).

For other information required by Directive 2004/25/EU regarding the: a) Major shareholdings, b) Authority to issue new shares, and c) Restrictions of voting rights, please refer to the relevant sections of the Directors' Report.

III. Independent Auditor's Report (on the Consolidated Financial Statements)

KPMG Certified Auditors S.A.
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Aghia Paraskevi
153 42 Athens, Greece
Telephone +30 210 6062100
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Independent Auditors' Report

To the Shareholders of
Eurobank Ergasias Services and Holdings SA

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Eurobank Ergasias Services and Holdings SA (the "Company") which comprise the consolidated balance sheet as at 31 December 2021, the consolidated statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Eurobank Ergasias Services and Holdings SA and its subsidiaries (the "Group") as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as it has been incorporated into Greek legislation, together with the ethical requirements that are relevant to the audit of the consolidated financial statements in Greece, and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters and the relevant significant assessed risks of material misstatement were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">Impairment allowance on loans and advances at amortised cost including off-balance sheet elements</th></tr>
<tr><td colspan="2">Refer to Note 2.2.13 and 3.1 to the consolidated financial statements. Total impairment charge for loans and advances to customers for the year amounted to EUR 490 million (2020: 2 081 million). Total estimated credit losses as of 31 December 2021 amounted to EUR 1 872 million (2020: 3 477 million).</td></tr>
<tr><td>The key audit matter</td><td>How this matter was addressed in our audit</td></tr>
<tr><td>The estimation of expected credit losses (“ECL”) on loans and advances involves significant judgment and estimates. The key areas where we identified greater levels of management judgement and therefore increased levels of audit focus in the Group’s estimation of ECLs are:

— Significant Increase in Credit Risk (“SICR”) – The identification of qualitative indicators for identifying a significant increase in credit risk is highly judgmental taking also into account the current economic uncertainty because of COVID-19.

— Model estimations – Inherently judgemental modelling and assumptions are used to estimate ECL which involves determining Probabilities of Default (“PD”), Loss Given Default (“LGD”), and Exposures at Default (“EAD”). ECLs may be inappropriate if certain models or underlying assumptions do not accurately predict defaults or recoveries over time or fail to reflect the credit risk of loans and advances to customers. In addition,</td><td>Our audit procedures included, among others:

Controls testing:

— We tested the relevant manual, general IT and application controls over key systems used in the ECL process.

— Key aspects of our controls testing involved evaluating the design and testing the operating effectiveness of the key controls over the:

– completeness and accuracy of the key inputs into the IFRS 9 impairment models;

– application of the staging criteria;

– model validation, implementation and monitoring;

– authorisation and calculation of management overlays.

Use of financial risk specialists:

Our own financial risk specialists assisted in the following:</td></tr>
</table>

the Group adopted the new definition of default. As a result, certain IFRS 9 models and model assumptions are the key drivers of complexity and subjectivity in the Group's calculation of the ECL estimate. — *Individually assessed loans* –The estimation of future cash flows, valuation of collateral and probability weighting of scenarios constitute assumptions with high estimation uncertainty. — *Management overlays* – Adjustments to the model-driven ECL results are raised by management to address any known limitations or emerging trends as well as risks not captured by models. These adjustments are inherently uncertain and significant management judgement is involved in estimating these amounts especially in relation to current economic uncertainty such as COVID19. — *Economic scenarios* – IFRS 9 requires the Group to measure ECLs on an unbiased forward-looking basis reflecting a range of future economic conditions. Significant management judgement is applied in determining the forward-looking economic scenarios used, the probability weightings associated with the scenarios and the complexity of models used to derive the probability weightings applied to them especially when considering the current uncertain economic environment. *Disclosures in the consolidated financial statements* The disclosures regarding the Group's application of IFRS 9 are key to explaining the key judgements and material inputs to the IFRS 9 ECL results as well as to provide transparency of the credit risk exposures of the Group.	— evaluating the Group's impairment methodologies for compliance with IFRS 9; — evaluating the risk parameter models used as well as reperforming the calculation of certain risk parameters; and — assessing of available validation reports on risk parameters and macroeconomic forward looking Information — **Test of details:** Key aspects of our testing in addition to those set out above include the following: — We performed substantive procedures on a sample basis in order to assess the application used for the SICR assessment for corporate and retail portfolios; — We assessed the reasonableness and appropriateness of the macroeconomic variables' forecasts, scenarios, weights, and models applied. — We performed substantive procedures to assess the completeness and accuracy of critical data input used in the ECL models. — We reperformed ECL calculations for lending exposures in all stages, with the support of our financial risk specialists, on a sample basis, where appropriate. — We performed substantive procedures to assess the reasonableness of significant assumptions used in the measurement of impairment of individually assessed credit impaired exposures, including valuation of collaterals where we have used the expertise of our real estate specialists as well as assumptions used for estimating future discounted cash flows.

	Assessing disclosures: We evaluated the adequacy and appropriateness of the disclosures in the consolidated financial statements that address the uncertainty which exists when determining the ECL. In addition, we assessed whether the disclosure of the key judgements and assumptions were sufficiently clear and explanatory.

Recognition of deferred tax assets

Refer to Note 2.2.16 to the consolidated financial statements. Total deferred tax recognized as of 31 December 2021 amounted to EUR 4 422 million (2020: EUR 4 519 million).

The key audit matter	How the matter was addressed in our audit
The recognition and carrying value of deferred tax assets is considered a key audit matter as it depends on estimates of future profitability, which require significant management judgement and include the risk of management bias. Judgements and especially complex assumptions due to their forward-looking nature and inherent uncertainties include: — Revenue forecasts which are also impacted by delivery of the Group's Strategy. — Macroeconomic and model assumptions such as growth rates and macroeconomic scenarios. *Disclosures in the consolidated financial statements* The disclosures in the consolidated financial statements regarding the Group's application of IAS 12 are key to explaining the key judgements surrounding the recoverability of deferred tax assets.	Our audit procedures with the assistance of our tax specialists included, the following: — We assessed the design and implementation of the controls relevant to the recognition and recoverability of deferred tax assets including approval of business plans and monitoring of actual results against budgeted. — We evaluated the appropriateness of the assumptions used by management in the approved business plan by comparing the revenue and growth projections to industry trends and ensuring consistency with strategic plans. — We assessed the historical accuracy of management's assumptions by comparing them to actual results reported. **Assessing disclosures:** We evaluated the adequacy and appropriateness of the disclosures in the consolidated financial statements that address the deferred tax asset recoverability. In addition, we assessed whether the disclosures of the key judgements and assumptions were sufficiently clear and explanatory.

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Use of IT systems relevant to the financial information	
The key audit matter	**How the matter was addressed in our audit**
The Group's financial reporting processes are dependent to a large extent on information produced by the Group's Information Technology (IT) systems, and / or automated processes and controls (i.e., calculations, reconciliations) implemented in these systems. The above is a key audit matter as the Group's financial reporting systems rely heavily on complex information systems that process huge number of transactions that function based on the operating effectiveness of internal controls in place to assure the completeness and accuracy of financial information and security information of the Group that produce the financial information.	We have evaluated in collaboration with our IT Audit specialists the internal controls over the IT systems, databases and applications that support the financial reporting of the Group. For this purpose, we performed procedures as follows: — We assessed the information security resilience of the Group by evaluating the design of key IT processes and controls over financial reporting. — We evaluated the internal controls of the Group relevant to the administration of logical access, application development and change management and daily IT operations for key layers of underlying infrastructure (i.e., application, operating system, and database) for the systems in scope of the audit and tested the operating effectiveness of the relevant controls.

Mexico transaction	
Refer to Note 20.1 to the consolidated financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The Group as part of the non performing exposure strategy proceeded in the derecognition of EUR 3.1 billion of loans via securitization, known as 'Project Mexico'. The complexity of the terms of the agreement, the magnitude of the portfolio as well as the assessment of other criteria to justify the accounting treatment under IFRS, requires significant judgement.	Our audit procedures included the following: — We examined relevant asset transfer agreements and other related legal documents to ascertain whether the derecognition criteria according to IFRS 9 are met. — We analysed the contractual terms and conditions to assess if the Group retained control over the transferred loans.

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Disclosures in the consolidated financial statements The disclosures in the consolidated financial statements regarding the Group's application of IFRS9 are key to provide clarity on the transaction.	— We reviewed the accounting entries related to this transaction. **Assessing disclosures:** We evaluated the adequacy and appropriateness of the disclosures in the consolidated financial statements that address the derecognition of loans under Project Mexico. In addition, we assessed whether the disclosure of the key judgements and assumptions were sufficiently clear and explanatory.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report for which reference is made in the "Report on Other Legal and Regulatory Requirements" and the Declarations of the Members of the Board of Directors and any other information either required by law or voluntarily incorporated by the Group in its Annual Financial Report prepared in accordance with Law 3556/2007, but does not include the consolidated financial statements and our Auditor's Report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and those charged with governance for the consolidated financial statements

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

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

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

Auditor’s Responsibilities for the Audit of the consolidated financial statements

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

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

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

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

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on these consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.
We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report and the Corporate Governance Statement that is included in this report, pursuant to the provisions of paragraph 5 of Article 2 of Law 4336/2015 (part B), we note that:

(a) The Board of Directors' Report includes a Corporate Governance Statement which provides the information set by Article 152 of L. 4548/2018.

(b) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Articles 150-151 and 153-154 and of paragraph 1 (cases c and d) of article 152 of L. 4548/2018 and its contents correspond with the accompanying consolidated financial statements for the year ended 31 December 2021.

(c) Based on the knowledge acquired during our audit, relating to Eurobank Ergasias Services and Holdings SA and its environment, we have not identified any material misstatements in the Board of Directors' Report.

2. Additional Report to the Audit Committee

Our audit opinion on the consolidated financial statements is consistent with the Additional Report to the Audit Committee of the Company dated 5 April 2022, pursuant to the requirements of article 11 of the Regulation 537/2014 of the European Union (EU).

3. Provision of non Audit Services

We have not provided to the Company and its subsidiaries any prohibited non – audit services referred to in article 5 of regulation (EU) 537/2014.

The permissible non-audit services that we have provided to the Company and its subsidiaries during the year ended 31 December 2021 are disclosed in Note 46 of the accompanying consolidated financial statements.

4. Appointment of Auditors

We were appointed for the first time as Certified Auditors of the Company based on the decision of the Annual General Shareholders' Meeting dated 10 July 2018. From then onwards our appointment has been renewed uninterruptedly for a total period of four years based on the annual decisions of the General Shareholders' Meeting.

5. Operations Regulation

The Company has an Operations Regulation in accordance with the content provided by the provisions of the article 14 of Law 4706/2020.

6. Assurance Report on the European Single Electronic Reporting Format

We examined the digital files of Eurobank Ergasias Services and Holdings SA (the "Company") and its subsidiaries (the "Group"), which were prepared in accordance with the European Single Electronic Format (ESEF) that is determined by the Commission Delegated Regulation (EU) 2019/815, as amended by the Regulation (EU) 2020/1989 (the ESEF Regulation) that include the consolidated financial statements of the Group for the year ended as at 31 December 2021 in XHTML format (JEUVK5RWVJEN8W0C9M24-2021-12-31-en.xhtml) and also the XBRL (JEUVK5RWVJEN8W0C9M24-2021-12-31-en.zip) with the appropriate mark up of those consolidated financial statements.

Regulatory framework

The digital files of the European Single Electronic Format are prepared in accordance with the ESEF Regulation and the 2020/C 379/01 Commission Interpretative Communication issued on 10 November 2020, as required by the

L. 3556/2007 and the relevant announcements of the Hellenic Capital Markets Commission and the Athens Stock Exchange (the "ESEF Regulatory Framework").

This Framework includes in summary, among others, the following requirements:

— All the annual financial reports must be prepared in XHTML format.

— With respects to the consolidated financial statements based on International Financial Reporting Standards (IFRS), the financial information that is included in the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, must be marked up with XBRL tags, in accordance with the ESEF Taxonomy, as in force. The technical requirements for the ESEF, including the relevant taxonomy, are included in the ESEF Regulatory Technical Standards.

The requirements as defined in the ESEF Regulatory Framework as in force are appropriate criteria in order to express a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

Management is responsible for the preparation and filing of the consolidated financial statements of the Group, for the year ended as at 31 December 2021, in accordance with the requirements determined by the ESEF Regulatory Framework, and for such internal control as management determines is necessary to enable the preparation of digital files that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is the planning and the execution of this assurance engagement in accordance with the 214/4/11-02-2022 Decision of the Hellenic Accounting and Auditing Standards Oversight Board and the Guidelines for the assurance engagement and report of Certified Auditors on the European Single Electronic Reporting Format (ESEF) of issuers with shares listed in a regulated market in Greece", as these were issued by the Institute of Certified Public Accountants of Greece on 14/02/2022 (the "ESEF Guidelines"), in order to obtain reasonable assurance that the consolidated financial statements of the Group that are prepared by the management of the Company in accordance with the ESEF comply in all material respects with the ESEF Regulatory Framework as in force.

Our work was performed in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants,* as it has been incorporated into Greek legislation and we have also fulfilled our independence requirements, in accordance with the L. 4449/2017 and the Regulation (EU) 537/2014.

The assurance work that we carried out refers exclusively to the ESEF Guidelines and was conducted in accordance with the International Standard on Assurance Engagements 3000, "Assurance Engagements other than Audits or Reviews of Historical Financial Information". Reasonable assurance is a high level of assurance but is not a guarantee that such an assurance engagement will always detect a material misstatement regarding non-compliance with the requirements of the ESEF Regulation.

Conclusion

Based on the procedures performed and the evidence obtained, we express the conclusion that the consolidated financial statements of the Group for the year ended as of 31 December 2021 in XHTML format JEUVK5RWVJEN8W0C9M24-2021-12-31-en.xhtml), and the XBRL file (JEUVK5RWVJEN8W0C9M24-2021-12-31-en.zip) marked up with respects to the consolidated financial statements, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, 6 April 2022

KPMG Certified Auditors S.A.
AM SOEL 114

Harry Sirounis, Certified Auditor
AM SOEL 19071

IV. Consolidated Financial Statements of the Company for the year ended 31 December 2021

EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Othonos Street, Athens 105 57, Greece
www.eurobankholdings.gr, Tel.: (+30) 214 40 61000
General Commercial Registry No: 000223001000

Index to the Consolidated Financial Statements ...... **Page**

Notes to the Consolidated Financial Statements

Consolidated Balance Sheet

	Note	31 December 2021 € million	2020 Restated[1] € million
ASSETS			
Cash and balances with central banks	15	**13,515**	6,637
Due from credit institutions	17	**2,510**	3,336
Securities held for trading	18	**119**	87
Derivative financial instruments	19	**1,949**	2,552
Loans and advances to customers	20	**38,967**	37,424
Investment securities	22	**11,316**	8,365
Investments in associates and joint ventures	24	**267**	276
Property and equipment	26	**815**	778
Investment property	27	**1,492**	1,459
Intangible assets	28	**269**	254
Deferred tax assets	13	**4,422**	4,519
Other assets	29	**2,065**	1,995
Assets of disposal groups classified as held for sale	30	**146**	39
Total assets		**77,852**	67,721
LIABILITIES			
Due to central banks	31	**11,663**	7,999
Due to credit institutions	32	**973**	1,502
Derivative financial instruments	19	**2,394**	2,939
Due to customers	33	**53,168**	47,290
Debt securities in issue	34	**2,552**	1,556
Other liabilities	35	**1,358**	1,173
Liabilities of disposal groups classified as held for sale	30	**109**	-
Total liabilities		**72,217**	62,459
EQUITY			
Share capital	37	**816**	815
Share premium	37	**8,055**	8,055
Reserves and retained earnings	38	**(3,332)**	(3,608)
Equity attributable to shareholders of the Company		**5,539**	5,262
Non controlling interests	23.2	**96**	0
Total equity		**5,635**	5,262
Total equity and liabilities		**77,852**	67,721

[1] The comparative information has been restated due to change in accounting policy (note 2.3).

Notes on pages 6 *to* 165 *form an integral part of these consolidated financial statements.*

Consolidated Income Statement

	Note	Year ended 31 December 2021 € million	2020 Restated[(1)] € million
Interest income		**1,842**	1,955
Interest expense		**(521)**	(606)
Net interest income	6	**1,321**	1,349
Banking fee and commission income		**495**	426
Banking fee and commission expense		**(137)**	(128)
Net banking fee and commission income	7	**358**	298
Income from non banking services	8	**98**	86
Net trading income/(loss)	9	**(8)**	3
Gains less losses from investment securities	9	**101**	430
Other income/(expenses)	10	**30**	234
Operating income		**1,900**	2,400
Operating expenses	11	**(876)**	(869)
Profit from operations before impairments, provisions and restructuring costs		**1,024**	1,531
Impairment losses relating to loans and advances to customers	21	**(490)**	(2,081)
Impairment losses on goodwill	28	**-**	(160)
Other impairment losses and provisions	12	**(52)**	(43)
Restructuring costs	12	**(25)**	(147)
Share of results of associates and joint ventures	24	**26**	21
Profit/(loss) before tax		**483**	(879)
Income tax	13	**(156)**	(336)
Net profit/(loss)		**327**	(1,215)
Net profit/(loss) attributable to non controlling interests		**(1)**	(0)
Net profit/(loss) attributable to shareholders		**328**	(1,215)
		€	**€**
Earnings/(losses) per share			
-Basic and diluted earnings/(losses) per share	14	**0.09**	(0.33)

[(1)] *The comparative information has been restated due to change in accounting policy (note 2.3).*

Notes on pages 6 *to* 165 *form an integral part of these consolidated financial statements.*

Consolidated Statement of Comprehensive Income

	Year ended 31 December			
	2021 € million		2020 Restated[(1)] € million	
Net profit/(loss)		**327**		(1,215)
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	**36**		(5)	
- transfer to net profit, net of tax	**1**	**37**	(2)	(7)
Debt securities at FVOCI				
- changes in fair value, net of tax (note 22)	**(97)**		216	
- transfer to net profit, net of tax (note 22)	**6**	**(91)**	(340)	(124)
Foreign currency translation				
- foreign operations' translation differences	**(0)**	**(0)**	(0)	(0)
Associates and joint ventures				
- changes in the share of other comprehensive income, net of tax (note 24)	**(3)**	**(3)**	(19)	(19)
		(57)		(150)
Items that will not be reclassified to profit or loss:				
- Gains/(losses) from equity securities at FVOCI, net of tax		**2**		-
- Actuarial gains/(losses) on post employment benefit obligations, net of tax		**1**		1
		3		1
Other comprehensive income		**(54)**		(149)
Total comprehensive income attributable to:				
- Shareholders		**274**		(1,364)
- Non controlling interests		**(1)**		(0)
		273		(1,364)

[(1)] *The comparative information has been restated due to change in accounting policy (note 2.3).*

Notes on pages 6 *to* 165 *form an integral part of these consolidated financial statements.*

Consolidated Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and retained earnings € million	Preferred securities € million	Non controlling interests € million	Total € million
Balance at 1 January 2020	852	8,054	(2,241)	2	0	6,667
Restatement due to change in accounting policy (note 2.3)	-	-	17	-	0	17
Balance at 1 January 2020, as restated	852	8,054	(2,224)	2	0	6,684
Net profit/(loss) (restated, note 2.3)	-	-	(1,215)	-	(0)	(1,215)
Other comprehensive income (restated, note 2.3)	-	-	(149)	-	(0)	(149)
Total comprehensive income for the year ended 31 December 2020	-	-	(1,364)	-	(0)	(1,364)
Share capital decrease and capitalization of taxed reserves (note 37)	(37)	-	(21)	-	-	(58)
Purchase/sale of treasury shares	0	1	(1)	-	-	0
Preferred securities' redemption and dividend paid, net of tax	-	-	(0)	(2)	-	(2)
Changes in participating interests in subsidiary undertakings	-	-	1	-	0	1
Other	-	-	1	-	-	1
	(37)	1	(20)	(2)	0	(58)
Balance at 31 December 2020, as restated	815	8,055	(3,608)	-	0	5,262
Balance at 1 January 2021	**815**	**8,055**	**(3,608)**	**-**	**0**	**5,262**
Net profit/(loss)	-	-	328	-	(1)	**327**
Other comprehensive income	-	-	(54)	-	(0)	**(54)**
Total comprehensive income for the year ended 31 December 2021	**-**	**-**	**274**	**-**	**(1)**	**273**
Changes in participating interests in subsidiary undertakings (note 23.2)	-	-	1	-	97	**98**
Share-based payment:						
- Value of employee services (note 39)	-	-	2	-	-	**2**
Purchase/sale of treasury shares (note 37)	1	0	0	-	-	**1**
Other	-	-	(1)	-	-	**(1)**
	1	**0**	**2**	**-**	**97**	**100**
Balance at 31 December 2021	**816**	**8,055**	**(3,332)**	**-**	**96**	**5,635**
	Note 37	Note 37	Note 38			

Notes on pages 6 *to* 165 *form an integral part of these consolidated financial statements.*

Consolidated Cash Flow Statement

		Year ended 31 December	
		2021	2020 Restated[1]
	Note	€ million	€ million
Cash flows from operating activities			
Profit/(loss) before income tax (note 2.3)		**483**	(879)
Adjustments for :			
Impairment losses relating to loans and advances to customers	21	**490**	2,081
Impairment losses on goodwill	28	**-**	160
Other impairment losses, provisions and restructuring costs (note 2.3)	12	**77**	190
Depreciation and amortisation	11	**114**	109
Other (income)/losses on investment securities	16	**(76)**	(398)
Valuation of investment property	27	**(30)**	(3)
Other adjustments (note 2.3)	16	**(12)**	(229)
		1,046	1,031
Changes in operating assets and liabilities			
Net (increase)/decrease in cash and balances with central banks		**(193)**	(51)
Net (increase)/decrease in securities held for trading		**(32)**	23
Net (increase)/decrease in due from credit institutions		**588**	(107)
Net (increase)/decrease in loans and advances to customers		**(1,636)**	(1,982)
Net (increase)/decrease in derivative financial instruments		**36**	39
Net (increase)/decrease in other assets		**(22)**	(79)
Net increase/(decrease) in due to central banks and credit institutions		**3,125**	2,525
Net increase/(decrease) in due to customers		**5,338**	2,251
Net increase/(decrease) in other liabilities		**(4)**	(133)
		7,200	2,486
Income tax paid		**(33)**	(29)
Net cash from/(used in) operating activities		**8,213**	3,488
Cash flows from investing activities			
Acquisition of fixed and intangible assets		**(129)**	(281)
Proceeds from sale of fixed and intangible assets		**35**	26
(Purchases)/sales and redemptions of investment securities		**(2,752)**	(387)
Acquisition of subsidiaries, net of cash acquired	23	**121**	(47)
Acquisition of holdings in associates and joint ventures, participations in capital increases		**(8)**	(16)
Disposal of subsidiaries, net of cash disposed	23	**1**	211
Disposal of holdings in associates and joint ventures	24	**13**	23
Dividends from investment securities, associates and joint ventures	16,24	**21**	3
Net cash from/(used in) investing activities		**(2,698)**	(468)
Cash flows from financing activities			
(Repayments)/proceeds from debt securities in issue	16	**986**	(850)
Repayment of lease liabilities		**(34)**	(38)
Redemption/ buy back of preferred securities		**-**	(2)
(Purchase)/sale of treasury shares		**1**	0
Net cash from/(used in) financing activities		**953**	(890)
Effect of exchange rate changes on cash and cash equivalents		**0**	0
Net increase in cash and cash equivalents		**6,468**	2,130
Cash and cash equivalents at beginning of year	16	**6,681**	4,551
Cash and cash equivalents at end of year	16	**13,149**	6,681

[1] *The comparative information has been restated due to change in accounting policy (note 2.3).*

Notes on pages 6 *to* 165 *form an integral part of these consolidated 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 resulted from the demerger of Eurobank Ergasias S.A. ("Demerged entity") through its banking sector's hive down. In particular, on 20 March 2020, the demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" ("the Beneficiary") as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date the Demerged Entity became the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and the Beneficiary substituted the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion. In addition, the corporate name and the distinctive title of the Demerged Entity was amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively.

The Company and its subsidiaries (the Group), consisting mainly of Eurobank S.A. Group, 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 consolidated financial statements, which include the Appendix, were approved by the Board of Directors on 5 April 2022. The Independent Auditor's Report of the Financial Statements is included in the section III of the Annual Financial Report.

2. Basis of preparation and principal accounting policies

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

2.1 Basis of preparation

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

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

The accounting policies for the preparation of the consolidated financial statements have been consistently applied to the years 2021 and 2020, after taking into account the amendments in IFRSs as described in section 2.1.1 "New and amended standards and interpretations" and the amendments in the Group's accounting policies as described in sections 2.1.2 and 2.2.17. The comparative information has been restated due to change in accounting policy for employee benefits (note 2.3). In addition, where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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

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

Going concern considerations

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

2021 was a year of strong recovery, as the Greek economy reclaimed most of its pandemic inflicted losses. The significant progress of vaccination programs allowed the gradual relaxation of containment measures and the reopening of the economy that led to the strengthening of consumption and the recovery of the tourism sector providing substantial boost to real GDP growth. Based on Hellenic Statistical Authority's (ELSTAT) provisional data, Greek real GDP increased by 8.3% in 2021 (9% decrease in 2020), the seasonally adjusted unemployment rate dropped to 12.8% in December 2021 (December 2020: 16.3%), while the inflation, as measured by the 12-month average Harmonized Index of Consumer Prices (HICP), closed at 0.6% in 2021, compared to -1.3% in 2020. According to ELSTAT, the HICP increased by 6.3% in February 2022 compared to -1.9% in February 2021 mainly reflecting the current rise in energy and fuel costs. The European Commission (EC), in its winter economic forecasts (February 2022), estimates the real GDP growth rate in Greece at 4.9% and 3.5% in 2022 and 2023 respectively. On the fiscal front, according to 2022 State Budget, the general government's primary balance in European System of Accounts (ESA2010) terms in 2021 and 2022 is expected to register deficits of 7.0% and 1.4% of GDP respectively as a result of the implementation of public support measures amounted to € 16.9 billion in 2021, and € 3.3 billion in 2022 aiming to address the economic and social effects of the Covid-19 pandemic. The gross public debt is estimated at 197.1% and 189.6% of GDP in 2021 and 2022 respectively (2020: primary deficit at 7.1% and public debt at 206.3%). These forecasts take into account the public support measures aiming to alleviate the impact of increased energy and fuel costs in 2021 (€0.9 billion), but not the additional and more encompassing measures announced in 2022 (an additional €2.8 billion as of 17 March 2022). However, since a large part of these measures will be covered by funds earmarked especially for this purpose as well as additional government proceeds, their fiscal impact will be significantly smaller than the above amount. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP in 2021 and 2022 is not considered a violation of Greece'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. According to the 2 June 2021 EC press release, the clause shall remain in force in 2022, and is expected to be deactivated in 2023. These forecasts may change as a result of the actual size of the public sector's support measures, the impact of inflationary pressure on economic growth, and the repercussions of the energy price hikes on public finances.

In response to the Covid-19 outbreak, on 21 July 2020, the European Council agreed on a recovery package under the EC's Next Generation EU framework to support the recovery and resilience of the member states' economies. In this context, on 13 July 2021, the Economic and Financial Affairs Council (ECOFIN) approved the Greek National Recovery and Resilience Plan (NRRP), titled "Greece 2.0". Greece shall receive European Union (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 NRRP. A pre-financing of € 4 billion was disbursed in August 2021, while on 28 February 2022 the EC preliminarily endorsed Greece's payment request for the first RRF instalment, amounting to € 3.6 billion. Greece has been also allocated about €40 billion through EU's Multiannual Financial Framework (MFF) 2021-2027. Furthermore, on 24 March 2020, the European Central Bank (ECB) established a temporary Pandemic Emergency Purchase Programme (PEPP), with a financial envelope of € 1,850 billion since December 2020, out of which ca € 37 billion are available for the purchase of Greek Government Bonds (GGBs). On 16 December 2021, the ECB announced that it would cease net bond purchases under PEPP at the end of March 2022, as scheduled. Reinvestment of principal from maturing securities will, however, continue at least until the end of 2024, allowing explicitly for the purchase of Greek Government Bonds (GGBs) over and above rollovers of redemptions.

In 2021, the Greek State proceeded with the issuance of six bonds of various maturities, (5-year, 10-year, and 30-year) drawing a total of €14 billion from international financial markets. More recently, on 19 January 2022, the Public Debt Management Agency (PDMA) issued a 10-year bond of € 3 billion at a yield of 1.836%.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece are as follows: (a) the geopolitical conditions in the near or in broader region, especially the ongoing Russian invasion in Ukraine, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular, (b) a prolongation and/or exacerbation of the ongoing inflationary pressure, especially in the energy sector and the supply chain, and its impact on economic growth, employment, public finances, household budgets, and firms' production costs, (c) further increase in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs, (d) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy and food prices, and their impact on the long-term sustainability of the country's public debt, (e) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (f) 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, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the implementation of the reforms and privatizations' agenda in order to meet the ES and EC's Recovery and Resilience Facility (RRF) targets and milestones, (i) the evolution of the health crisis and the probability of emergence of new Covid-19 variants that could adversely impact economic recovery and bring about new movement restrictions and fiscal support measures, and (j) 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, solvency and profitability of the Greek banking sector, as well as on the realization of its NPE reduction plans. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. As the events are still unfolding, any assessment of their impact is premature. However, the risks coming from geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non-significant exposure in Russian assets and is continuously monitoring the developments on the macroeconomic and geopolitical fronts and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset and capital base and the resilience of its pre-provision profitability.

As at 31 December 2021, following the completion of the project "Mexico" (sale of 95% mezzanine and junior "Mexico" securitization notes) and the subsequent derecognition of the underlying securitized loan portfolio of € 3.1 billion (consisting primarily of NPE) (note 20.1), the Group decreased significantly its NPE stock by € 2.9 billion to € 2.8 billion (31 December 2020: € 5.7 billion), driving the NPE ratio at 6.8% (31 December 2020: 14%), while the NPE coverage ratio stood at 69.2% (31 December 2020: 61.8%). The net profit attributable to shareholders for the year ended 31 December 2021 amounted to € 328 million, of which € 143 million was related to the international operations. The adjusted net profit, excluding the loss of € 77 million from "Mexico" project and the restructuring costs (after tax) of € 19 million, amounted to € 424 million (2020: € 538 million profit). The Group's Total Capital Adequacy (total CAD) and Common Equity Tier 1 (CET1) ratios stood at 16.1% (31 December 2020: 16.3%) and 13.7% (31 December 2020: 13.9%) respectively as at 31 December 2021. Pro-forma with the completion of the sale of Eurobank's merchant acquiring business, the total CAD and CET1 ratios would be 16.8% and 14.5% respectively. In addition, the Group completed successfully the 2021 SSM stress test (ST), which was coordinated and conducted by the ECB (note 4).

In terms of liquidity, as at 31 December 2021, the Group deposits have increased by € 5.9 billion to € 53.2 billion (31 December 2020: € 47.3 billion), leading the Group's (net) loans to deposits (L/D) ratio to 73.2% (31 December 2020: 79.1%), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme reached € 11.7 billion (31 December 2020: € 8 billion) (note 31). During the year, in the context of its medium-term strategy to meet its MREL target, the Bank proceeded with two issues of preferred senior debt with a nominal value of € 500 million each, in April and September respectively (note 34). The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 152% (31 December 2020: 124%). In the context of the 2021 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 strong recovery of economic activity in 2021 and the prospects for sustainable growth rates in Greece onwards, (b) the Group's pre-provision income generating capacity and the adequacy of its capital and liquidity position, and (c) the significant improvement of the NPE ratio in 2021, has been satisfied that the financial statements of the Group can be prepared on a going concern basis.

2.1.1 New and amended standards and interpretations

New and amended standards adopted by the Group as of 1 January 2021

The following amendments to standards as issued by the International Accounting Standards Board (IASB) and endorsed by the European Union (EU), apply as of 1 January 2021:

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In the context of the market-wide reform of several interest rate benchmarks (referred to as ''IBOR reform''), the IASB has undertaken a two-phase project to address the issues affecting financial reporting by the IBORs' replacement and considered any reliefs to be provided in order to eliminate the resulted effects. The Phase 1 amendments, adopted by the Group as of 1 January 2020, provided temporary reliefs from applying specific hedge accounting requirements to the hedging relationships affected by the IBOR reform, during the period before the replacement of an existing interest rate benchmark with an alternative risk-free interest rate ("RFR").

In August 2020, the IASB issued "Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16", which addresses the issues that affect financial reporting once an existing rate is replaced with an RFR and provides specific disclosure requirements. The Phase 2 amendments provide key reliefs related to the contractual modifications due to the reform and the hedging designations affected once the Phase 1 reliefs cease to apply.

More specifically, the amendments introduce a practical expedient if a contractual change, or changes to cash flows, result "directly" from the IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate of the financial instruments subject to reform, similar to the changes to a floating interest rate. A similar practical expedient will apply under IFRS 16 'Leases' for lessees when accounting for lease modifications required by the IBOR reform.

In addition, the Phase 2 amendments permit changes, as a result of the IBOR reform, to be performed to hedge designations and hedge documentation without the hedging relationship being discontinued. Permitted changes include redefining the hedged risk and the description of the hedging instruments and/or the hedged items to reflect RFR as well as amending the description of how an entity will assess the hedge effectiveness (under IAS 39 only). An entity will apply the existing requirements in IAS 39 or IFRS 9 for qualifying fair value and cash flow hedging relationships to account for any changes in the fair value of the hedged item or the hedging instrument while any resulting ineffectiveness will be recognized in the income statement. Upon changing the hedge designation, once the Phase 1 reliefs cease to apply, the amount accumulated in the cash flow hedge reserve is also assumed to be based on the RFR for the purpose of assessing whether the hedged future cash flows are still expected to occur.

Based on the Phase 2 amendments, when performing a retrospective hedge effectiveness assessment under IAS 39, a company may elect to reset the cumulative fair value changes of the hedged item and hedging instrument to zero immediately after ceasing to apply the Phase 1 relief on a hedge-by-hedge basis. The Phase 2 amendments clarify that changes to the method for assessing hedge ineffectiveness due to the modifications required by the IBOR reform, will not result to the discontinuation of the hedge accounting.

As described in note 2.2.3, the Group elected, as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39. Therefore, for hedge accounting purposes, the Group applies the Phase 2 amendments to IAS 39.

The amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9.

In addition, consequential amendments were made by the Phase 2 amendments to IFRS 7, to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

Upon transition, the adoption of the amendments had no material impact on the consolidated financial statements.

The Group has set up an IBOR transition program to implement the transition to alternative interest rates that focuses on key areas of impact on customers' contracts, systems and processes, financial reporting, valuation, capital and liquidity planning and communication with counterparties (note 5.2.4).

IFRS 4, Amendment, Deferral of IFRS 9

In June 2020, the IASB extended the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023, in order to align the effective dates of IFRS 9 Financial Instruments with IFRS 17 Insurance Contracts.

The amendment is not relevant to the Group's activities, other than through its associate Eurolife FFH Insurance Group Holdings S.A.

Amendment to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021

In March 2021, the IASB extended by one year the application period of the practical expedient in IFRS 16 'Leases' that provides practical relief to lessees from applying the IFRS 16 guidance for lease modifications to rent concessions occurring as a direct consequence of the covid-19 pandemic. In particular, based on the aforementioned extension of the practical expedient, the lessee may account for any reduction in lease payments, originally due on or before 30 June 2022, as if they were not lease modifications. The amendment is effective for annual reporting periods beginning on or after 1 April 2021.

The Group has early adopted the practical expedient to all rent concessions that meet the relevant conditions.

The adoption of the amendment had no impact on the consolidated financial statements (note 41).

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

A number of new standards and amendments to existing standards are effective after 2021, as they have not yet been endorsed by the European Union (EU), or have not been early applied by the Group. Those that may be relevant to the Group are set out below:

IFRS 3, Amendments, Reference to the Conceptual Framework (effective 1 January 2022)

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. 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 has occurred by the acquisition date.

In addition, 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 is not expected to impact the consolidated financial statements.

Annual improvement to IFRSs 2018-2020 cycle: IFRS1, IFRS9 and IFRS 16 (effective 1 January 2022)

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

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

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

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

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

IAS 37, Amendment, Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)

The amendment to IAS 37 *'Provisions, Contingent Liabilities and Contingent Assets'* clarifies that 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 amendment is not expected to impact the consolidated financial statements.

IFRS 17, Insurance Contracts (effective 1 January 2023)

IFRS 17, which supersedes IFRS 4 “Insurance Contracts” provides a comprehensive and consistent accounting model for insurance contracts. It applies to insurance contracts issued, all reinsurance contracts and to investment contracts with discretionary participating features provided that the entity also issues insurance contracts. Financial guarantee contracts are allowed to be within the scope of IFRS 17 if the entity has previously asserted that it regarded them as insurance contracts.

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

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

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

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

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

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

The amendments clarify (a) how accounting policies and accounting estimates relate to each other by (i) explaining that accounting estimates are used in applying accounting policies and (ii) making the definition of accounting policies clearer and more concise, (b) that selecting an estimation technique, or valuation technique, used when an item in the financial statements cannot be measured with precision, constitutes making an accounting estimate, and (c) that, in applying IAS 2 Inventories, selecting the first-in, first-out (FIFO) cost formula or the weighted average cost formula for interchangeable inventories constitutes selecting an accounting policy.

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

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

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

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

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

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

IAS 1, Amendments, Classification of Liabilities as Current or Non-Current (effective 1 January 2023, not yet endorsed by EU)

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

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

IAS 12, Amendments, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023, not yet endorsed by EU)

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

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

2.1.2 Other accounting developments

IFRIC agenda decision - Attributing Benefit to Periods of Service (IAS 19)

In May 2021, an IFRIC agenda decision was published that concludes about the periods of service over which an entity should attribute benefits under a specific retirement defined benefit plan based on the existing requirements of IAS 19. In particular, according to the above decision, the attribution of the benefit shall not begin from the start of the employment date but from the date when the employee service first leads to benefits under the terms of the plan until the date when further employee service will lead to no material amount of further benefits.

The Group implemented the above agenda decision in the fourth quarter of 2021 by amending its accounting policy for 'Employee benefits' (note 2.2.17) and accounted for any resulting adjustments retrospectively in accordance with IAS 8 ''Accounting Policies, Changes in Accounting Estimates and Errors''. The adjustments performed due to the retrospective application of the IFRIC agenda decision are presented in note 2.3.

2.2 Principal accounting policies

2.2.1 Consolidation

(i) Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. The Group consolidates an entity only when all the above three elements of control are present.

Power is considered to exist when the Group's existing rights give it the current ability to direct the relevant activities of the entity, i.e. the activities that significantly affect the entity's returns, and the Group has the practical ability to exercise those rights. Power over the entity may arise from voting rights granted by equity instruments such as shares or, in other cases, may result from contractual arrangements.

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

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

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

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

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

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

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

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

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

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

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

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

(ii) Business combinations

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

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

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

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

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

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

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

(iii) Business combinations involving entities under common control

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

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

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

Formation of a new Group entity to effect a business combination

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

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

(iv) Associates

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

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

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

(v) Joint arrangements

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

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

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

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

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

2.2.2 Foreign currencies

(i) Translation of foreign subsidiaries

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

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

(ii) Transactions in foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement.

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

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

2.2.3 Derivative financial instruments and hedging

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

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

Embedded derivatives

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

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

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

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

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

The objectives of hedging with derivative financial instruments include:

- Reduction of interest rate exposure that is in excess of the Group's interest rate limits
- Efficient management of interest rate risk and fair value exposure
- Management of future variable cash flows
- Reduction of foreign currency risk or inflation risk
- Management of credit risk

Hedge accounting

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

For hedge accounting purposes, the Group forms a hedging relationship between a hedging instrument and a related item or group of items to be hedged. A hedging instrument is a designated derivative or a designated non-derivative financial asset or financial liability whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Specifically, the Group designates certain derivatives as: (a) hedges of the exposure to changes in fair value of recognized assets or liabilities or unrecognized firm commitments (fair value hedge), (b) hedges of the exposure to variability in cash flows of recognized assets or liabilities or highly probable forecasted transactions (cash flow hedge) or, (c) hedges of the exposure to variability in the value of a net investment in a foreign operation which is associated with the translation of the investment's net assets in the Group's functional currency.

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

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

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

In 2020, the Group has applied the Phase 1 IBOR reform amendments to IFRS 9, IAS 39 and IFRS 7, issued in September 2019, that provide temporary reliefs on hedging relationships during the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (RFR). Based on the reliefs, for the purpose of determining whether a forecast transaction is highly probable, or a hedging relationship is expected to be highly effective, the Group assumes that the benchmark interest rate does not change as a result of the IBOR reform. In addition, the Group, is not required to discontinue hedge accounting if the hedge falls outside the 80–125% range during the period of uncertainty arising from the reform. Furthermore, in case of hedges where the hedged item or hedged risk is a non-contractually specified benchmark portion of interest rate risk, following the IBOR reform reliefs, it is assumed that the designated risk portion only needs to be separately identifiable at the inception of the hedging relationship and not on a going basis.

The reliefs cease to apply once certain conditions are met i.e. at the earlier of (a) when the uncertainties arising from the IBOR reform are no longer present with respect to the timing and the amount of the benchmark rate-based cash flows of the hedged items or hedging instruments and (b) when the hedging relationships to which the reliefs apply are discontinued.

As described in note 2.1.1, the Group has applied the Phase 2 IBOR reform amendments to IFRS 9/IAS 39, that provide temporary reliefs that allow the Group's hedging relationships to continue upon the replacement of an existing interest rate benchmark with an RFR. Specifically, the amendments introduce an exception to the existing requirements so that changes in the formal designation and documentation of a hedge accounting relationship or to the method for assessing hedge effectiveness due to modifications required by IBOR reform will not result in the discontinuation of hedge accounting or the designation of a new hedging relationship.

(i) Fair value hedge

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

The items that qualify for fair value hedge accounting include fixed rate debt securities classified as FVOCI and amortized cost financial assets, fixed rate term deposits or term loans measured at amortized cost, as well as fixed rate debt securities in issue.

The interest rate and currency risk with respect to the applicable benchmark rate may be hedged using interest rate swaps and cross currency swaps.

The Group uses the dollar-offset method in order to assess the effectiveness of fair value hedges. This is a quantitative method that involves the comparison of the change in the fair value of the hedging instrument with the change in the fair value of the hedged item attributable to the hedged risk. Even if a hedge is not expected to be highly effective in a particular period, hedge accounting is not precluded if effectiveness is expected to remain sufficiently high over the life of the hedge.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with the changes in the fair value of the hedged assets or liabilities that are attributable to the hedged risk.

The Group discontinues hedge accounting prospectively in case the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the qualifying criteria for hedge accounting, or designation is revoked. In such cases, any adjustment to the carrying amount of the hedged item, for which the effective interest method is applied, is amortized to profit or loss over the period to maturity. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the income statement. Hedge ineffectiveness may arise in case of potential differences in the critical terms between the hedged item and the hedging instrument such as maturity, interest rate reset frequency and discount curves.

(ii) Cash flow hedge

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

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

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

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

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

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

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

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

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

(iii) Net investment hedge

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

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

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

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

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

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

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

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

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

2.2.4 Offsetting financial instruments

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

2.2.5 Income statement

(i) Interest income and expense

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

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

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

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

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

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

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

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

(ii) Fees and commissions

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

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

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

2.2.6 Property, equipment and Investment property

(i) Property and equipment

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

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

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

- Motor vehicles: 5-7 years.

(ii) Investment property

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

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

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

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

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

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

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

2.2.7 Intangible assets

(i) Goodwill

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

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

(ii) Computer software

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

(iii) Other intangible assets

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

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

2.2.8 Impairment of non-financial assets

(i) Goodwill

Goodwill arising on business combinations is not amortized but tested for impairment annually or more frequently if there are any indications that impairment may have occurred. The Group's impairment test is performed each year end. The Group considers external information such as prevailing economic conditions, persistent slowdown in financial markets, volatility in markets and changes in levels of market and exchange risk, an unexpected decline in an asset's market value or market capitalization being below the book value of equity, together with a deterioration in internal performance indicators, in assessing whether there is any indication of impairment.

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

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

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

(ii) Other non-financial assets

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

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

2.2.9 Financial assets

Financial assets - Classification and measurement

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

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

Financial Assets measured at Amortized Cost ('AC')

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

(a) The financial asset is held within a business model whose objective is to collect contractual cash flows (hold-to-collect business model) and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

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

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

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

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

(a) The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets (hold-to-collect-and-sell business model) and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

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

Equity Instruments designated at FVOCI

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

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

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

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

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

Business model and contractual characteristics assessment

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

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

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

Types of business models

The Group's business models fall into three categories, which are indicative of the key strategies used to generate returns.
The hold-to-collect (HTC) business model has the objective to hold the financial assets in order to collect contractual cash flows. Sales within this model are monitored and may be performed for reasons which are not inconsistent with this business model. More specifically, sales of financial assets due to credit deterioration, as well as, sales close to the maturity are considered consistent with the objective of hold-to-collect contractual cash flows regardless of value and frequency. Sales for other reasons may be consistent with the HTC model such as liquidity needs in any stress case scenario or sales made to manage high concentration level of credit risk. Such sales are monitored and assessed depending on frequency and value to conclude whether they are consistent with the HTC model. Debt instruments classified within this business model include bonds, due from banks and loans and advances to customers including securitized notes issued by special purpose vehicles established by the Group and recognized in its balance sheet, which are measured at amortized cost, subject to meeting the SPPI assessment criteria.
The hold-to-collect-and-sell business model (HTC&S) has the objective both to collect contractual cash flows and sell the assets. Activities such as liquidity management, interest yield and duration are consistent with this business model, while sales of assets are integral to achieving the objectives of this business model. Debt instruments classified within this business model include investment securities which are measured at FVOCI, subject to meeting the SPPI assessment criteria.

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

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

Cash flow characteristics assessment

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

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

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

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

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

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

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

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

Derecognition of financial assets

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

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

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

Modification of financial assets that may result in derecognition

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

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

Modifications that may result in derecognition include:

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

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

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

2.2.10 Reclassifications of financial assets

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

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

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

2.2.11 Financial liabilities

Financial liabilities - Classification and measurement

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

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

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

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

- the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or

- a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy; or
- the financial liability contains one or more embedded derivatives as components of a hybrid contract which significantly modify the cash flows that otherwise would be required by the contract.

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

Derecognition of financial liabilities

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

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

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

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

2.2.12 Fair value measurement of financial instruments

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

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

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

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole (note 5.3).

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

2.2.13 Impairment of financial assets

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

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

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

- Stage 1 – When there is no significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12-months ECL is recorded. The 12 – month ECL represent a portion of lifetime losses, that result from default events that are possible within the next 12 months after the reporting date and is equal to the expected cash shortfalls over the life of the instrument or group of instruments, due to loss events probable within the next 12 months. Not credit-impaired financial assets that are either newly originated or purchased, as well as, assets recognized following a substantial modification accounted for as a derecognition, are classified initially in Stage 1.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. Lifetime ECL represent the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.
- POCI - Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. They are not subject to stage allocation and are always measured on the basis of lifetime expected credit losses. Accordingly, ECL are only recognized to the extent that there is a subsequent change in the assets' lifetime expected credit losses. Any subsequent favorable change to their expected cash flows is recognized as impairment gain in the income statement even if the resulting expected cash flows exceed the estimated cash flows at initial recognition. Apart from purchased assets, POCI assets may also include financial instruments that are considered new assets, following a substantial modification accounted for as a derecognition (see section 2.2.9).

Definition of default

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

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

- The borrower faces a significant difficulty in meeting his financial obligations.

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

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

Significant increase in credit risk (SICR) and staging allocation

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

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

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

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

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

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

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

Assessment of SICR for debt securities is performed on an individual basis based on the number of notches downgrade in the internal credit rating scale since the origination date.

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

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

Transfers from Stage 2 to Stage 1

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

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

Transfers from Stage 3 to Stage 2

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

Criteria for grouping of exposures based on shared credit risk characteristics

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

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

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

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

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

Measurement of Expected Credit Losses

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

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

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

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

ECL Key Inputs

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

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

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

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

Two types of PD are used for calculating ECL:

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

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

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

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

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

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

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

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

Forward-looking information

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

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

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

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

Modified Financial Assets

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

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

Presentation of impairment allowance

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

Write-off of financial assets

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

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

2.2.14 Sale and repurchase agreements, securities lending and borrowing
(i) Sale and repurchase agreements

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

(ii) Securities lending and borrowing

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

2.2.15 Leases

(i) Accounting for leases as lessee

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

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

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the Group's estimate of the amount expected to be payable under a residual value guarantee or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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

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

As described in note 2.1.1, with respect to the rent concessions that are a direct consequence of the COVID-19 pandemic, the Group has applied COVID-19-Related Rent Concessions - Amendment to IFRS 16, which provides a practical expedient allowing the Group not to assess whether eligible rent concessions are lease modifications.

(ii) Accounting for leases as lessor

At inception date of the lease, the Group, acting as a lessor, classifies each of its leases as either an operating lease or a finance lease based on certain criteria.

Finance leases

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

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

Operating leases

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

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

Subleases

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

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

2.2.16 Income tax

Income tax consists of current and deferred tax.

(i) Current income tax

Income tax payable on profits, based on the applicable tax law in each jurisdiction, is recognized as an expense in the period in which profits arise.

(ii) Deferred tax

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

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

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

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

(iii) Uncertain tax positions

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

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

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

2.2.17 Employee benefits

(i) Short term benefits

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

(ii) Pension obligations

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

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

The Group operates unfunded defined benefit plans in Greece, Bulgaria and Serbia, under broadly similar regulatory frameworks. In accordance with the local labor legislation, the Group provides for staff retirement indemnity obligation for employees which are entitled to a lump sum payment based on the number of years of service, as of the date when employee service first leads to benefits under the plan until the date when further employee service will lead to no material amount of further benefits, and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age. Provision has been made for the actuarial value of the lump sum payable on retirement (SLSRI) using the projected unit credit method. Under this method the cost of providing retirement indemnities is charged to the income statement so as to spread the cost over the period of service of the employees, in accordance with the actuarial valuations which are performed every year.

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

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

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

In the fourth quarter of 2021, the Group implemented the IFRIC agenda decision and changed its accounting policy regarding the attribution of benefit, arising from defined benefit plans (note 2.1.2). In accordance with IAS 8 “Accounting policies, changes in accounting estimates and errors”, the above change in the Group’s accounting policy for employee benefits was applied retrospectively as of 1 January 2020 (note 2.3).

(iv) Performance-based cash payments

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

(v) Share-based payments

The Group’s Management awards employees with bonuses in the form of shares and share options on a discretionary basis and after taking into account the current legal framework. Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

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

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

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

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

2.2.18 Repossessed properties

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

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

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

2.2.19 Related party transactions

Related parties of the Group include:

(a) an entity that has control over the Group and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;

(b) an entity that has significant influence over the Group and entities controlled by this entity,

(c) members of key management personnel of the Group, their close family members and entities controlled or jointly controlled by the abovementioned persons;

(d) associates and joint ventures of the Group; and

(e) fellow subsidiaries.

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

2.2.20 Provisions

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

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

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

2.2.21 Operating segment

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

2.2.22 Share capital

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

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

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

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

2.2.23 Preferred securities

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

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

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

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

2.2.24 Financial guarantees and commitments to extend credit

Financial guarantees

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

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

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

Commitments to extend credit

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

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

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

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

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

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

(a) Represents a separate major line of business or geographical area of operations;

(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) Is a subsidiary acquired exclusively with a view to resale.

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Intercompany transactions between continuing and discontinued operations are presented on a gross basis in the income statement. Upon classification of a Group entity as a discontinued operation, the Group restates prior periods in the consolidated income statement.

2.2.26 Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions and other short-term highly liquid investments with original maturities of three months or less.

2.2.27 Government grants

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

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

2.2.28 Fiduciary activities

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

2.3 Impact of IFRIC agenda decision – Attributing Benefit to Periods of Service (IAS 19)

The tables below present the impact from the application of the IFRIC agenda decision regarding the employee benefits' attribution over the period of service that was applied by the Group retrospectively as change in accounting policy (note 2.2).

In particular, the below adjustments refer to the individual line item affected as at 1 January 2020, 31 December 2020 and 31 December 2021. The line items that were not affected by the changes have not been included.

	31 December 2020			1 January 2020		
Consolidated Balance Sheet	As published € million	Restatement € million	Restated € million	As published € million	Restatement € million	Restated € million
ASSETS						
Deferred tax assets	4,526	(7)	4,519	4,766	(7)	4,759
Total assets	67,728	(7)	67,721	64,761	(7)	64,754
LIABILITIES						
Other liabilities	1,197	(24)	1,173	1,191	(25)	1,166
Total liabilities	62,483	(24)	62,459	58,094	(25)	58,069
EQUITY						
Reserves and retained earnings	(3,625)	17	(3,608)	(2,241)	18	(2,223)
Total equity	5,245	17	5,262	6,667	18	6,685
Total equity and liabilities	67,728	(7)	67,721	64,761	(7)	64,754

Consolidated Income Statement	31 December 2020		
	As published € million	Restatement € million	Restated € million
Other income/(expenses) (note 10)	235	(1)	234
Operating income	2,401	(1)	2,400
Profit from operations before impairments, provisions and restructuring costs	1,532	(1)	1,531
Restructuring costs (note 12)	(145)	(2)	(147)
Profit/(loss) before tax	(876)	(3)	(879)
Income tax	(337)	1	(336)
Net profit/(loss)	(1,213)	(2)	(1,215)
Net profit/(loss) attributable to shareholders	(1,213)	(2)	(1,215)
	€	€	€
Earnings/(losses) per share			
-Basic and diluted earnings/(losses) per share	(0.33)	(0.00)	(0.33)

Consolidated Statement of Comprehensive Income	31 December 2020		
	As published € million	Restatement € million	Restated € million
Net profit/(loss)	(1,213)	(2)	(1,215)
- Actuarial gains/(losses) on post employment benefit obligations, net of tax	(1)	2	1
Other comprehensive income	(151)	2	(149)
Total comprehensive income	(1,364)	(0)	(1,364)

3. Critical accounting estimates and judgments in applying accounting policies

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

3.1 Impairment losses on loans and advances to customers

Expected Credit Loss (ECL) measurement

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

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

As of 1 January 2021, the Group adopted the new Definition of Default (DoD), according to the EBA guideline (Article 178 of Regulation (EU) No 575/2013), the Commission Delegated Regulation (EU) 2018/171 and European Banking Authority (EBA) Guidelines (EBA/GL/2016/07). Information on the new DoD as implemented by the Group is provided in note 5.2.1.2 (a).

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

Determination of a significant increase of credit risk

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

In the second quarter of 2021, the Group revisited the segregation of its lending exposures that was performed at year end 2020, depending on whether the respective borrowers were affected by the Covid-19 pandemic or not. The above segregation was applied in order to address the fact that the borrowers were not equally affected by the pandemic and the effect of moratoria and other government support measures were not fully captured in the macroeconomic variables applied in the IFRS9 models. In particular, as of the second quarter of 2021, given the actual evolution of the projected macroeconomic variables in 2021 as well as the expiration of the majority of the moratoria relief measures provided by the Group, Management assessed that the above-mentioned segmentation of its lending exposures is no longer required. Accordingly, the Group returned to its standard IFRS 9 approach in performing both the SICR assessment and ECL measurement.

Retail lending

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

As at 31 December 2021 and 2020, the range of lifetime PD thresholds based on the above segmentation, that triggers the allocation to stage 2 for Greece's retail exposures are set out below. It is noted that the application of the new Definition of Default and the results from the recalibration of retail portfolios PD scorecards did not impact the SICR thresholds:

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

Wholesale lending

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

As at 31 December 2021, the credit rating deterioration thresholds, as these were reformed following the application of the new definition of default and the resulting recalibration of the corporate rating models, that trigger allocation to stage 2 per rating bands for Greece's wholesale lending exposures are set out in the tables below. In particular, as per the Group's updated SICR policy, any downgrade to rating band 6 or high-risk rating bands (7,8 or 9) is considered as SICR event to all corporate lending portfolios. The changes introduced by the updated SICR policy affected mainly the SME loans, where downgrades to credit rating up to 5 is no longer considered as a SICR event. The respective thresholds that were applicable as of 31 December 2020 are also provided:

31 December 2021	
Wholesale internal rating bands	**SICR threshold range**
1	Five notches
2	Four notches
3	Three notches
4	Two notches
5-8	One notch or more

31 December 2020	
Wholesale internal rating bands	SICR threshold range
1-2	Two to Three notches
3-4	Two notches or more
5-8	One notch or more

Determination of scenarios, scenario weights and macroeconomic factors

To achieve the objective of measuring ECL, the Group evaluates a range of possible outcomes in line with the requirements of IFRS 9 through the application of a minimum three macroeconomic scenarios, i.e. baseline, adverse and optimistic, in a way that reflects an unbiased and probability weighted outcome. Each of the scenarios is based on Management's assumptions around future economic conditions in the form of macroeconomic, market and other factors. As at 31 December 2021 and 2020, the probability weights for the above mentioned scenarios applied by the Group in the ECL measurement calculations are 50% for the baseline scenario and 25% for the adverse and optimistic scenarios.

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

- *Baseline scenario*

The baseline scenario assumes the continuation of the economy's recovery in 2022, driven mainly by (a) the expected investments, as a result of the initiation of the main bulk of the Resilience and Recovery Facility projects, the positive effect of structural reforms, and the efficient use of the EU budget funds, and (b) the external demand, as a result of the increased exports of goods and services (mainly tourism revenues). The impact of the most recent covid 19 variant (Omicron), is expected to be limited compared to the similar experience of previous years (2020-2021).

- *Optimistic scenario*

The optimistic scenario assumes a quicker recovery of the economic activity during 2022, as a result of higher than expected tourism revenues, the vaccination proceeding according to the optimistic end of estimates both domestically and abroad, as well as the better absorption of EU budget funds and related initiatives.

- *Adverse scenario*

The adverse scenario assumes a sporadic re-enactment of the lockdowns throughout 2022, as a result of the Covid-19 variant (Omicron) and the vaccination aversion observed in a significant part of the population. This results to a slower resumption to positive economic growth in 2022, the destruction of productive capabilities and the continuation of inflationary pressures well into the second half of 2022. This scenario also considers inadequate budget funding funds conditional on the continuation of the lockdowns, while it expects also further delays in the flows of available EU budget funds and related initiatives.

Forward-looking information

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

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

The arithmetic averages of the scenarios' probability-weighted annual forecasts for the next four year period following the reporting date, used in the ECL measurement of Greek lending portfolios for the year ended 31 December 2021 and 2020, are set in the following table:

Key macroeconomic indicator	31 December 2021 Average (2022-2025) annual forecast	31 December 2020 Average (2021-2024) annual forecast
Gross Domestic Product growth	3.27%	3.36%
Unemployment rate	12.60%	16.57%
Residential property prices' index	5.55%	3.13%
Commercial property prices' index	5.75%	4.08%

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

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

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

Furthermore, the PDs are unbiased rather than conservative and incorporate relevant forward looking information including macroeconomic scenarios. The forecasting risk parameters models incorporate a number of explanatory variables, such as GDP, unemployment etc. which are used as independent variables for optimum predictive capability. The models are based on logistic regressions and run under the different macroeconomic scenarios and relevant changes and shocks in the macro environment reflected accordingly in a non-linear manner. In the context of the New DoD application (note 5.2.1.2 (a)), the Group proceeded with the recalibration of its ECL models.

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

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

Modeling and Management overlays / adjustments

A number of sophisticated models have been developed or modified to calculate ECL, while temporary management adjustments may be required to capture new developments and information available, which are not yet reflected in the ECL calculation through the risk models. Internal counterparty rating changes, new or revised models and data may significantly affect ECL. The models are governed by the Group's validation framework, which aim to ensure independent verification, and are approved by the Board Risk Committee (BRC).

In the fourth quarter 2021, Management revisited the temporary adjustment formed in 2020 to reflect existing risk factors in the Covid-19 environment not fully captured in the modelled results and decided that the modelled ECL is no longer required to be amended in the light of the continued improvement of the macroeconomic and lending portfolios' outlook. In particular, considering: (a) the on-going recovery of the economic conditions in the countries in which the Group operates as supported by the actual evolution of the macroeconomic variables and, (b) the credit quality of the Group's lending exposures that remained solid (after the expiration of the moratoria relief measures and the gradual phase out of the government support measures), the abovementioned temporary adjustment has been incorporated in the standard procedures of ECL outputs and calculations and allocated to the portfolios as per the Group's ECL policy.

The Group continues to monitor closely and constantly re-assesses all available information for the Covid-19 pandemic, the prospects of the economies in which the Group operates, the nature, size and effectiveness of the government support measures, in order to revise its estimates and assumptions applied to the assessment of impairment losses as appropriate.

Sensitivity analysis on lending portfolios

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

The sensitivity analysis presented in the tables below was performed assuming a favorable and an adverse shift in scenario weighting as at 31 December 2021 and 2020. The former assumes an increase in the weighting of the optimistic scenario at 75% and a decrease in the weighting of the baseline scenario at 25%, while the latter assumes an increase in the weighting of the adverse scenario at 75% and a decrease in the weighting of the baseline scenario at 25% compared to the scenario weighting applied by the Group in ECL measurement. Based on the above scenario weighting variations, a re-estimation of all key macroeconomic indicators linked to these variations, namely GDP growth, unemployment rate and property indices, was performed.

The tables below present the estimated effect in the Group's ECL measurement (including off-balance sheet items) per stage, upon potential reasonable combined changes of forecasts in key macroeconomic indicators over the next 5 years (2022-2026 and 2021-2025, respectively):

As at 31 December 2021				As at 31 December 2020			
Sensitivity scenario				Sensitivity scenario			
	Combined change %				Combined change %		
Key macroeconomic indicators	Positive change	Adverse change		Key macroeconomic indicators	Positive change	Adverse change	
GDP growth	20%	-20%	change of annual forecasts	GDP growth	12%	-15%	change of annual forecasts
Unemployment Rate	-11%	11%	change of annual forecasts	Unemployment Rate	-3%	4%	change of annual forecasts
Property indices (RRE/CRE)	3%	-3%	change of index adjusted real estate collateral market values	Property indices (RRE/CRE)	3%	-3%	change of index adjusted real estate collateral market values

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

	Estimated effect per stage as at 31 December 2020							
	Positive change				Adverse change			
	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2020	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL credit-impaired	31 December 2020
Impact in € million	(9)	(25)	(39)	(73)	14	30	43	88
Impact in % allowance	-4.39	-5.52	-1.35	-2.06	6.72	6.80	1.50	2.48

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

3.2 Fair value of financial instruments

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

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

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

Valuation models are used mainly to value over-the-counter derivatives and securities measured at fair value.

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

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

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

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

3.3 Classification of financial instruments

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

Business model assessment

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

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

Contractual cash flow characteristics test (SPPI test)

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

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

3.4 Assess control over investees

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

(a) Subsidiaries
The Group holds more than half of the voting rights in all subsidiaries, except from Hellenic Post Credit S.A. Further information in respect of the control assessment for the said subsidiary is provided in note 23.

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

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

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

3.5 Income tax

The Group is subject to income taxes in various jurisdictions and estimates are required in determining the liability for income taxes. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax in the period in which such determination is made. Further information in relation to the above is provided in note 13.

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

The most significant judgment exercised by Management relates to the recognition of deferred tax assets in respect of losses realized in Greece. In the event that, the Group assesses that it would not be able to recover any portion of the recognized deferred tax assets in the future, the unrecoverable portion would impact the deferred tax balances in the period in which such judgment is made. Further information in respect of the recognized deferred tax assets and the Group's assessment for their recoverability as of 31 December 2021 is provided in note 13.

3.6 Retirement benefit obligations

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

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

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

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

3.7 Investment properties

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

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

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

Further information in respect of the fair valuation of the Group's investment properties and the remaining uncertainties due to Covid-19 pandemic is provided in note 27.

3.8 Provisions and contingent liabilities

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

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

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

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

3.9 Share-based payments

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

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

3.10 Leases

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

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

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

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

3.11 Other accounting estimates and judgments

Information in respect of other estimates and judgments that are made by the Group is provided in notes 20, 30 and 31.

4. Capital Management

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

	2021 € million	2020[(1)] € million
Equity attributable to shareholders of the Company	**5,539**	5,245
Add: Adjustment due to IFRS 9 transitional arrangements	**528**	849
Add: Regulatory non-controlling interests	**57**	-
Less: Goodwill	**(2)**	(1)
Less: Other regulatory adjustments	**(686)**	(489)
Common Equity Tier 1 Capital	**5,436**	5,604
Total Tier 1 Capital	**5,436**	5,604
Tier 2 capital-subordinated debt	**950**	950
Total Regulatory Capital	**6,386**	6,554
Risk Weighted Assets	**39,789**	40,237
Ratios:	%	%
Common Equity Tier 1	**13.7**	13.9
Tier 1	**13.7**	13.9
Total Capital Adequacy Ratio	**16.1**	16.3

[1)] The capital adequacy ratios for the year ended 31 December 2020 have not been adjusted following the change in accounting policy (note 2.3).

Notes:

a) The profit of € 328 million for the year ended 31 December 2021 (31 December 2020: loss of € 1,213 million as published) 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). The transition effect is included in the regulatory capital as of the first quarter of each year.

c) The implementation of the new Definition of Default from 1 January 2021 (note 5.2.1.2) had a negative impact on the regulatory capital by increasing the Internal Ratings Based (IRB) approach shortfall, which is presented above within other regulatory adjustments.

d) The Group's CET1 as at 31 December 2021, based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), referring mainly to the completion of the aforementioned IFRS 9 transitional arrangements, would be 12.7% (31 December 2020: 12%).

(e) The pro-forma Common Equity Tier 1 and Total Capital Adequacy ratios as at 31 December 2021 with the completion of the sale of Eurobank's merchant acquiring business (note 30) would be 14.5% and 16.8%, respectively.

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision (BIS rules/ratios) which have been incorporated in the European Union (EU) legislation through the Directive 2013/36/EU (known as CRD IV) as in force, along with the Regulation No 575/2013/EU (known as CRR) as in force. Directive 2013/36/EU was transposed into Greek legislation by Law 4261/2014. In May 2021, Law 4261/2014 was amended by Law 4799/2021, which introduced Directive 2019/878 (CRD V) into Greek law. 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 2020 SREP decision, for 2021, the Group was required to meet a Common Equity Tier 1 Ratio of at least 9.25% and a Total Capital Adequacy Ratio of at least 14.06% (Overall Capital Requirement or OCR), including Combined Buffer Requirement of 3.06% which is covered with CET1 capital and sits on top of the Total SREP Capital Requirement (TSCR). However as of March 2020, based on the ECB's measures announced in response to the Covid-19 outbreak, 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 at least the end of 2022. According to the FAQs published by the ECB (last updated 10 February 2022), the above allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach that requirement. Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital (i.e. Additional Tier 1 or Tier 2 instruments) to meet the Pillar 2 Requirement (P2R). On 10 February 2022, the ECB announced that banks are expected to operate above Pillar 2 Guidance from 1 January 2023.

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

	31 December 2021	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	**4.50%**	**8.00%**
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	**6.19%**	**11.00%**
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.06%	0.06%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	**9.25%**	**14.06%**

According to 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 Requirements or OCR) including Combined Buffer Requirement of 3.31% (Capital conservation buffer of 2.5%, Countercyclical capital buffer of 0.06% and Other Systemically Important Institution (O-SII) buffer of 0.75%).

Furthermore, the Regulation 2020/873 (CRR quick fix) that was adopted by the Council of the European Union and the European Parliament in June 2020, introduced some changes in the CRR to maximize the ability of banks to continue lending during the Covid-19 pandemic. These changes include among others:

-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 recognize 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%.

-Earlier application of the revised supporting factors for loans to SMEs and certain infrastructure projects' companies, which allows for a more favorable prudential treatment of these exposures.

-A preferential treatment of exposures to public debt issued in the currency of another Member State and flexibility regarding the large exposures limit.

In October 2021, as part of EU's Banking Package for 2021, the European Commission (EC) adopted legislative proposals to amend a) Regulation 575/2013 (CRR) aiming to implement the Basel IV reform in the EU and b) Directive 2013/36/EU (CRD IV) introducing, among others, explicit rules on the management of Environmental Social and Governance (ESG) risks. The Group will monitor developments on the aforementioned proposals until their expected adoption by the European Parliament and the Council of the EU.

Further disclosures regarding capital adequacy in accordance with the Regulation 575/2013, including the regulatory developments and relief measures introduced with CRR quick fix, are provided in the Consolidated Pillar 3 Reports on the Company's website.

2021 EU – wide stress test

In January 2021, the EBA launched the 2021 EU-wide stress test exercise which provided valuable input for assessing the resilience of the European banking sector, notably its ability to absorb shocks under adverse macroeconomic conditions.

This exercise was coordinated by the EBA in cooperation with the ECB and national authorities, and was conducted according to the EBA's methodology, which was published in November 2020. It was carried out on the basis of year-end 2020 figures and assessed the resilience of EU banks under a common macroeconomic baseline scenario and a common adverse scenario, covering the period of 2021-2023. The baseline scenario for EU countries was based on the projections from the national central banks of December 2020, while the adverse scenario assumed the materialisation of the main financial stability risks that had been identified by the European Systemic Risk Board (ESRB) and which the EU banking sector is exposed to. The adverse scenario also reflected ongoing concerns about the possible evolution of the Covid-19 pandemic coupled with a potential strong drop in confidence and was designed to ensure an adequate level of severity across all EU countries.

In parallel, the ECB also conducted its own stress test for the banks it directly supervises but that were not included in the EBA-led stress test sample. This exercise was consistent with the EBA's methodology and applied the same scenarios, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. Eurobank Holdings Group participated in the ECB-led stress test.

2021 Eurobank Stress Test Results

On 30 July 2021, the Company announced that Eurobank Holdings Group successfully completed the 2021 SSM Stress Test (ST), which was coordinated and conducted by the ECB. The starting point of the ST exercise was the financial and capital position of the Group as at 31 December 2020 and the ST horizon covered the period until the end of 2023.

Under the baseline scenario, the Group is capital accretive by 290 bps over the three-year ST horizon, reaching, on a fully loaded (FL) basis, total CAD ratio of 17.5%, and CET1 ratio of 14.9%, as at the end of 2023.

Under the adverse scenario, the capital depletion in terms of FL CET1 ratio amounts to 433 bps as at the end of 2023. Accordingly, the FL CET1 ratio stands at 7.6% as at the end of 2023. On a transitional basis, the CET1 ratio at the end of 2023 stands at 8%.

The Group's performance in the ST confirmed its resilience and ability to withstand a significant downturn, especially under the severe assumptions of the adverse scenario. In addition, the results of ST will be used to determine the Pillar 2 capital recommendation ("Guidance") in the context of the SREP.

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

Under the Directive 2014/59 (Bank Recovery and Resolution Directive or BRRD), as amended by Directive 2019/879 (BRRD II), which was transposed into the Greek legislation pursuant to Law 4799/2021 amending Law 4335/2015, European banks are required to meet the minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board (SRB) has determined Eurobank S.A. as the Group's resolution entity and a Single Point of Entry (SPE) strategy for resolution purposes. Based on the latest official SRB's decision, the fully calibrated MREL (final target) to be met by Eurobank S.A. on a consolidated basis until the end of 2025 is set at ca 26.87% of its total risk weighted assets (RWAs), including a fully-loaded combined buffer requirement (CBR) of 3.56%. The interim binding MREL target to be met at 1 January 2022 was set at 17.82% of its total RWAs, including a CBR of 3.31%.

In the year ended 31 December 2021, in the context of its medium-term strategy to meet its MREL target, the Bank proceeded with two issues of preferred senior debt with a nominal value of € 500 million each (note 34). As a result, at 31 December 2021, the Bank's MREL ratio at consolidated level stands at 18.47% (including profit for the year ended 31 December 2021), which is well above the aforementioned interim binding MREL target. The final MREL target is updated by the SRB on an annual basis.

Post balance sheet event

In January 2022, the European Central Bank (ECB) launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise will be conducted in the first half of 2022 after which the ECB will publish aggregate results. The results will feed into the Supervisory Review and Evaluation Process (SREP) from a qualitative point of view and could have an indirect potential impact on Pillar 2 requirements through the SREP scores, without however directly impacting capital through Pillar 2 guidance.

5. Financial risk management and fair value

5.1 Use of financial instruments

By their nature the Group's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers, at both fixed and floating rates, and for various periods and seeks to earn above average interest margins by investing these funds in high quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

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

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

5.2 Financial risk factors

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

Risk Management objectives and policies

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

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

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

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.

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. In this context, the Bank has recognized climate change risk as a material risk and based on its supervisory guidelines, is in the process of adapting its policies and methodologies for identifying and monitoring the relevant risks (note 5.2.5).

Board Risk Committee (BRC)

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

Management Risk Committee

The Management Risk Committee (MRC) is a management committee established by the 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.

Group Risk Management General Division

The Group's Risk Management General Division which is headed by the Group Chief Risk Officer (GCRO), operates independently from the business units and is responsible for the 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), Climate Risk Division and the Risk Analytics Division.

Non-Performing Exposures (NPEs) management

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

Troubled Assets Committee

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

Remedial and Servicing Strategy (RSS)

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

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

- Develop and actively monitor the NPE targets and reduction plan
- Set the strategic principles, priorities, policy framework and KPIs under which doValue Greece is servicing the portfolio
- Closely monitor the execution of the approved strategies, as well as all contractual provisions under the relevant contractual agreements for Eurobank's portfolio assigned to doValue Greece including the securitized portfolio of ERB Recovery DAC

- Monitoring of the performance of the senior notes of the securitizations in collaboration with Group Risk so as to ensure compliance to significant risk transfer (SRT) and to the Hellenic Asset Protection Scheme (HAPS)
- Budget and monitor the Bank's expenses and revenues associated with the assigned portfolio
- Cooperate closely with doValue Greece on a daily basis in achieving the Group's objectives
- Maintain supervisory dialogue

NPE Management Strategy and Operational targets

The Group utilized all Greek State measures (Gefyra programs) and designed solutions that will lead its clients gradually to pre Covid-19 payment schedules. In this respect and in line with the regulatory framework and SSM requirements for NPE management, the Group submitted in March 2022 its NPE Management Strategy for 2022-2024, along with the annual NPE stock targets at both Bank and Group level. The plan has taken into account the successfully implemented, by the end of 2021, "Mexico" securitization of gross carrying amount of ca. €3.1bn (consisting primarily of NPEs) and envisages the decrease of NPE ratio at 5.8% in 2022 and below 5% in 2024.

5.2.1 Credit Risk

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

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

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

(a) Credit approval process

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

Credit Committees

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

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

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

Group Credit General Division (GCGD)

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

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

1. Corporate Credit Risk

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

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

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

- Participation right in all International Committees (Regional and Special Handling) with voting right and Country Risk Committees (CRCs) without voting right;
- Participation in the sessions of Special Handling Monitoring Committees for Bulgaria and Serbia which monitor and decide on the strategy of problematic corporate relationships with loan outstanding exceeding a certain threshold, that is jointly set by ICS and Country Troubled Asset Groups;
- Advice on best practices to the Credit Risk Units of International Subsidiaries
- Initiation of, or participation in, non-recurring credit related projects involving the International Subsidiaries, such as, indicatively, Wholesale Field Reviews, regulatory Asset Quality Reviews, acquisition and/or sale of wholesale portfolios etc.

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

2. Retail Credit Risk

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

The tasks of Retail Credit Risk function are outlined below:

- Assess credit requests in alignment with the credit risk granting criteria and methodology provided in the appropriate Credit Policy Manual. The evaluation of the SBB portfolio includes the assessment of the borrower's financial position and statistical scorecards. Regarding the Individual Banking (mortgage and consumer loans), the credit criteria include among others the payment behaviour, financial position of the borrower, the existence of real estate property and the type and quality of securities.
- Analyze and evaluate risk factors depending on the type of credit request.
- Prepare an independent Credit Opinion presenting the official GCGD opinion on the credit application and confirm, where required, the Borrower Rating for each Borrower in its portfolio ensuring that the risks identified are dully reflected in the Rating.
- Participate with voting rights in the credit committees as per the credit approval process, according to the Approval Levels defined in the Credit Policy Manual.

(b) Credit risk monitoring

Group Credit Control Sector

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

The main responsibilities of the GCCS are to:

- supervise, support and maintain the credit rating and impairment systems used to assess the wholesale lending customers;
- monitor and review the performance of all of the Group's loan portfolios;
- supervise and control the foreign subsidiaries' credit risk management units;
- monitor on a regular basis and report on a quarterly basis to the Board of Directors and the BRC of risk exposures, along with accompanying analyses;
- monitor and evaluate the efficiency of adopted strategies and proposed solutions in terms of dealing with Non Performing Exposures (NPEs) and the achievement of targets for NPEs reduction, as communicated and agreed with the Supervisory Authorities;
- conduct field reviews and prepare written reports to the Management on the quality of all of the Group's loan portfolios and adherence with EBA prevailing regulations;
- ensure that EBA classifications are made in accordance with the relevant provisions and guidelines;
- participate in the approval of new credit policies and new loan products;
- participate in the Troubled Asset Committee;
- attend meetings of Credit Committees and Special Handling Committees, without voting right;
- formulate the Group's credit impairment policy and measure the provisions of the Greek loan portfolios along with the relevant reporting to Management;
- regularly review the adequacy of provisions of all of the Group's loan portfolios;
- formulate, in collaboration with the responsible lending Units the credit policy manuals for performing borrowers;
- provide guidance and monitor the process of designing and reviewing credit policies before approved by Management.
- monitor the proper technical valuation of Real Estate collaterals, as per the Banks' Collateral Valuation policy and procedures;
- monitor the supervisory, regulatory developments, emerging trends and best practices within its purview in order to keep Management abreast and propose required actions; and

Group Credit Risk Capital Adequacy Control Sector

The Group Credit Risk Capital Adequacy Control Sector implements and maintains the Internal Ratings Based (IRB) approach in accordance with the Basel framework and the Capital Requirements Directive (CRD) and maintains the credit risk assessment models for the loans portfolio of the Group. The Sector reports directly to the GCRO.

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

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

Group Model Validation and Governance Sector

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

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

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

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

Group Market and Counterparty Risk Sector

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

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

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

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

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

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

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

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

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

(c) Credit related commitments

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

(d) Concentration risk

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

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

(e) Rating systems

Rating of wholesale lending exposures

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

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

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

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

The MRA is not employed for certain types of entities that use different accounting methods to prepare their financial statements, such as Insurance companies and brokerage firms. Moreover, entities such as start-ups that have not produced financial information for at least two annual accounting periods are not rated with MRA. In such cases, the Internal Credit Rating ("ICR") is utilized, which is a scorecard consisting of a set of factors grouped into 3 main sections corresponding to particular areas of analysis: Financial Information, Qualitative Criteria, and Behavior Analysis. In addition, the Group performs an overall assessment of wholesale customers, based both on their rating (MRA or ICR) and the collaterals and guarantees regularly at every credit assessment. In 2021, in combination with the application of the new Definition of Default, the Bank calibrated its MRA and ICR models, which were approved by the regulatory authorities.

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

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

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

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

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

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

Rating of retail lending exposures

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

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

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

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

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

The Group Credit Risk Capital Adequacy Control Sector monitors the capacity of rating models and scoring systems to classify customers according to risk, as well as to predict the probability of default and loss given default and exposure at default on an ongoing basis. The Group Models Validation and Governance Sector implements the Bank's validation policy which complies with international best practices and regulatory requirements. The Bank verifies the validity of the rating models and scoring systems on an annual basis and the validation includes both quantitative and qualitative aspects. The validation procedures are documented, and regularly reviewed and reported to the BRC.

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

(f) Credit risk mitigation

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

Types of collateral commonly accepted by the Group

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

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

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

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

Valuation principles of collaterals

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

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

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

In order to monitor the valuation of residential property held as collateral, the Bank uses the Residential Property Index developed in collaboration with other major banks in Greece. This methodology, has been approved by the Bank of Greece, and its use enables a dynamic monitoring of residential properties' values and market trends, on an annual basis. The Residential Property Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

For commercial real estates, the Bank uses the Commercial Real Estate Index developed by CPS. This index is derived through a combination of CPS & BoG CRE indices and it is based on internationally accepted methodology. It constitutes a tool for the statistical monitoring of possible changes of the values of the commercial properties as well as for the trends in the particular market. It is updated on an annual basis. The Commercial Real Estate Index is used in combination with physical inspection and desktop valuation, depending on the EBA status and the balance of the loan.

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

Collateral policy and documentation

Regarding collaterals, Group's policy emphasizes the need that collaterals and relevant processes are timely and prudently executed, in order to ensure that collaterals and relevant documentation are legally enforceable at any time. The Group holds the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

Guarantees

The guarantees used as credit risk mitigation by the Group are largely issued by central and regional governments in the countries in which it operates. The Hellenic Development Bank (HDB) and similar funds, banks and insurance companies are also significant guarantors of credit risk.

Management of repossessed properties

The objective of the repossessed assets' management is to minimize the time cycle of the asset's disposal and to maximize the recovery of the capital engaged.

To this end, the management of repossessed assets aims at improving rental and other income from the exploitation of such assets, and at the same time reducing the respective holding and maintenance costs. Additionally, the Group is actively engaged in identifying suitable potential buyers for its portfolio of repossessed assets (including specialized funds involved in acquiring specific portfolios of properties repossessed), both in Greece and abroad, in order to reduce its stock of properties with a time horizon of 3-5 years.

Repossessed assets are closely monitored based on technical and legal due diligence reports, so that their market value is accurately reported and updated in accordance with market trends.

Counterparty risk

The Group mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

In the case of derivatives, the Group makes use of International Swaps and Derivatives Association (ISDA) contracts, which limit the exposure via the application of netting, and Credit Support Annex (CSAs), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements (GMRAs) are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimizing the exposure.

Following the European Market Infrastructure Regulation (EMIR), the Bank performs centrally cleared transactions for eligible derivative contracts through an EU authorized European central counterparty (CCP), recorded in trade repositories. The use of CCP increases market transparency and reduces counterparty credit and operational risks inherent in derivatives markets.

The Bank uses a comprehensive collateral management system for the monitoring of ISDA, CSAs and GMRAs, i.e. the daily valuation of the derivatives and the market value of the securities are used for the calculation of each counterparty's exposure. The collateral which should be posted or requested by the relevant counterparty is calculated daily.

With this system, the Bank monitors and controls the collateral flow in case of derivatives and repos, independently of the counterparty. The effect of any market movement that increases the Bank's exposure is reported and the Bank proceeds to collateral call accordingly.

5.2.1.1 Maximum exposure to credit risk before collateral held

	2021 € million		2020 € million	
Credit risk exposures relating to on-balance sheet assets are as follows:				
Due from credit institutions	2,511		3,337	
Less: Impairment allowance	(1)	**2,510**	(1)	3,336
Debt securities held for trading		**69**		42
Derivative financial instruments		**1,949**		2,552
Loans and advances to customers at amortised cost:				
- Wholesale lending(1)	23,716		21,340	
- Mortgage lending	10,105		11,650	
- Consumer lending	3,242		3,408	
- Small business lending	3,753		4,476	
Less: Impairment allowance	(1,872)	**38,943**	(3,477)	37,397
Loans and advances to customers measured at FVTPL		**23**		27
Investment securities:				
- Debt securities measured at amortised cost	4,672		2,789	
Less: Impairment allowance	(6)	**4,666**	(5)	2,784
Debt securities measured at FVOCI		**6,509**		5,454
Investment securities at FVTPL		**141**		127
Other financial assets(2)	190		137	
Less: Impairment allowance	(28)	**162**	(30)	107
Credit risk exposures relating to off-balance sheet items (note 42):				
- Loan commitments		**5,139**		4,586
- Financial guarantee contracts and other commitments		**1,702**		1,125
Total		**61,814**		57,537

(1) Includes loans to public sector.

(2) Refers to financial assets subject to IFRS 9 impairment requirements, which are recognised within other assets.

The above table represents the Group's maximum credit risk exposure as at 31 December 2021 and 31 December 2020 respectively, without taking account of any collateral held or other credit enhancements that do not qualify for offset in the Group's financial statements.

For on-balance sheet assets, the exposures set out above are based on the carrying amounts as reported in the balance sheet. For off-balance sheet items, the maximum exposure is the nominal amount that the Group may be required to pay if the financial guarantee contracts and other commitments are called upon and the loan commitments are drawn down. Off-balance sheet loan commitments presented above, include revocable commitments to extend credit of € 3.6 billion (2020: € 3.4 billion) that are subject to ECL measurement.

5.2.1.2 Loans and advances to customers

The section below provides an overview of the Group's exposure to credit risk arising from its customer lending portfolios, in line with the guidelines set by the Hellenic Capital Markets Commission and the Bank of Greece (BoG) released on 30 September 2013, as updated by the Group in order to comply with the revised IFRS 7 'Financial Instruments: Disclosures', following the adoption of IFRS 9 from 2018. In addition, the types of the Group's forbearance programs are in line with the BoG's Executive Committee Act 42/30.05.2014 and its amendments.

(a) Credit quality of loans and advances to customers

Loans and advances to customers carried at amortised cost are classified depending on how ECL is measured.

Accordingly, loans reported as non-impaired include loans for which a '12-month ECL allowance' is recognized as they exhibit no significant increase in credit risk since initial recognition and loans for which a 'Lifetime ECL allowance' is recognized as they exhibit a significant increase in credit risk since initial recognition but are not considered to be in default.

Credit impaired loans category includes loans that are considered to be in default, for which a loss allowance equal to a 'Lifetime ECL' is recognized, and loans classified as 'Purchased or originated credit impaired' (POCI) which are always measured on the basis of a 'Lifetime ECL'.

Loans and advances to customers carried at FVTPL are not subject to ECL measurement and therefore are not included in the quantitative information provided in the below sections for loans and advances measured at amortised cost, except where indicated.

Definition of default

In accordance with its accounting policy 2.2.13 "Impairment of financial assets", the Group applies a default definition for accounting purposes, which is consistent with the European Banking Authority (EBA) definition for non-performing exposure and regulatory definition of default as applied by the Group on 1 January 2021. More specifically, as of 1 January 2021, the Group applied the new definition of default (DoD) for regulatory purposes, as is set in the Article 178 of Regulation (EU) No. 575/2013, the Commission Delegated Regulation (EU) 2018/171 and European Banking Authority (EBA) Guidelines (EBA/GL/2016/07). The new DoD aims at the harmonization of the definition of defaulted exposures across institutions and jurisdictions in the European Union and introduced a new set of standards with a significant impact on governance, data, processes, systems and credit models. In particular, the main changes introduced by the new DoD guidelines specify that days past due are counted from the date that both materiality thresholds are breached (an absolute amount of the total exposure and a relative as a percentage of the exposure) for more than 90 days past due, include conditions for a return to non-defaulted status (introduction of a three month probation period for non-forborne exposures) and additional unlikely to pay triggers such us the diminished financial obligation criterion for restructured loans (ie. difference between the net present value of cash flows before and after the restructuring exceeds the threshold of 1%).

The Group applied the new provisions of DoD, in order to identify defaulted exposures starting from 1 January 2021, consistently across all its lending portfolios and subsidiaries, subject to local regulations and specific credit risk characteristics of each jurisdiction. The effect from the implementation of the new DoD on the Group's expected credit losses was neutral since any negative effect, due to introduction of new DoD to the lending exposures' probability of default, was almost entirely off-set by the improvement of the cure rates as these reflected in the lending exposures loss given default. Information regarding the impact of the new DoD on the Group's regulatory capital is provided in note 4.

Accordingly, the perimeters of the credit impaired loans under IFRS9, the non-performing exposures under EBA guidelines and defaulted exposures for regulatory purposes have been aligned.

The Group's accounting policy for impairment of financial assets is set out in note 2.2.13.

Quantitative information

The following tables present the total gross carrying and nominal amount, representing the maximum exposure to credit risk before the impairment allowance, of loans and advances including securitized notes issued by special purpose vehicles established by the Group and credit related commitments respectively, that are classified as non-impaired (stage 1 and stage 2) and those classified as credit-impaired (stage 3 and POCI). They also present the impairment allowance recognized in respect of all loans and advances and credit related commitments, analyzed into individually or collectively assessed, based on how the respective impairment allowance has been calculated, the carrying amount of loans and advances, as well as the value of collateral held to mitigate credit risk.

Public Sector lending exposures include exposures to the central government, local authorities, state-linked companies and entities controlled and fully or partially owned by the state, excluding public and private companies with commercial activity. For credit risk management purposes, exposures to Public Sector are incorporated in wholesale lending.

In addition, the value of collateral presented in the tables below is capped to the respective gross loan amount.

Notes to the Consolidated Financial Statements

The following tables present information about the credit quality of the gross carrying amount of loans and advances to customers carried at amortised cost, the nominal exposure of credit related commitments and the respective impairment allowance as well as the carrying amount of loans and advances to customers carried at FVTPL:

31 December 2021	12-month ECL - Stage 1 € million	Lifetime ECL - Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] Individually assessed € million	Lifetime ECL - Stage 3 and POCI[(1)] Collectively assessed € million	Total gross carrying amount/nominal exposure € million	Impairment allowance 12-month ECL - Stage 1 € million	Impairment allowance Lifetime ECL - Stage 2 € million	Impairment allowance Lifetime ECL - Stage 3 and POCI[(1)] Individually assessed € million	Impairment allowance Lifetime ECL - Stage 3 and POCI[(1)] Collectively assessed € million	Carrying amount € million	Value of collateral € million
Retail Lending	**11,984**	**3,790**	**119**	**1,205**	**17,099**	**(102)**	**(235)**	**(73)**	**(581)**	**16,108**	**11,360**
- Mortgage	6,871	2,735	54	444	10,105	(17)	(138)	(36)	(134)	9,780	
Value of collateral	*6,474*	*2,245*	*27*	*337*							*9,083*
- Consumer	1,905	267	2	217	2,391	(35)	(31)	(1)	(136)	2,188	
Value of collateral	*107*	*1*	*2*	*3*							*112*
- Credit card	667	45	0	138	850	(9)	(7)	(0)	(120)	714	
Value of collateral	*1*	*0*	*0*	*0*							*1*
- Small business	2,540	744	63	406	3,753	(41)	(58)	(36)	(190)	3,427	
Value of collateral	*1,391*	*555*	*29*	*190*							*2,164*
Wholesale Lending	**20,564**	**1,668**	**1,168**	**282**	**23,681**	**(68)**	**(76)**	**(599)**	**(137)**	**22,802**	**16,118**
- Large corporate	11,694	726	389	23	12,831	(39)	(37)	(183)	(13)	12,559	
Value of collateral	*6,474*	*478*	*255*	*9*							*7,217*
- SMEs	3,764	941	779	259	5,744	(29)	(38)	(416)	(124)	5,137	
Value of collateral	*2,501*	*717*	*449*	*128*							*3,795*
- Securitized notes[(2)]	5,106	-	-	-	5,106	(0)	-	-	-	5,106	
Value of collateral	*5,106*	-	-	-							*5,106*
Public Sector	**31**	**3**	**-**	**2**	**35**	**(1)**	**(0)**	**-**	**(1)**	**33**	**2**
- Greece	30	2	-	1	33	(1)	(0)	-	(1)	31	
Value of collateral	*1*	*1*	-	*0*							*2*
- Other countries	1	0	-	1	2	(0)	(0)	-	(0)	1	
Value of collateral	*0*	-	-	-							*0*
Loans and advances to customers at FVTPL										**23**	**23**
Total	**32,578**	**5,461**	**1,287**	**1,489**	**40,815**	**(171)**	**(311)**	**(672)**	**(718)**	**38,967**	**27,503**
Total value of collateral	**22,055**	**3,998**	**762**	**666**							
Credit related commitments	**6,397**	**393**	**32**	**19**	**6,841**	**(14)**	**(6)**	**(23)**	**(5)**		
Loan commitments	4,871	263	3	2	5,139	(9)	(3)	(1)	(0)		
Financial guarantee contracts and other commitments	1,526	130	29	17	1,702	(5)	(3)	(22)	(5)		
Value of collateral	*935*	*51*	*6*	*7*							

Notes to the Consolidated Financial Statements

	31 December 2020										
						Impairment allowance					
			Lifetime ECL - Stage 3 and POCI[1]					Lifetime ECL - Stage 3 and POCI[1]			
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Individually assessed € million	Collectively assessed € million	Total gross carrying amount/nominal exposure € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Individually assessed € million	Collectively assessed € million	Carrying amount € million	Value of collateral € million
Retail Lending	11,511	4,425	334	3,265	19,534	(100)	(332)	(184)	(1,619)	17,299	12,968
- Mortgage	7,081	2,791	176	1,603	11,650	(24)	(152)	(94)	(571)	10,809	
Value of collateral	6,469	2,286	122	1,219							10,096
- Consumer	1,606	377	2	553	2,538	(21)	(53)	(1)	(460)	2,003	
Value of collateral	93	3	2	93							191
- Credit card	624	69	0	177	870	(20)	(8)	(0)	(157)	685	
Value of collateral	1	0	0	0							1
- Small business	2,200	1,189	155	932	4,476	(35)	(119)	(90)	(431)	3,802	
Value of collateral	1,249	793	96	543							2,681
Wholesale Lending	17,180	1,995	1,509	614	21,298	(82)	(107)	(741)	(310)	20,058	13,950
- Large corporate	10,821	997	587	43	12,447	(60)	(44)	(274)	(20)	12,049	
Value of collateral	5,995	749	384	23							7,151
- SMEs	2,861	998	922	572	5,353	(22)	(63)	(467)	(291)	4,511	
Value of collateral	1,797	705	518	280							3,301
- Securitized notes[2]	3,498	-	-	-	3,498	(0)	-	-	-	3,498	
Value of collateral	3,498	-	-	-							3,498
Public Sector	24	17	-	2	42	(1)	(1)	-	(1)	40	2
- Greece	22	17	-	1	40	(1)	(1)	-	(1)	38	
Value of collateral	1	1	-	0							2
- Other countries	1	-	-	1	2	(0)	-	-	(0)	2	
Value of collateral	0	-	-	-	-						0
Loans and advances to customers at FVTPL										27	27
Total	28,714	6,436	1,843	3,881	40,874	(183)	(439)	(925)	(1,930)	37,424	26,947
Total value of collateral	19,103	4,537	1,121	2,159							
Credit related commitments	5,238	418	33	23	5,712	(32)	(7)	(21)	(6)		
Loan commitments	4,292	289	3	2	4,586	(24)	(4)	-	(0)		
Financial guarantee contracts and other commitments	946	129	30	21	1,126	(8)	(2)	(21)	(6)		
Value of collateral	431	44	5	7							

[1] As at 31 December 2021, total gross carrying amount of credit impaired loans includes POCI loans of € 44 million, of which € 9.3 million arose from the merger of Eurobank A.D. Beograd with Direktna Banka a.d. (note 23.2) and carry an impairment allowance of € 6.4 million (2020: € 43 million gross carrying amount and € 3.5 million impairment allowance).

[2] It refers to the senior notes of the Pillar, Cairo and Mexico securitizations that are collateralized by the underlying pool of loans held by the respective securitization vehicles (note 20). The amount of the securitized loan portfolios has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).

Notes to the Consolidated Financial Statements

The Group assesses the credit quality of its loans and advances to customers and credit related commitments that are subject to ECL using internal credit rating systems for the wholesale portfolio, which are based on a variety of quantitative and qualitative factors, while the credit quality of the retail portfolio is based on the allocation of risk classes into homogenous pools.

The following tables present the distribution of the gross carrying amount of loans and advances and the nominal exposure of credit related commitments based on the credit quality classification categories and stage allocation:

	31 December 2021				31 December 2020			
Internal credit rating	12-month ECL-Stage 1	Lifetime ECL-Stage 2	Lifetime ECL - Stage 3 and POCI	Total gross carrying amount	12-month ECL - Stage 1	Lifetime ECL - Stage 2	Lifetime ECL - Stage 3 and POCI	Total gross carrying amount
Retail Lending	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
- Mortgage								
PD<2.5%	5,738	417	-	6,155	6,442	190	-	6,632
2.5%<=PD<4%	554	465	-	1,019	193	318	-	510
4%<=PD<10%	504	1,134	-	1,638	217	545	-	761
10%<=PD<16%	39	282	-	321	109	250	-	359
16%<=PD<99.99%	37	436	-	473	121	1,488	-	1,609
100%	-	-	498	498	-	-	1,779	1,779
- Consumer								
PD<2.5%	131	13	-	144	761	12	-	774
2.5%<=PD<4%	805	22	-	827	577	18	-	594
4%<=PD<10%	903	83	-	987	247	97	-	344
10%<=PD<16%	50	12	-	62	11	56	-	67
16%<=PD<99.99%	15	137	-	152	10	193	-	203
100%	-	-	219	219	-	-	555	555
- Credit card								
PD<2.5%	429	4	-	433	270	5	-	276
2.5%<=PD<4%	233	27	-	260	194	15	-	209
4%<=PD<10%	4	5	-	9	139	8	-	147
10%<=PD<16%	0	1	-	1	19	24	-	44
16%<=PD<99.99%	0	8	-	9	1	16	-	17
100%	-	-	139	139	-	-	177	177
- Small business								
PD<2.5%	1,413	26	-	1,439	194	19	-	213
2.5%<=PD<4%	232	12	-	244	943	14	-	957
4%<=PD<10%	657	81	-	738	579	44	-	623
10%<=PD<16%	78	137	-	214	166	59	-	225
16%<=PD<99.99%	161	488	-	649	318	1,053	-	1,370
100%	-	-	469	469	-	-	1,087	1,087
Wholesale Lending								
- Large corporate								
Strong	7,417	16	-	7,434	6,654	139	-	6,793
Satisfactory	4,070	427	-	4,497	3,847	519	-	4,366
Watch list	206	283	-	489	320	339	-	659
Impaired (Defaulted)	-	-	411	411	-	-	629	629
- SMEs								
Strong	1,049	20	-	1,069	1,325	69	-	1,393
Satisfactory	2,399	356	-	2,755	1,383	377	-	1,760
Watch list	316	565	-	882	154	552	-	706
Impaired (Defaulted)	-	-	1,039	1,039	-	-	1,494	1,494
- Securitized notes								
Strong	5,106	-	-	5,106	3,498	-	-	3,498
Public Sector								
All countries								
Strong	22	-	-	22	1	-	-	1
Satisfactory	3	0	-	3	22	-	-	22
Watch list	6	2	-	8	1	17	-	18
Impaired (Defaulted)	-	-	2	2	-	-	2	2
Total	**32,578**	**5,461**	**2,776**	**40,815**	28,714	6,436	5,724	40,874

Notes to the Consolidated Financial Statements

	31 December 2021				31 December 2020			
Internal credit rating	**12-month ECL-Stage 1 € million**	**Lifetime ECL-Stage 2 € million**	**Lifetime ECL - Stage 3 and POCI € million**	**Total nominal amount € million**	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	Total nominal amount € million
Credit Related Commitments								
Retail Lending								
Loan commitments								
PD<2.5%	1,479	5	-	1,484	938	6	-	944
2.5%<=PD<4%	845	45	-	890	777	40	-	817
4%<=PD<10%	415	96	-	511	723	85	-	808
10%<=PD<16%	39	10	-	49	210	34	-	244
16%<=PD<99.99%	0	6	-	6	11	31	-	42
100%	-	-	2	2	-	-	2	2
Financial guarantee contracts and other commitments								
PD<2.5%	92	-	-	92	7	0	-	7
2.5%<=PD<4%	39	-	-	39	57	-	-	57
4%<=PD<10%	11	0	-	11	70	0	-	70
10%<=PD<16%	-	0	-	0	-	-	-	-
16%<=PD<99.99%	1	0	-	1	0	0	-	0
100%	-	-	1	1	-	-	0	0
Wholesale Lending								
Loan commitments								
Strong	1,145	34	-	1,179	943	37	-	980
Satisfactory	902	58	-	960	677	23	-	700
Watch list	47	9	-	56	13	33	-	45
Impaired (Defaulted)	-	-	3	3	-	-	3	3
Financial guarantee contracts and other commitments								
Strong	883	1	-	884	410	3	-	413
Satisfactory	466	64	-	530	309	59	-	368
Watch list	34	65	-	99	93	67	-	160
Impaired (Defaulted)	-	-	45	45	-	-	51	51
Total	**6,397**	**393**	**51**	**6,841**	**5,238**	**418**	**56**	**5,712**

The table below depicts the internal credit rating bands (MRA rating scale or equivalent) for the wholesale portfolio that correspond to the credit quality classification categories presented in the above tables:

	Wholesale Lending	
Credit Quality classification categories	**Internal Credit Rating Large Corporate**	**Internal Credit Rating SMEs**
Strong	1-4	1-3
Satisfactory	5-6	4-6
Watch list	7-9	7-9
Impaired (Defaulted)	10	10

The 2021 credit quality classification for the retail portfolios as depicted in the above table is affected mainly by two factors which have opposite effects on the 12m Probability of Default (PD):

a) the positive impact from the improving macroeconomic environment; and

b) the negative impact of the introduction of new definition of default (DoD) on the PD. However, the overall impact of new DoD on expected credit loss (ECL) was neutral since any negative effect on the PD was almost entirely off-set by an improvement of Loss Given Default (LGD).

The combined effect of these factors on each lending portfolio, along with portfolio-specific movements differs as follows:

Mortgage: The improving macroeconomic effect is largely offset by the new DoD impact. In parallel, the annual repayments of the existing performing loans exceed the new high credit quality loan originations, leading to a decrease of loan balance in the low PD segments as at 31 December 2021.

Consumer: The negative impact of the new DoD supersedes the improving macroeconomic effect. In particular, the introduction of the new DoD had its highest impact among asset classes on the PD of consumer loans.

Credit cards: the Bank has proceeded with the calibration of PD estimates to incorporate the high credit quality effect of accounts with unutilized limits. For consistency purposes, the 2020 comparative segmentation has been restated to reflect the calibrated PDs.

Small business: The small business performing portfolio significant improvement in the credit quality segmentation of 2021 is explained by the high correlation of the specific exposures' PD with the GDP evolution, which exhibited a strong improving trend during 2021, outweighing any negative impact from the new DoD.

For Wholesale lending, the 2021 segmentation is mainly affected by the recalibration of the internal credit rating models that took place during the year and its consequent effects on the population mix of each risk segment with the notable reclassification of SME population with credit rating 4 from the strong to the satisfactory risk segment. In this context, where appropriate, the 2020 comparative segmentation has also been restated.

Notes to the Consolidated Financial Statements

The following tables present the movement of the gross carrying amounts for loans and advances to customers by product line and stage and is calculated by reference to the opening and closing balances for the reporting years from 1 January 2021 to 31 December 2021 and 1 January 2020 to 31 December 2020:

	31 December 2021												
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	Total € million
Gross carrying amount at 1 January	**17,204**	**2,012**	**2,125**	**7,081**	**2,791**	**1,779**	**2,230**	**445**	**732**	**2,200**	**1,189**	**1,087**	**40,874**
New loans and advances originated or purchased	4,354	-	-	599	-	-	660	-	-	558	-	-	**6,171**
Arising from acquisition (note 23.2)	94	-	2	45	-	3	164	-	3	10	-	1	**322**
Securitized notes	1,621	-	-	-	-	-	-	-	-	-	-	-	**1,621**
Transfers between stages													
-to 12-month ECL	460	(441)	(20)	549	(540)	(9)	149	(144)	(5)	437	(433)	(4)	-
-to lifetime ECL	(600)	638	(39)	(748)	966	(218)	(141)	168	(28)	(152)	216	(64)	-
-to lifetime ECL credit-impaired loans	(35)	(190)	225	(89)	(223)	312	(66)	(99)	165	(59)	(142)	202	-
Loans and advances derecognised/ reclassified as held for sale during the year	(30)	(34)	(529)	(24)	(220)	(1,255)	(3)	(14)	(336)	(5)	(81)	(637)	**(3,167)**
Amounts written-off[(1)]	-	-	(166)	-	-	(73)	-	-	(145)	-	-	(85)	**(469)**
Repayments	(3,373)	(360)	(166)	(771)	(152)	(69)	(458)	(65)	(65)	(451)	(46)	(45)	**(6,020)**
Foreign exchange differences and other movements	901	46	17	229	115	28	37	19	37	1	41	13	**1,483**
Gross Carrying amount at 31 December	**20,594**	**1,670**	**1,452**	**6,871**	**2,735**	**498**	**2,572**	**311**	**358**	**2,540**	**744**	**469**	**40,815**
Impairment allowance	(69)	(76)	(737)	(17)	(138)	(170)	(44)	(39)	(257)	(41)	(58)	(227)	**(1,872)**
Carrying amount at 31 December	**20,526**	**1,595**	**715**	**6,854**	**2,597**	**328**	**2,529**	**273**	**101**	**2,499**	**685**	**242**	**38,943**

Notes to the Consolidated Financial Statements

	31 December 2020												
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI € million	Total € million
Gross carrying amount at 1 January	13,660	1,802	4,644	6,980	3,129	3,873	2,297	389	1,152	2,268	931	3,281	44,406
New loans and advances originated or purchased	3,809	-	-	468	-	-	521	-	-	814	-	-	5,612
Securitized notes	2,440	-	-	-	-	-	-	-	-	-	-	-	2,440
Transfers between stages													
-to 12-month ECL	272	(271)	(0)	779	(771)	(8)	76	(72)	(4)	114	(112)	(2)	-
-to lifetime ECL	(872)	899	(27)	(539)	842	(303)	(172)	218	(46)	(413)	496	(83)	-
-to lifetime ECL credit-impaired loans	(57)	(251)	308	(38)	(149)	188	(41)	(51)	92	(31)	(57)	88	-
Loans and advances derecognised/ reclassified as held for sale during the year	(142)	(41)	(2,459)	(24)	(184)	(1,910)	(61)	(14)	(310)	(76)	(109)	(2,183)	(7,512)
Amounts written-off[(1)]	-	-	(220)	-	-	(97)	-	-	(131)	-	-	(103)	(551)
Repayments	(1,838)	(174)	(93)	(663)	(109)	(52)	(308)	(39)	(33)	(217)	(66)	(36)	(3,628)
Foreign exchange differences and other movements	(68)	48	(28)	118	32	88	(83)	14	14	(259)	106	126	107
Gross Carrying amount at 31 December	17,204	2,012	2,125	7,081	2,791	1,779	2,230	445	732	2,200	1,189	1,087	40,874
Impairment allowance	(83)	(108)	(1,052)	(24)	(152)	(665)	(41)	(61)	(617)	(35)	(119)	(520)	(3,477)
Carrying amount at 31 December	17,121	1,904	1,073	7,056	2,638	1,114	2,189	384	115	2,165	1,070	567	37,397

(1) The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2021 and that are still subject to enforcement activity is € 217 million (2020: € 503 million).

Note 1: Wholesale product line category includes also Public sector loans portfolio.

Note 2: "Loans and advances derecognised/ reclassified as held for sale during the year" presents loans derecognized during the year due to a) securitization and sale transactions, b) substantial modifications of the loans' contractual terms, c) debt to equity transactions, consolidation of a newly acquired entity and those that have been reclassified as held for sale during the year (notes 20 and 30).

Notes to the Consolidated Financial Statements

Credit impaired loans and advances to customers

The following tables present the ageing analysis of credit impaired (Stage 3 and POCI) loans and advances by product line at their gross carrying amounts, as well as the respective impairment allowance and the value of collaterals held to mitigate credit risk.

For denounced loans, the Group ceases to monitor the delinquency status and therefore the respective balances have been included in the 'over 360 days' time band, with the exception of consumer exposures which continue to be monitored up to 360 days past due.

	31 December 2021							
	Retail lending				Wholesale lending		Public sector	
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece and other countries € million	Lifetime ECL credit-impaired € million
up to 90 days	208	74	24	127	208	341	0	**981**
90 to 179 days	49	26	7	26	1	4	-	**113**
180 to 360 days	88	42	9	45	0	44	0	**228**
more than 360 days	153	77	99	271	203	649	2	**1,453**
Total gross carrying amount	**498**	**219**	**139**	**469**	**411**	**1,039**	**2**	**2,776**
Impairment allowance	(170)	(137)	(120)	(227)	(196)	(539)	(1)	**(1,391)**
Carrying amount	**328**	**82**	**18**	**242**	**215**	**499**	**1**	**1,386**
Value of Collateral	**365**	**4**	**0**	**218**	**264**	**577**	**0**	**1,428**

	31 December 2020							
	Retail lending				Wholesale lending		Public sector	
	Mortgage € million	Consumer € million	Credit card € million	Small business € million	Large corporate € million	SMEs € million	Greece € million	Lifetime ECL credit-impaired € million
up to 90 days	541	79	23	228	218	305	-	1,393
90 to 179 days	48	26	8	28	21	53	-	184
180 to 360 days	56	32	17	18	4	78	-	205
more than 360 days	1,134	418	129	814	387	1,058	2	3,942
Total gross carrying amount	1,779	555	177	1,087	629	1,494	2	5,724
Impairment allowance	(665)	(461)	(157)	(520)	(294)	(757)	(1)	(2,855)
Carrying amount	1,114	94	21	567	336	737	1	2,869
Value of Collateral	1,341	95	0	638	407	798	0	3,280

Note: As at 31 December 2021, total gross carrying amount of credit impaired loans includes POCI loans of € 44 million (2020: € 43 million).

(b) Collaterals and repossessed assets

Collaterals

The Loan-to-Value (LTV) ratio of the mortgage lending reflects the gross loan exposure at the balance sheet date over the market value of the property held as collateral.

The LTV ratio of the mortgage portfolio is presented below:

	2021 € million	2020 € million
Mortgages		
Less than 50%	**2,630**	2,745
50%-70%	**2,100**	2,096
71%-80%	**1,508**	1,483
81%-90%	**1,010**	1,104
91%-100%	**994**	1,589
101%-120%	**680**	863
121%-150%	**516**	705
Greater than 150%	**666**	1,065
Total exposure	**10,105**	11,650
Average LTV	**61.82%**	69.25%

The breakdown of collateral and guarantees for loans and advances to customers at amortised cost is presented below:

	31 December 2021				
	Value of collateral received				**Guarantees received[1]**
	Real Estate € million	**Financial € million**	**Other € million**	**Total € million**	**€ million**
Retail Lending	**10,522**	**504**	**335**	**11,360**	**616**
Wholesale Lending	**4,795**	**1,139**	**10,184**	**16,118**	**376**
Public sector	**1**	**1**	**0**	**2**	**-**
Total	**15,318**	**1,644**	**10,519**	**27,480**	**992**

	31 December 2020				
	Value of collateral received				Guarantees Received
	Real Estate € million	Financial € million	Other € million	Total € million	€ million
Retail Lending[2]	12,202	480	286	12,968	516
Wholesale Lending	5,107	933	7,910	13,950	356
Public sector	1	1	0	2	-
Total	17,310	1,414	8,196	26,920	872

[1] In addition to the above presented guarantees, in December 2021, the Group has entered into two financial guarantees contracts 'Wave I' and 'Wave II' related to the portfolios of performing SMEs and large corporate loans of € 1.7 billion (note 20).

[2] Where appropriate, comparative information has been adjusted in order to align with current year's presentation of collateral and guarantees received.

The collaterals presented in the above table under category "Other", include assigned receivables, equipment, inventories, vessels, etc. They also include the amount of the securitized loans held by the securitizations vehicles that issued the Pillar, Cairo and Mexico senior notes. The amount of the securitized loans has been capped to the gross carrying amount of the senior notes. In addition, the senior notes of the Cairo and Mexico securitizations are guaranteed by the Hellenic Republic in the context of Hellenic Asset Protection Scheme (note 20).

Repossessed assets

The Group recognizes collateral assets on the balance sheet by taking possession usually through legal processes or by calling upon other credit enhancements. As at 31 December 2021, the carrying amount of repossessed assets which are included in “Other assets” amounted to € 572 million (31 December 2020: € 586 million), note 29. These assets are carried at the lower of cost and net realizable value (note 2.2.18).

The main type of collateral that the Group repossesses against repayment or reduction of the outstanding loan is real estate. The below table presents the movement of repossessed real estate assets during the year, including a) those transferred to the appropriate category based on their use by the Group as part of its operations i.e. investment property or own-used (notes 2.2.6, 26, and 27) and b) those reclassified to “held for sale” category (notes 30).

	2021			2020		
	Real estate			Real estate		
	Residential	**Commercial**	**Total**	Residential	Commercial	Total
	€ million	**€ million**	**€ million**	€ million	€ million	€ million
Balance at 1 January	**208**	**377**	**585**	**206**	**330**	**536**
Additions[(1)]	12	23	35	33	47	80
Transfers to investment property	(1)	(2)	(3)	-	(2)	(2)
Disposals	(4)	(12)	(16)	(9)	(7)	(16)
Valuation losses	(2)	(3)	(5)	(3)	(9)	(12)
Held for Sale (note 30)	(3)	(21)	(24)	-	-	-
Other	(1)	-	(1)	(19)	18	(1)
Balance at 31 December	**209**	**362**	**571**	208	377	585

[(1)] The carrying amount of the real estate properties obtained during the year and held at the year ended 31 December 2021 amounted to € 34 million (31 December 2020: € 80 million).

In addition, the Group repossesses other types of collaterals mainly referring to equity positions due to the participation in debt for equity transactions as part of forbearance measures (see below “Debt for equity swaps”). The other types of collaterals obtained by the Group during the year as a result of repossession and held at the year ended 31 December 2021 amounted to € 2.9 million (31 December 2020: € 0.4 million).

(c) Geographical and industry concentrations of loans and advances to customers

As described above in note 5.2.1, the Group holds diversified portfolios across markets and countries and implements limits on concentrations arising from the geographical location or the activity of groups of borrowers that could be similarly affected by changes in economic or other conditions, in order to mitigate credit risk.

Notes to the Consolidated Financial Statements

The following tables break down the Group's exposure into loans and advances to customers and credit related commitments at their gross carrying amount and nominal amount respectively by stage, product line, industry and geographical region and impairment allowance by product line, industry and geographical region:

	31 December 2021											
	Greece				Rest of Europe				Other Countries			
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount			
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million
Retail Lending	**8,873**	**3,433**	**1,092**	**(812)**	**3,103**	**357**	**232**	**(178)**	**8**	**0**	**1**	**(1)**
-Mortgage	*5,300*	*2,609*	*403*	*(257)*	*1,565*	*126*	*95*	*(68)*	*6*	*0*	*1*	*(1)*
-Consumer	*850*	*125*	*135*	*(138)*	*1,054*	*142*	*84*	*(66)*	*2*	*0*	*0*	*(0)*
-Credit card	*566*	*34*	*132*	*(132)*	*101*	*11*	*7*	*(5)*	*0*	*0*	*0*	*(0)*
-Small business	*2,158*	*665*	*423*	*(286)*	*383*	*79*	*46*	*(40)*	*0*	*0*	*-*	*(0)*
Wholesale Lending	**8,365**	**1,104**	**1,204**	**(744)**	**9,369**	**551**	**223**	**(124)**	**2,830**	**13**	**22**	**(12)**
-Commerce and services[(2)]	*3,159*	*516*	*606*	*(384)*	*6,373*	*109*	*72*	*(49)*	*727*	*-*	*9*	*(7)*
-Manufacturing	*2,520*	*247*	*178*	*(147)*	*772*	*46*	*28*	*(15)*	*0*	*-*	*-*	*-*
-Shipping	*6*	*3*	*50*	*(49)*	*224*	*-*	*19*	*(15)*	*1,931*	*3*	*13*	*(4)*
-Construction	*952*	*80*	*142*	*(92)*	*477*	*31*	*20*	*(16)*	*65*	*8*	*-*	*(0)*
-Tourism	*975*	*248*	*224*	*(62)*	*274*	*128*	*18*	*(2)*	*-*	*-*	*-*	*-*
-Energy	*682*	*3*	*0*	*(5)*	*177*	*23*	*20*	*(5)*	*-*	*-*	*-*	*-*
-Other	*70*	*6*	*3*	*(5)*	*1,072*	*215*	*46*	*(22)*	*107*	*2*	*-*	*(0)*
Public Sector	**30**	**2**	**1**	**(2)**	**1**	**0**	**1**	**(0)**	**-**	**-**	**-**	**-**
Total	***17,268***	***4,539***	***2,298***	***(1,557)***	***12,473***	***908***	***456***	***(302)***	***2,838***	***14***	***23***	***(12)***
Credit related Commitments	**4,125**	**271**	**46**	**(41)**	**2,073**	**120**	**5**	**(7)**	**199**	**2**	**0**	**(0)**
-Loan commitments	*3,085*	*168*	*2*	*(8)*	*1,591*	*94*	*3*	*(4)*	*196*	*2*	*0*	*(0)*
-Financial guarantee contracts and other commitments	*1,041*	*104*	*45*	*(33)*	*482*	*26*	*1*	*(2)*	*3*	*-*	*0*	*(0)*

	31 December 2020															
	Greece				Rest of Europe				Other Countries							
	Gross carrying/nominal amount				Gross carrying/nominal amount				Gross carrying/nominal amount							
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Impairment allowance € million				
Retail Lending	8,954	4,080	3,306	(2,073)	2,548	345	292	(161)	9	0	1	(0)				
-Mortgage	5,760	2,659	1,615	(779)	1,313	132	163	(62)	7	0	1	(0)				
-Consumer	801	248	503	(485)	804	129	52	(49)	1	0	0	(0)				
-Credit card	535	46	173	(180)	88	22	5	(4)	0	0	0	(0)				
-Small business	1,858	1,127	1,016	(628)	342	62	71	(46)	0	0	-	(0)				
Wholesale Lending	8,209	1,303	1,761	(1,056)	6,767	678	326	(158)	2,204	14	36	(26)				
-Commerce and services[(2)]	3,415	495	980	(587)	4,301	96	119	(83)	443	0	20	(15)				
-Manufacturing	2,396	312	292	(198)	573	81	27	(13)	-	-	-	-				
-Shipping	7	3	50	(47)	199	-	18	(14)	1,589	4	16	(11)				
-Construction	758	144	226	(118)	483	33	31	(20)	67	7	0	(0)				
-Tourism	971	339	207	(91)	190	86	18	(2)	-	-	-	-				
-Energy	641	5	1	(5)	180	20	18	(2)	-	-	-	-				
-Other	21	5	4	(8)	841	362	96	(23)	105	2	-	(0)				
Public Sector	22	17	1	(2)	1	-	1	(0)	-	-	-	-				
Total	17,185	5,399	5,068	(3,131)	9,316	1,023	619	(320)	2,213	14	37	(26)				
Credit related Commitments	3,428	307	52	(62)	1,741	93	4	(4)	69	18	0	(0)				
-Loan commitments	2,853	206	1	(26)	1,373	80	3	(2)	66	2	0	(0)				
-Financial guarantee contracts and other commitments	575	101	50	(35)	368	13	1	(2)	3	16	0	(0)				

[(1)] Includes POCI loans of € 44.1 million held by operations in Rest of Europe (2020: € 42.9 million in Rest of Europe).

[(2)] The operations in Rest of Europe include € 5,106 million related to the notes of the Pillar, Cairo and Mexico securitizations (2020: € 3,498 million in Rest of Europe related to the notes of the Pillar and Cairo securitizations) .

As at 31 December 2021, the carrying amount of Group's loans measured at FVTPL of € 23 million (2020: € 27 million) were included in Wholesale lending portfolio, of which € 20 million (2020: € 16 million) were held by operations in Greece, while € 3.5 million (2020: € 11 million) were held by operations in Rest of Europe.

(d) Forbearance practices on lending activities

Modifications of the loans' contractual terms may arise due to various factors, such as changes in market conditions, customer retention and other factors as well as due to the potential deterioration in the borrowers' financial condition. The Group has employed a range of forbearance solutions in order to enhance the management of customer relationships and the effectiveness of collection efforts, as well as to improve the recoverability of cash flows and minimize credit losses for both retail and wholesale portfolios.

Forbearance practices' classification

Forbearance practices as monitored and reported by the Group, based on the European Banking Authority Implementing Technical Standards (EBA ITS) guidelines, occur only in the cases where the contractual payment terms of a loan have been modified, as the borrower is considered unable to comply with the existing loan's terms due to apparent financial difficulties, and the Group grants a concession by providing more favorable terms and conditions that it would not otherwise consider had the borrower not been in financial difficulties.

All other types of modifications granted by the Group, where there is no apparent financial difficulty of the borrower and may be driven by factors of a business nature are not classified as forbearance measures.

Forbearance solutions

Forbearance solutions are granted following an assessment of the borrower's ability and willingness to repay and can be of a short or longer term nature. The objective is to assist financially stressed borrowers by rearranging their repayment cash outflows into a sustainable modification, and at the same time, protect the Group from suffering credit losses. The Group deploys targeted segmentation strategies with the objective to tailor different short or long term and sustainable management solutions to selected groups of borrowers for addressing their specific financial needs.

The nature and type of forbearance options may include but is not necessarily limited to, one or more of the following:

- arrears capitalization;
- arrears repayment plan;
- reduced payment above interest only;
- interest-only payments;
- reduced payment below interest only;
- grace period;
- interest rate reduction;
- loan term extensions;
- split balance and gradual step-up of installment payment plans;
- partial debt forgiveness/write-down;
- operational restructuring; and
- debt to equity swaps.

Specifically for unsecured consumer loans (including credit cards), forbearance programs (e.g. term extensions), are applied in combination with debt consolidation whereby all existing consumer balances are pooled together. Forbearance solutions are applied in order to ensure a sufficient decrease on installment and a viable solution for the borrower. In selected cases, the debt consolidations may be combined with mortgage prenotations to convert unsecured lending exposures to secured ones.

In the case of mortgage loans, a decrease of installment may be achieved through forbearance measures such as extended payment periods, capitalization of arrears, split balance and gradual step-up of installment payment plans.

Wholesale exposures are subject to forbearance when there are indications of financial difficulties of the borrower, evidenced by a combination of factors including the deterioration of financials, credit rating downgrade, payment delays and other.

During 2020 in response to the COVID-19 pandemic, the EBA published guidelines on payment moratoria whereby the application of a general payment moratorium that meets the requirements of the guidelines would not in itself lead to a reclassification under the definition of forbearance. However, institutions should continue to categorize the exposures as performing or non-performing in accordance with the applicable requirements. More precisely, as a general principle, before granting a forbearance measure, credit institutions should carry out an individual assessment of the repayment capacity of the borrower and grant forbearance measures tailored to the specific circumstances of the borrower in question.

Based on this, and following the internal process of individual assessments the Bank flagged as forbearance measures certain payment moratoria for accounts in the hotel sector, which were considered to have increased financial difficulties.

Debt for equity swaps

For wholesale portfolios, the Group on occasion participates in debt for equity transactions as part of forbearance measures, as described in note 2.2.9. In 2021, equity positions acquired by the Group and held as of 31 December 2021 relate to a) the participation of 100% in Village Roadshow Operations Hellas S.A. for € 1 million and b) the participation of 29.48% in Intertech S.A. – International Technologies for a cash consideration of € 1.9 million (note 30). Similarly in 2020, equity positions acquired by the Group and held as of 31 December 2020 related to the participation of 18.9% in Perigenis Business Properties S.A. for € 9.1 million, a special purpose real estate company which was established in the context of the debt restructuring of a Bank's corporate customer.

i. Classification of Forborne loans

Forborne loans are classified either as non-impaired (stage 2), or impaired (stage 3) by assessing their delinquency and credit quality status.

Credit impaired forborne loans enter initially a probation period of one year where the borrowers' payment performance is closely monitored. If at the end of the abovementioned period, the borrowers have complied with the terms of the program and there are no past due amounts and concerns regarding the loans' full repayment, the loans are then reported as non-impaired forborne loans (stage 2). In addition, non-impaired forborne loans, including those that were previously classified as credit impaired and complied with the terms of the program, are monitored over a period of two years. If, at the end of that period, the borrowers have made regular payments of a significant aggregate amount, there are no past due amounts over 30 days and the loans are neither credit impaired nor any other SICR criteria are met they exit forborne status and are classified as stage 1.

Particularly, the category of credit impaired forborne loans includes those that (a) at the date when forbearance measures were granted, were more than 90 days past due or assessed as unlikely to pay, (b) at the end of the one year probation period met the criteria of entering the non -impaired status and during the two years monitoring period new forbearance measures were extended or became more than 30 days past due, and (c) were initially classified as non- impaired and during the two years monitoring period met the criteria for entering the credit impaired status.

Furthermore, forborne loans that fail to perform under the new modified terms and are subsequently denounced cease to be monitored as part of the Group's forbearance activities and are reported as denounced credit impaired loans (stage 3) consistently with the Group's management and monitoring of all denounced loans.

ii. Impairment assessment

Where forbearance measures are extended, the Group performs an assessment of the borrower's financial condition and its ability to repay, under the Group's impairment policies, as described in notes 2.2.13 and 5.2.1. Accordingly, forborne loans to wholesale customers, retail individually significant exposures and financial institutions are assessed on an individual basis. Forborne retail lending portfolios are generally assessed for impairment separately from other retail loan portfolios on a collective basis as they consist of large homogenous portfolio.

iii. Loan restructurings

In cases where the contractual cash flows of a forborne loan have been substantially modified, the original forborne loan is derecognized and a new loan is recognized. The Group records the modified asset as a 'new' financial asset at fair value and the difference with the carrying amount of the existing one is recorded in the income statement as derecognition gain or loss.

In cases where the modification as a result of forbearance measures is not considered substantial, the Group recalculates the gross carrying amount of the loan and recognizes the difference as a modification gain or loss in the income statement. The Group continues to monitor the modified forborne loan in order to determine if the financial asset exhibits significant increase in credit risk since initial recognition during the forbearance period.

As at 31 December 2021, the carrying amount of Group's forborne loans measured at FVTPL amounted to € 3.5 million (2020: € 3.5 million).

The following tables present an analysis of Group's forborne activities for loans measured at amortised cost. In order to align with the quantitative information provided in section (a) based on revised IFRS 7 requirements, the relevant tables below are presented on a gross carrying amount basis, while cumulative impairment allowance is presented separately, in line with the Group's internal credit risk monitoring and reporting.

The following table presents a summary of the types of the Group's forborne activities:

	2021 € million	2020 € million
Forbearance measures:		
Split balance	**423**	1,114
Loan term extension	**1,468**	2,184
Arrears capitalisation	**183**	224
Reduced payment below interest owed	**112**	111
Interest rate reduction	**237**	500
Reduced payment above interest owed	**121**	113
Arrears repayment plan	**163**	180
Interest only	**33**	39
Grace period	**77**	80
Debt/equity swaps	**16**	12
Partial debt forgiveness/Write-down	**27**	39
Operational restructuring	**10**	71
Other	**75**	160
Total gross carrying amount	**2,946**	4,826
Less: cumulative impairment allowance	**(465)**	(1,078)
Total carrying amount	**2,481**	3,748

The following tables present a summary of the credit quality of forborne loans and advances to customers:

	31 December 2021		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
Gross carrying amounts:			
12-month ECL-Stage 1	**32,578**	**-**	**-**
Lifetime ECL-Stage 2	**5,461**	**1,926**	**35.3**
Lifetime ECL-Stage 3 and POCI	**2,776**	**1,021**	**36.8**
Total Gross Amount	**40,815**	**2,946**	**7.2**
Cumulative ECL Loss allowance:			
12-month ECL-Stage 1	**(171)**	**-**	
Lifetime ECL-Stage 2	**(311)**	**(103)**	
Lifetime ECL-Stage 3 and POCI of which:	**(1,391)**	**(362)**	
- Individually assessed	*(672)*	*(194)*	
- Collectively assessed	*(718)*	*(168)*	
Total carrying amount	**38,943**	**2,481**	**6.4**
Collateral received	**27,480**	**2,221**	

	31 December 2020		
	Total loans & advances at amortised cost € million	Forborne loans & advances € million	% of Forborne loans & advances
Gross carrying amounts:			
12-month ECL-Stage 1	28,714	-	-
Lifetime ECL-Stage 2	6,436	2,974	46.2
Lifetime ECL-Stage 3 and POCI	5,724	1,852	32.4
Total Gross Amount	40,874	4,826	11.8
Cumulative ECL Loss allowance:			
12-month ECL-Stage 1	(183)	-	
Lifetime ECL-Stage 2	(439)	(257)	
Lifetime ECL-Stage 3 and POCI of which:	(2,855)	(821)	
- *Individually assessed*	(925)	(312)	
- *Collectively assessed*	(1,930)	(509)	
Total carrying amount	37,397	3,748	10.0
Collateral received	26,920	3,399	

The following table presents the movement of forborne loans and advances:

	2021 € million	2020 € million
Gross carrying amount at 1 January	**4,826**	**7,461**
Forbearance measures in the year[1]	481	610
Forborne loans derecognised/ reclassified as held for sale during the year [2]	(1,128)	(1,621)
Write-offs of forborne loans	(33)	(35)
Repayment of loans	(260)	(241)
Loans & advances that exited forbearance status [3]	(992)	(1,296)
Other	53	(51)
Less: cumulative impairment allowance	(465)	(1,078)
Carrying amount at 31 December	**2,481**	**3,748**

[1] Forbearnce measures in the year depict loans to which forbearance measures were granted for the first time during the reporting period.

[2] "Forborne loans derecognised/ reclassified as held for sale during the year" presents loans derecognized during the year due to a) securitization/ sale transactions and b) substantial modifications of the loans' contractual terms and those that have been reclassified as held for sale during the year.

[3] In 2021, an amount of € 48 million loans and advances that exited forbearance status refers to loans that were denounced (2020: € 188 million).

Notes to the Consolidated Financial Statements

The following table presents the Group's exposure to forborne loans and advances by product line:

	2021 € million	2020 € million
Retail Lending	**1,985**	3,547
- Mortgage	*1,358*	*2,381*
- Consumer	*123*	*238*
- Credit card	*47*	*58*
- Small business	*456*	*870*
Wholesale Lending	**961**	1,279
-Large corporate	*295*	*541*
-SMEs	*667*	*738*
Total gross carrying amount	**2,946**	4,826
Less: cumulative impairment allowance	**(465)**	(1,078)
Total carrying amount	**2,481**	3,748

The following table presents the Group's exposure to forborne loans and advances by geographical region:

	2021 € million	2020 € million
Greece	**2,591**	4,415
Rest of Europe	**351**	403
Other countries	**5**	8
Total gross carrying amount	**2,946**	4,826
Less: cumulative impairment allowance	**(465)**	(1,078)
Total carrying amount	**2,481**	3,748

The following table provides information on modifications due to forbearance measures on lending exposures which have not resulted in derecognition. Such financial assets were modified while they had a loss allowance measured at an amount equal to lifetime ECL.

Modified lending exposures	2021 € million	2020 € million
Loans modified during the year with loss allowance measured at an amount equal to lifetime ECL		
Gross carrying amount at 31 December[(1)]	745	1,076
Modification gain / (loss)	18	(31)
Loans modified since initial recognition at a time when loss allowance was based on lifetime ECL		
Gross carrying amount at 31 December for which loss allowance has changed to 12-month ECL measurement	614	778

[(1)] Gross carrying amount at 31 December includes all loans modifications due to forbearance during the year.

In the year ended 31 December 2021, the gross carrying amount of loans previously modified for which the loan allowance has reverted to being measured at an amount equal to lifetime ECL amounted to € 504 million (2020: € 671 million).

(e) Covid-19 relief ('moratoria') and government support measures

Covid-19 relief measures ('moratoria')

In the last two years, the Group took all appropriate actions to address liquidity difficulties of businesses and individuals caused by the limited or suspended operations of businesses due to the Covid-19 pandemic. Information regarding the Covid-19 relief measures activated by the Group as well as the respective borrowers' eligibility criteria is provided in note 5.2.1.2 (e) of the consolidated financial statements for the year ended 31 December 2020. As at 31 December 2021, the Group's moratoria had expired (31 December 2020: gross carrying amount of € 2.8 billion).

Government support measures

In addition to the relief measures activated by the Group, the governments in the countries where the Group operates have initiated various programs, in order to stimulate liquidity and economic activity and to alleviate the consequences of the Covid-19 outbreak.

The main programs that have been available to eligible borrowers in Greece include:

(I) State participation (of 40% or 5%) on newly disbursed loans granted by the Bank that is zero-interest bearing, accompanied with a government-subsidy for the interest bearing part of the principal (of 60% or 95% respectively) for the first 2 years. As at 31 December 2021, the Bank had utilized € 0.4 billion under the program,

(II) State aid in the form of a guarantee for the 80% of the principal and accrued interest during a period of 90 consecutive days. As at 31 December 2021, the Bank had utilized € 1.4 billion under the program,

(III) ''Gefyra I'' subsidy program, applicable to the Retail lending portfolio secured with prime residence collateral, involving 9-months installments' state subsidy on existing lending exposures which in October 2021 received a 3 month extension on the subsidy (Law 4842/2021) for the existing eligible borrowers. As at 31 December 2021, the gross carrying amount of the lending exposures under the program amounted to € 1.2 billion,

(IV) "Gefyra II" subsidy program (Law 4790/2021) activated in 2021, applicable to Covid-19 affected eligible small business professionals and legal entities, as well as SMEs, involving 8-months state subsidy of up to 90% of monthly installment on existing lending exposures, followed by a probation period from 6 up to 18 months, depending on the loan performance. As at 31 December 2021, the gross carrying amount of the lending exposures under the program amounted to € 0.8 billion,

(V) In December 2020, the Bank signed an agreement with the European Investment Bank (EIB) for the disbursement of new loans financed by EIB. As at 31 December 2021, no significant lending exposures had been disbursed under the program,

(VI) In December 2021, the Bank entered into Guarantee Agreements with EIB and EIF (European Investment Fund) under the Pan-European Guarantee Fund (EGF), which was established with the support of certain member States of the EU to respond to the economic impact of the Covid-19 pandemic. The above programs will be activated within 2022,

(VII) A three-month, government interest subsidy program on existing corporate loans was initiated in February 2021, which could be opted in combination with the other Covid-19 relief measures. The above interest subsidy program expired in the fourth quarter of 2021.

It is noted that the credit enhancement provided by the guarantee programs mentioned above, is not accounted for separately as it is integral to the loans' terms and as such it is reflected in the guaranteed loans' ECL measurement.

As at 31 December 2021, the gross carrying amount of loans under government support measures enacted as a response to Covid-19 pandemic in the countries that the Group operates amounted to € 303 million.

5.2.1.3 Debt Securities

The following tables present an analysis of debt securities by external credit rating agency designation at 31 December 2021 and 2020, based on Moody's ratings or their equivalent:

	31 December 2021		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Debt securities at amortised cost			
Aaa	**636**	**-**	**636**
Aa1 to Aa3	**108**	**-**	**108**
Lower than A3	**3,928**	**-**	**3,928**
Gross Carrying Amount	**4,672**	**-**	**4,672**
Impairment Allowance	**(6)**	**-**	**(6)**
Carrying Amount	**4,666**	**-**	**4,666**
Debt securities at FVOCI			
Aaa	**591**	**-**	**591**
Aa1 to Aa3	**271**	**-**	**271**
A1 to A3	**567**	**-**	**567**
Lower than A3	**4,899**	**9**	**4,908**
Unrated	**128**	**-**	**128**
Carrying Amount	**6,456**	**9**	**6,465**

	31 December 2020		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Debt securities at amortised cost			
Aaa	195	-	195
Aa1 to Aa3	105	-	105
A1 to A3	5	-	5
Lower than A3	2,484	-	2,484
Gross Carrying Amount	2,789	-	2,789
Impairment Allowance	(5)	-	(5)
Carrying Amount	2,784	-	2,784
Debt securities at FVOCI			
Aaa	276	-	276
Aa1 to Aa3	435	-	435
A1 to A3	586	-	586
Lower than A3	4,070	10	4,080
Unrated	77	-	77
Carrying Amount	5,444	10	5,454

	31 December 2021	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
Debt securities at FVTPL		
Aa1 to Aa3	**-**	**1**
Lower than A3	**69**	**0**
Carrying Amount	**69**	**1**

	31 December 2020	
	Debt securities held for trading € million	Debt securities measured at FVTPL € million
Debt securities at FVTPL		
Aa1 to Aa3	-	2
Lower than A3	42	0
Carrying Amount	42	2

Securities rated lower than A3 include: € 5,322 million related to Greek sovereign debt (2020: € 4,038 million), € 1,246 million related to Eurozone members sovereign debt (2020: € 1,208 million) and € 763 million related to sovereign debt issued mainly by European Union members and candidate members (2020: € 547 million).

The total exposure of the Group on Russian government and corporate debt securities as at 31 December 2021 amounted to € 48 million (carrying value).

The following tables present the Group's exposure in debt securities, as categorized by stage, counterparty's geographical region and industry sector:

	31 December 2021					
	Greece		Other European countries	Other countries		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	12-month ECL-Stage 1 € million	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Debt securities at amortised cost						
Sovereign	**3,162**	**-**	**519**	**-**	**-**	**3,681**
Banks	**311**	**-**	**196**	**-**	**-**	**507**
Corporate	**-**	**-**	**299**	**185**	**-**	**484**
Gross Carrying Amount	**3,473**	**-**	**1,014**	**185**	**-**	**4,672**
Impairment Allowance	**(5)**	**-**	**(1)**	**(0)**	**-**	**(6)**
Net Carrying Amount	**3,468**	**-**	**1,013**	**185**	**-**	**4,666**
Debt securities at FVOCI						
Sovereign	**2,149**	**-**	**1,859**	**615**	**-**	**4,623**
Banks	**166**	**-**	**311**	**-**	**-**	**477**
Corporate	**373**	**7**	**707**	**276**	**2**	**1,365**
Carrying Amount	**2,688**	**7**	**2,877**	**891**	**2**	**6,465**

	31 December 2020					
	Greece		Other European countries	Other countries		
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	12-month ECL-Stage 1 € million	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	Total € million
Debt securities at amortised cost						
Sovereign	1,951	-	527	-	-	2,478
Banks	106	-	161	2	-	269
Corporate	-	-	42	-	-	42
Gross Carrying Amount	2,057	-	730	2	-	2,789
Impairment Allowance	(4)	-	(1)	(0)	-	(5)
Net Carrying Amount	2,053	-	729	2	-	2,784
Debt securities at FVOCI						
Sovereign(1)	2,067	-	1,886	265	-	4,218
Banks	95	-	384	4	-	483
Corporate	149	6	406	188	4	753
Carrying Amount	2,311	6	2,676	457	4	5,454

(1) *Sovereign debt securities of other European countries include EFSF bonds of carrying amount of € 171 million.*

	31 December 2021			
	Greece € million	**Other European countries € million**	**Other countries € million**	**Total € million**
Debt securities at FVTPL				
Corporate	**0**	**1**	**-**	**1**
Carrying Amount	**0**	**1**	**-**	**1**
Debt securities held for trading				
Sovereign	**14**	**19**	**-**	**33**
Corporate	**-**	**23**	**13**	**36**
Carrying Amount	**14**	**42**	**13**	**69**

	31 December 2020		
	Greece € million	Other European countries € million	Total € million
Debt securities at FVTPL			
Corporate	0	2	2
Carrying Amount	0	2	2
Debt securities held for trading			
Sovereign	22	20	42
Carrying Amount	22	20	42

5.2.1.4 Offsetting of financial assets and financial liabilities

The disclosures set out in the tables below include financial assets and financial liabilities that:

(a) are offset in the Group's balance sheet according to IAS 32 'Financial Instruments: Presentation' criteria; or
(b) are subject to enforceable master netting arrangements or similar agreements that cover similar financial instruments, irrespective of whether they are offset in balance sheet.

Regarding the former, financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously (the offset criteria), as also set out in Group's accounting policy 2.2.4.

Regarding the latter, the International Swaps and Derivatives Association (ISDA) and similar master netting arrangements do not meet the criteria for offsetting in the balance sheet, as they create a right of set-off that is enforceable only following an event of default, insolvency or bankruptcy of the Group or the counterparties or following other predetermined events. In addition, the Group and its counterparties may not intend to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

Similar agreements to ISDA include derivative clearing agreements, global master repurchase agreements, and global master securities lending agreements. Similar financial instruments include derivatives, repos and reverse repos agreements and securities borrowing and lending agreements. Financial instruments such as loans and deposits are not subject to this disclosure unless they are offset in the balance sheet.

The following tables present financial assets and financial liabilities that meet the criteria for offsetting and thus are reported on a net basis in the balance sheet, as well as amounts that are subject to enforceable master netting arrangements and similar agreements for which the offset criteria mentioned above are not satisfied. The latter amounts, which mainly relate to derivatives, repos and reverse repos, are not set off in the balance sheet. In respect of these transactions, the Group receives and provides collateral in the form of marketable securities and cash that are included in the tables below under columns 'financial instruments' and 'cash collateral' at their fair value.

	31 December 2021					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Reverse repos with banks	622	(591)	31	(31)	-	-
Derivative financial instruments	1,942	-	1,942	(1,803)	(40)	99
Oher financial assets	13	(13)	-	-	-	-
Total	2,577	(604)	1,973	(1,834)	(40)	99

	31 December 2021					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € million	**Gross amounts of recognised financial assets offset in the balance sheet € million**	**Net amounts of financial liabilities presented in the balance sheet € million**	**Financial instruments (incl. non-cash collateral) € million**	**Cash collateral pledged € million**	**Net amount € million**
Financial Liabilities						
Derivative financial instruments	**2,386**	**-**	**2,386**	**(695)**	**(1,642)**	**49**
Repurchase agreements with banks	**861**	**(591)**	**270**	**(270)**	**-**	**-**
Other financial liabilities	**13**	**(13)**	**-**	**-**	**-**	**-**
Total	**3,260**	**(604)**	**2,656**	**(965)**	**(1,642)**	**49**

	31 December 2020					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial assets € million	Gross amounts of recognised financial liabilities offset in the balance sheet € million	Net amounts of financial assets presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral received € million	Net amount € million
Financial Assets						
Reverse repos with central banks	19	-	19	(19)	-	-
Reverse repos with banks	1,265	(1,065)	200	(200)	-	-
Derivative financial instruments	2,537	-	2,537	(2,385)	(17)	135
Oher financial assets	51	(51)	-	-	-	-
Total	3,872	(1,116)	2,756	(2,604)	(17)	135

	31 December 2020					
				Related amounts not offset in the BS		
	Gross amounts of recognised financial liabilities € million	Gross amounts of recognised financial assets offset in the balance sheet € million	Net amounts of financial liabilities presented in the balance sheet € million	Financial instruments (incl. non-cash collateral) € million	Cash collateral pledged € million	Net amount € million
Financial Liabilities						
Derivative financial instruments	2,932	-	2,932	(753)	(2,163)	16
Repurchase agreements with banks	1,748	(1,065)	683	(683)	-	-
Other financial liabilities	51	(51)	-	-	-	-
Total	4,731	(1,116)	3,615	(1,436)	(2,163)	16

Financial assets and financial liabilities are disclosed in the above tables at their recognized amounts, either at fair value (derivative assets and liabilities) or amortized cost (all other financial instruments), depending on the type of financial instrument.

5.2.2 Market risk

The Group takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables. Changes in interest rates, foreign exchange rates, credit spreads, equity prices and other relevant factors, such as the implied volatilities, can affect the Group's income or the fair value of its financial instruments. The market risks, the Group is exposed to, are monitored, controlled and estimated by Group Market and Counterparty Risk Sector (GMCRS).

GMCRS is responsible for the measurement, monitoring, control and reporting of all market risks, including the interest rate risk in the Banking Book (IRRBB) of the Group. The Sector reports to the GCRO and its main responsibilities include:

- Monitoring of all key market & IRRBB risk indicators (VaR, sensitivities, etc.)
- Implementation of Stress Testing methodologies for market risk and IRRBB (historical and hypothetical),
- Monitoring and reporting of market and IRRBB risk limits utilization.
- Development, maintenance and expansion of risk management infrastructure.

The market risks the Group is exposed to, are the following:

(a) Interest rate risk

The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its cash flows and the fair value of its financial positions. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into 'General' and 'Specific'. The former refers to changes in the fair valuation of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair valuation of positions due to the movements of specific issuer yields and credit spreads.

(b) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

(c) Equity risk

Equity price risk is the risk of the decrease of fair values as a result of changes in the levels of equity indices and the value of individual stocks. The equity risk that the Group undertakes arises mainly from the investment portfolio.

(d) Implied volatilities

The Group carries limited implied volatility (vega) risk, mainly as a result of open positions on options.

The Board's Risk Committee sets limits on the level of exposure to market risks, which are monitored on a daily basis.

Market risk in Greece and International Subsidiaries is managed and monitored mainly using Value at Risk (VaR) methodology. Sensitivity and stress test analysis is additionally performed. Information from International operations is also presented separately, as it originates from different economic environments with different risk characteristics.

(i) VaR summary for 2021 and 2020

VaR is a methodology used in measuring financial risk by estimating the potential negative change in the market value of a portfolio at a given confidence level and over a specified time horizon. The VaR that the Group measures is an estimate based upon a 99% confidence level and a holding period of 1 day and the methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed).

The VaR models are designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation.

The perimeter of the VaR analysis in 2021 includes Eurobank Ergasias Services and Holdings S.A., Eurobank S.A. and its banking subsidiaries, taking into account the FVTPL, including trading and FVOCI portfolios. Consequently, the potential impact as it is depicted in the VaR figures would directly affect Group's Capital (income statement or equity).

Since VaR constitutes an integral part of the Group's market risk control regime, VaR limits have been established for all the above operations (trading and investment portfolios measured at fair value) and actual exposure is reviewed daily by management. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

VaR by risk type - Greece and International Subsidiaries (1)

	2021 (Average) € million	2021 € million	2020 (Average) € million	2020 € million
Interest Rate Risk	14	14	70	12
Foreign Exchange Risk	1	1	0	1
Equities Risk	0	0	1	0
Total VaR	14	14	70	12

(1) *Includes all portfolios measured at fair value.*

The aggregate VaR of the interest rate, foreign exchange and equities VaR benefits from diversification effects. The largest portion of the Group's Interest rate VaR figures is attributable to the risk associated with interest rate and credit spread sensitive debt securities and derivatives. The average VaR of 2021 is significantly reduced, compared to the average VaR of 2020, due to the smoothing out of the Covid-19 extreme volatility observed in the markets within 2020.

The following tables present the Interest Rate Repricing analysis of the securities, debt issued, securitization notes and derivatives contributing to the Group's Interest Rate Risk exposure.

	31 December 2021				
	less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Securities held for trading	**-**	**-**	**1**	**33**	**31**
-Fixed coupon bonds	*-*	*-*	*1*	*33*	*31*
-Variable coupon bonds	*-*	*-*	*-*	*-*	*-*
Investment securities & Senior Notes	**461**	**403**	**1,530**	**6,472**	**5,600**
-Fixed coupon bonds	*302*	*174*	*769*	*3,466*	*3,961*
-Variable coupon bonds	*159*	*190*	*447*	*-*	*-*
-Senior Notes (Cairo & Pillar & Mexico)	*-*	*38*	*313*	*3,006*	*1,639*
Debt issued (Third parties)	**-**	**(553)**	**(1)**	**(52)**	**(1,950)**
-Fixed coupon covered bonds	*-*	*-*	*-*	*-*	*-*
-Fixed coupon subordinated notes (Tier 2)	*-*	*-*	*-*	*-*	*(950)*
-Variable coupon securitisations	*-*	*(553)*	*-*	*-*	*-*
-EMTNs	*-*	*-*	*(1)*	*(52)*	*(1,000)*
Derivatives(1)	**885**	**204**	**1,430**	**1,539**	**(4,120)**

Notes to the Consolidated Financial Statements

	31 December 2020				
	less than 1 month € million	1-3 months € million	3-12 months € million	1-5 years € million	More than 5 years € million
Securities held for trading	-	1	-	24	13
-Fixed coupon bonds	-	1	-	24	13
-Variable coupon bonds	-	-	-	-	-
Investment securities & Senior Notes	219	278	619	4,637	4,376
-Fixed coupon bonds	180	100	485	2,149	3,579
-Variable coupon bonds	39	143	-	-	2
-Senior Notes (Pillar & Cairo)	-	35	134	2,488	795
Debt issued (Third parties)	-	(594)	(20)	(5)	(950)
-Fixed coupon covered bonds	-	-	-	-	-
-Fixed coupon subordinated notes (Tier 2)	-	-	-	-	(950)
-Variable coupon securitisations	-	(594)	-	-	-
-EMTNs	-	-	(20)	(5)	-
Derivatives[(1)]	410	(138)	1,407	1,306	(3,014)

[(1)] For linear interest rate derivatives, notional amounts are shown in the appropriate time band, aggregated across all currencies. For non-linear interest rate derivatives, delta equivalent notional amounts are shown in the appropriate time band, aggregated across all currencies.

(ii) Foreign exchange risk

The following tables present the Group's exposure to foreign currency exchange risk as at 31 December 2021 and 2020:

	31 December 2021							
	USD	CHF	RON	RSD	BGN	OTHER	EUR	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
ASSETS								
Cash and balances with central banks	13	5	0	237	686	8	12,565	13,515
Due from credit institutions	211	88	41	0	0	103	2,067	2,510
Securities held for trading	3	-	-	-	20	0	97	119
Derivative financial instruments	39	1	-	0	0	0	1,908	1,949
Loans and advances to customers	2,832	2,124	11	640	3,276	469	29,615	38,967
Investment securities	909	-	0	120	56	102	10,129	11,316
Other assets(1)	23	1	8	103	179	2	9,015	9,330
Assets of disposal groups classified as held for sale (note 30)	-	-	-	-	-	-	146	146
Total Assets	**4,029**	**2,219**	**59**	**1,100**	**4,218**	**684**	**65,543**	**77,852**
LIABILITIES								
Due to central banks and credit institutions	27	1	0	26	11	16	12,556	12,636
Derivative financial instruments	42	0	0	182	0	1	2,170	2,394
Due to customers	5,373	131	0	538	3,906	569	42,651	53,168
Debt securities in issue	38	-	-	-	-	-	2,514	2,552
Other liabilities	35	1	19	18	55	5	1,225	1,358
Liabilities of disposal group classified as held for sale (note 30)	-	-	-	-	-	-	109	109
Total Liabilities	**5,515**	**133**	**19**	**764**	**3,972**	**590**	**61,224**	**72,217**
Net on balance sheet position	**(1,485)**	**2,086**	**40**	**336**	**246**	**94**	**4,319**	**5,635**
Derivative forward foreign exchange position	**1,280**	**(2,084)**	**(24)**	**(53)**	**20**	**(95)**	**(60)**	**(1,015)**
Total Foreign Exchange Position	**(205)**	**2**	**16**	**283**	**266**	**(1)**	**4,259**	**4,620**

	31 December 2020 restated							
	USD € million	CHF € million	RON € million	RSD € million	BGN € million	OTHER € million	EUR € million	Total € million
ASSETS								
Cash and balances with central banks	8	6	0	211	498	7	5,907	6,637
Due from credit institutions	296	30	24	0	0	104	2,882	3,336
Securities held for trading	0	-	-	-	21	0	66	87
Derivative financial instruments	44	2	-	-	0	0	2,506	2,552
Loans and advances to customers	2,116	2,518	18	464	2,856	350	29,102	37,424
Investment securities	737	-	0	45	5	18	7,560	8,365
Other assets (note 2.3)[(1)]	20	0	3	85	175	1	8,997	9,281
Assets of disposal groups classified as held for sale (note 30)	-	-	-	-	-	-	39	39
Total Assets	3,221	2,556	45	805	3,555	480	57,059	67,721
LIABILITIES								
Due to central banks and credit institutions	81	0	0	0	14	37	9,369	9,501
Derivative financial instruments	61	0	0	0	0	1	2,877	2,939
Due to customers	4,370	104	0	328	3,240	410	38,838	47,290
Debt securities in issue	0	-	-	-	-	-	1,556	1,556
Other liabilities (note 2.3)	27	3	23	8	66	6	1,040	1,173
Total Liabilities	4,539	107	23	336	3,320	454	53,680	62,459
Net on balance sheet position	(1,318)	2,449	22	469	235	26	3,379	5,262
Derivative forward foreign exchange position	1,117	(2,452)	(18)	3	0	(63)	(240)	(1,653)
Total Foreign Exchange Position	(201)	(3)	4	472	235	(37)	3,139	3,609

[(1)] Other assets include Investments in associates and joint ventures, Property and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

The Bank has exposure on Structural FX position, due to its Subsidiary Bank in Serbia. Under the scenario of 10% depreciation of the RSD versus EUR, the impact in Group's equity as of 31 December 2021 would stand at € 22 million loss, significantly reduced compared to EOY 2020 (31 December 2020: € 49 million loss), following the Group's merger with Direktna and the relevant corporate actions (note 23.2).

5.2.3 Liquidity risk

The Group is exposed to daily calls on its available cash resources due to deposits withdrawals, maturity of medium or long-term notes, maturity of secured or unsecured funding (interbank repos and money market takings), loan drawdowns and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market), on risk mitigation contracts (CSAs, GMRAs) and on centrally cleared transactions (CCPs) result in liquidity exposure. The Group maintains cash resources to meet all of these needs. The Board Risk Committee sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

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

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

Liquidity Risk Management Framework

The Group’s Liquidity Risk Policy defines the following supervisory and control structure:

- Board Risk Committee's role is to approve all strategic liquidity risk management decisions and to monitor the quantitative and qualitative aspects of liquidity risk;
- Group Assets and Liabilities Committee has the mandate to form and implement the liquidity policies and guidelines in conformity with Group's risk appetite, and to review at least monthly the overall liquidity position of the Group;
- Group Treasury is responsible for the implementation of the Group's liquidity strategy, the daily management of the Group’s liquidity and for the preparation and monitoring of the Group’s liquidity budget; and
- Group Market and Counterparty Risk Sector is responsible for measuring, monitoring and reporting the liquidity risk of the Group.

The main items related to liquidity risk that are monitored on a periodic basis as summarized as follows:

- The analysis of liquidity buffer held on Group level per asset type and per subsidiary;
- Liquidity stress test scenarios. These scenarios evaluate the impact of a number of stress events on the Group's liquidity position;
- Market sensitivities affecting liquidity;
- The Liquidity Coverage Ratio (LCR) both in solo and group level;
- The Net Stable Funding Ratio (NSFR) both in solo and group level;
- The Additional Liquidity Monitoring Metrics (ALMM) both in solo and group level;
- The Asset Encumbrance (AE) both in solo and group level.

Notes to the Consolidated Financial Statements

Maturity analysis of assets and assets held for managing liquidity risk

The following tables present maturity analysis of Group assets as at 31 December 2021 and 2020, based on their carrying values. Loans without contractual maturities are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Under these contracts the Group has posted or received collateral, which covers the corresponding net liabilities or net assets from derivative transactions. The collateral posted is not presented in the below tables. For derivative assets not covered by ISDA/CSA agreements the positive valuation is presented at fair value in the 'over 1 year' time bucket.

	31 December 2021				
	Less than 1 month € million	**1 - 3 months € million**	**3 months to 1 year € million**	**Over 1 year € million**	**Total € million**
- Cash and balances with central banks	**13,515**	**-**	**-**	**-**	**13,515**
- Due from credit institutions	**484**	**-**	**-**	**140**	**624**
- Loans and advances to customers	**2,857**	**799**	**3,680**	**31,631**	**38,967**
- Debt Securities	**309**	**179**	**789**	**9,924**	**11,201**
- Equity securities	**-**	**-**	**-**	**234**	**234**
- Derivative financial instruments	**-**	**-**	**-**	**104**	**104**
- Other assets[(1)]	**66**	**17**	**9**	**9,238**	**9,330**
- Assets of disposal groups classified as held for sale (note 30)	**-**	**6**	**140**	**-**	**146**
Total	**17,231**	**1,001**	**4,618**	**51,271**	**74,121**

	31 December 2020 restated				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Total € million
- Cash and balances with central banks	6,637	-	-	-	6,637
- Due from credit institutions	612	22	-	223	857
- Loans and advances to customers	2,890	961	3,602	29,971	37,424
- Debt Securities	207	84	491	7,500	8,282
- Equity securities	-	-	-	170	170
- Derivative financial instruments	-	-	-	148	148
- Other assets (note 2.3)[(1)]	66	17	9	9,189	9,281
- Assets of disposal groups classified as held for sale	-	-	39	-	39
Total	10,412	1,084	4,141	47,201	62,838

[(1)] Other assets include Investments in associates and joint ventures, Property, plant and equipment, Investment property, Intangible assets, Deferred tax assets and Other assets.

The Group holds a diversified portfolio of cash and highly liquid assets to support payment obligations and contingent deposit withdrawals in a stressed market environment. The Group's assets held for managing liquidity risk comprise:

(a) Cash and balances with central banks;

(b) Eligible bonds and other financial assets for collateral purposes; and

(c) Current accounts with banks and interbank placings maturing within one month.

The unutilized assets, containing highly liquid and central banks eligible assets, provide a contingent liquidity reserve of € 16.9 billion as at 31 December 2021 (2020: € 12.0 billion). In addition, the Group holds other types of liquid assets, as defined by the regulator, amounting to € 7.5 billion (cash value) (2020: € 8.1 billion, including € 6 billion previously included in high liquid assets). It should be noted that a part of ECB's available collateral of € 1.3 billion (cash value) (2020: € 4.1 billion) is held by Group's subsidiaries for which temporary local regulatory restrictions are applied and currently limit the level of its transferability between group entities.

Maturity analysis of liabilities

The amounts disclosed in the tables below are the contractual undiscounted cash flows for the years 2021 and 2020. Liabilities without contractual maturities (sight and saving deposits) are presented in the 'less than 1 month' time bucket. The Group has established credit risk mitigation contracts with its interbank counterparties (ISDA/CSA). Due to these contracts the Group has already posted collateral which covers the valuation of its net liabilities from interbank derivatives. For derivative liabilities not covered by ISDA/CSA agreements the negative valuation is presented at fair value in the 'less than 1 month' time bucket.

It should be noted that this table represents the worst case scenario since it is based on the assumption that all liabilities will be paid earlier than expected (all term deposits are withdrawn at their contractual maturity). The recent experience shows that even in a period of a systemic financial crisis the likelihood of such an event is remote.

	31 December 2021				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to central banks and credit institutions	**442**	**23**	**2,756**	**9,301**	**12,522**
- Due to customers	**44,934**	**3,661**	**4,386**	**195**	**53,176**
- Debt securities in issue	**31**	**1**	**60**	**2,737**	**2,829**
- Lease liabilities	**3**	**6**	**27**	**221**	**257**
- Other liabilities	**416**	**456**	**239**	**-**	**1,111**
- Liabilities of disposal group classified as held for sale (note 30)	**-**	**-**	**109**	**-**	**109**
	45,826	**4,147**	**7,577**	**12,454**	**70,004**
Derivative financial instruments	**16**	**-**	**-**	**-**	**16**

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	**1,757**	**5,084**
Contractual commitments[1]	**43**	**-**
Total	**1,800**	**5,084**

	31 December 2020 restated				
	Less than 1 month € million	1 - 3 months € million	3 months to 1 year € million	Over 1 year € million	Gross nominal (inflow)/ outflow € million
Non-derivative liabilities:					
- Due to central banks and credit institutions	649	260	83	8,412	9,404
- Due to customers	37,203	4,262	5,541	296	47,302
- Debt securities in issue	-	166	131	1,717	2,014
- Lease liabilities	3	7	27	327	364
- Other liabilities (note 2.3)	286	406	261	-	953
	38,141	5,101	6,043	10,752	60,037
Derivative financial instruments	10	-	-	-	10

Off-balance sheet items

	Less than 1 year € million	Over 1 year € million
Credit related commitments	1,538	4,173
Contractual commitments[1]	40	-
Total	1,578	4,173

[1] It refers to contractual commitments for the purchase of own used and investment property and intangible assets (note 42).

5.2.4 Interest Rate Benchmark reform – IBOR reform

Global regulators undertook a fundamental review of major interest rate benchmarks and convened working groups in various jurisdictions to identify and promote the use of risk-free reference rates based on liquid underlying market transactions, as alternatives to the existing Interbank Offered Rates (IBORs). In this context, the European Money Market Institute, the administrator of EONIA and EURIBOR, decided the permanent cessation of EONIA on 3 January 2022, while, the regulatory supervisor of ICE Benchmark Administration, which is the administrator of LIBOR, announced that all non USD LIBOR rates and the 1-week and 2-month USD LIBOR rates would cease to be published on 31 December 2021. The remaining USD LIBOR rates will permanently cease immediately after 30 June 2023. Moreover, the financial instruments referencing EURIBOR rate, that has been reformed and continues to be used, will not need to transition.

Following the global regulators' decision to phase out existing IBORs and replace them with alternative risk-free rates (new RFRs), the Group has established an internal Benchmark Reform Working Committee (the "Working Committee") consisting of representatives from competent business units across the Bank (e.g. Economic Analysis and Research, Group Market and Counterparty Risk, Legal, Group Organization & Business Analysis, Group Finance and IT) led by the Global Markets Unit, in order to manage the transition to the new RFRs, mitigate the operational impact and any financial and non-financial risks associated with the transition and comply with the regulatory requirements of the EU Benchmarks Regulation. During 2021, the Working Committee continued working towards the Group's operational preparedness to facilitate benchmark transition, with a focus on assessing the Group's exposures to the various IBORs per type of financial instrument, in order to ensure their successful conversion to the RFR rates in advance of the respective IBORs cessation date, as well as set the necessary specifications in its systems and proceed with the amendment of the contractual arrangements with counterparties, when required. Furthermore, the Group, in cooperation with market participants ensured the successful migration to RFR rates for centrally cleared and bilateral derivative transactions and adhered to the ISDA 2020 fallback protocol with reference to the appropriate fallback mechanisms.

As at 31 December 2021, the Group has exposure to financial instruments such as derivatives held for trading or hedging purposes, loans to customers and deposit contracts referencing the IBOR rates that cease after 31 December 2021 (1W and 2M USD, CHF, GBP, JPY, Euro Libor rates) and will transition to the new RFRs on their first roll date in 2022. The remaining USD Libor legacy contracts will transition to the new RFRs after 30 June 2023, the planned USD Libor cessation date. Derivative contracts referencing the EONIA, that are not part of hedge accounting relationships, transitioned to €STR during 2021.

Moreover, the Group is exposed to a number of interest rate benchmarks within its hedge accounting relationships that mature after 31 December 2021 or 30 June 2023 for specific USD LIBOR hedges. The Group considers that the existing hedge relationships will continue to qualify for hedge accounting and has identified the required changes in the hedging documentation to reflect the amended hedge designations following the transition of IBOR rates to the new RFRs. Finally, the IBOR reform transition does not necessitate any changes to the Group's risk management approach and strategy.

The table below presents the Group's exposure to significant interest benchmarks subject to reform that will transition to new RFRs in 2022 or after 30 June 2023 for specific USD LIBORs at 31 December 2021. In addition, the table excludes exposures to USD LIBORs that have a contractual maturity date before their planned cessation date:

31 December 2021					
Benchmark rates Impacted by IBOR reform					
	GBP Libor	USD LIBOR	CHF LIBOR	JPY Libor	EURO Libor
	€ million	€ million	€ million	€ million	€ million
Non-derivative financial assets [1]					
Loans & Advances to customers	450	2,425	2,109	5	5
	450	**2,425**	**2,109**	**5**	**5**
Non-derivative financial liabilities [2]					
Due to customers	-	45	-	-	-
	-	**45**	**-**	**-**	**-**
Derivative financial instruments [3][4]					
Derivatives designated in hedges	-	347	1,646	-	-
Trading derivatives	-	1,550	-	-	-
	-	**1,897**	**1,646**	**-**	**-**

[1] Balances provided are the gross carrying amounts (excl. ECL)
[2] Balance provided is at amortized cost
[3] Balances provided are the notional amounts
[4] As at December 2021, the Group held certain currency swaps (1 month CHF Libor to 1 month USD Libor) subject to IBOR reform for which only the CHF Libor leg will change after 31 December 2021. For these currency swaps, both legs are included in the table.

5.2.5 Climate-related risk

The Bank 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:

- 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
- 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

The Bank is establishing an effective oversight of climate related & environmental (CR&E) risks with the design and approval of a governance structure on the process for the allocation of roles and responsibilities with regard to climate risk management (both for transition risk and physical risk) across its three lines of defense (i.e. Corporate, Retail, Risk, Compliance, Internal Audit functions).

In that context, in line with the Bank's approved governance structure, a dedicated Climate Risk Division for the integration of CR&E risks into the Bank's risk management framework, has been established. The Climate Risk Division will operate as Project office for the implementation of the Climate related and Environmental risks roadmap, with a coordinating and supervisory role on all related project streams to ensure alignment with the Bank's business strategy and the regulatory authorities' expectations.

Moreover, in 2021, Eurobank established a bank-wide program, aiming to integrate Environmental Social Governance ('ESG') and climate risks, including Taxonomy related considerations in the organization's strategy, risk management procedures, products/ financings and operating model.

In January 2022, the European Central Bank (ECB) launched a supervisory climate risk stress test to assess how prepared banks are for dealing with financial and economic shocks stemming from climate risk. The exercise will be conducted in the first half of 2022 after which the ECB will publish aggregate results (note 4).

Eurobank is adopting a strategic approach towards sustainability and 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.

5.3 Fair value of financial assets and liabilities

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

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

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

(b) Level 2-Financial instruments measured using valuation techniques with inputs, other than level 1 quoted prices, that are observable either directly or indirectly, such as: i) quoted prices for similar financial instruments in active markets, ii) quoted prices for identical or similar financial instruments in markets that are not active, iii) inputs other than quoted prices that are directly or indirectly observable, mainly interest rates and yield curves observable at commonly quoted intervals, forward exchange rates, equity prices, credit spreads and implied volatilities obtained from internationally recognized market data providers and iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include over the counter (OTC) derivatives, less liquid debt instruments held or issued by the Group and equity instruments.

(c) Level 3-Financial instruments measured using valuation techniques with significant unobservable inputs. When developing unobservable inputs, best information available is used, including own data, while at the same time market participants' assumptions are reflected (e.g. assumptions about risk). Level 3 financial instruments include unquoted equities or equities traded in markets that are not considered active, certain OTC derivatives, loans and advances to customers including securitized notes of loan portfolios originated by the Group and recognized in financial assets and debt securities issued by the Group.

Financial instruments carried at fair value

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

	31 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**

	31 December 2020			
	Level 1 € million	Level 2 € million	Level 3 € million	Total € million
Securities held for trading	87	-	-	87
Investment securities at FVTPL	54	15	58	127
Derivative financial instruments	0	2,551	1	2,552
Investment securities at FVOCI	5,375	79	-	5,454
Loans and advances to customers mandatorily at FVTPL	-	-	27	27
Financial assets measured at fair value	5,516	2,645	86	8,247
Derivative financial instruments	0	2,939	-	2,939
Trading liabilities	19	-	-	19
Financial liabilities measured at fair value	19	2,939	-	2,958

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 year ended 31 December 2021.

Reconciliation of Level 3 fair value measurements

	2021 € million	2020 € million
Balance at 1 January	**86**	125
Transfers into Level 3	**0**	3
Transfers out of Level 3	**(0)**	(2)
Additions, net of disposals and redemptions(1)	**(18)**	(32)
Total gain/(loss) for the year included in profit or loss	**3**	(9)
Foreign exchange differences and other	**(1)**	1
Balance at 31 December	**70**	86

(1) Including capital returns on equity instruments. In the comparative year it mainly refers to derecognized loans and advances to customers (note 20).

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 are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate or by reference to other comparable assets of the same type that have been transacted during a recent time period. Expected cash flows, which incorporate credit risk, represent significant unobservable input in the valuation and as such, the entire fair value measurement is categorized as Level 3 in the fair value hierarchy.

Financial instruments not measured at fair value

The fair value hierarchy categorization of the Group's financial assets and liabilities not measured at fair value on the balance sheet, is presented in the following tables:

	31 December 2021				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	38,369	38,369	38,943
Investment securities at amortised cost	2,824	1,489	-	4,313	4,666
Financial assets not measured at fair value	**2,824**	**1,489**	**38,369**	**42,682**	**43,609**
Debt securities in issue	962	1,028	549	2,539	2,552
Financial liabilities not measured at fair value	**962**	**1,028**	**549**	**2,539**	**2,552**

	31 December 2020				
	Level 1 € million	Level 2 € million	Level 3 € million	Fair value € million	Carrying amount € million
Loans and advances to customers	-	-	37,071	37,071	37,397
Investment securities at amortised cost	1,724	930	-	2,654	2,784
Financial assets not measured at fair value	1,724	930	37,071	39,725	40,181
Debt securities in issue	-	947	592	1,539	1,556
Financial liabilities not measured at fair value	-	947	592	1,539	1,556

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.

6. Net interest income

	2021 € million	2020 € million
Interest income		
Customers	**1,234**	1,335
- measured at amortised cost	*1,232*	*1,334*
- measured at FVTPL	*2*	*1*
Banks and other assets[(1)(3)]	**11**	9
Securities	**151**	185
- measured at amortised cost	*39*	*44*
- measured at FVOCI	*109*	*139*
- measured at FVTPL	*3*	*2*
Derivatives (hedge accounting)	**40**	31
Derivatives (no hedge accounting)	**406**	395
	1,842	1,955
Interest expense		
Customers [(1)]	**(50)**	(105)
Banks [(1)(2)(3)]	**35**	(22)
Debt securities in issue [(1)]	**(83)**	(92)
Derivatives (hedge accounting)	**(58)**	(39)
Derivatives (no hedge accounting)	**(362)**	(345)
Lease liabilities - IFRS 16	**(3)**	(3)
	(521)	(606)
Total	**1,321**	1,349

[(1)] Measured at amortized cost.

[(2)] For the year 2021, it includes a benefit of € 91 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank (2020: € 21.2 million) (note 31).

[(3)] Interest from financial assets with negative rates is recorded in interest expense.

Interest income recognized by quality of Loans and Advances and Product Line is further analyzed below:

	31 December 2021		
	Interest income on non-impaired loans and advances € million	**Interest income on impaired loans and advances € million**	**Total € million**
Retail lending	**570**	**65**	**635**
Wholesale lending[(1)]	**551**	**48**	**599**
Total interest income from customers	**1,121**	**113**	**1,234**

	31 December 2020		
	Interest income on non-impaired loans and advances € million	Interest income on impaired loans and advances € million	Total € million
Retail lending	591	120	711
Wholesale lending[(1)]	544	80	624
Total interest income from customers	1,135	200	1,335

[(1)] Including interest income on loans and advances to Public Sector.

7. Net banking fee and commission income

The following tables include net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services and operating segments (note 43).

	31 December 2021					
	Retail € million	**Corporate € million**	**Global, Capital Markets & Asset Mngt € million**	**International € million**	**Other and Elimination center € million**	**Total € million**
Lending related activities	**9**	**62**	**10**	**12**	**(0)**	**93**
Mutual funds and assets under management	**16**	**1**	**40**	**9**	**7**	**73**
Network activities and other[(1)]	**55**	**6**	**24**	**91**	**(7)**	**168**
Capital markets	**-**	**6**	**14**	**5**	**(2)**	**24**
Total	**80**	**75**	**88**	**117**	**(3)**	**358**

	31 December 2020					
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	International € million	Other and Elimination center € million	Total € million
Lending related activities	10	45	6	11	(0)	72
Mutual funds and assets under management	13	1	28	8	6	55
Network activities and other [(1)]	37	5	21	75	(7)	131
Capital markets	-	5	30	4	0	40
Total	60	56	84	99	(1)	298

[(1)] *Including income from credit cards related services.*

8. Income from non banking services

Income from non banking services includes rental income of € 95.9 million (2020: € 84.7 million) from real estate properties and other income of € 1.9 million (2020: € 1.2 million) from IT services provided by the Group entities.

9. Net trading income and gains less losses from investment securities

	2021 € million	2020 € million
Debt securities of which:	**97**	827
- measured at amortised cost[(1)]	-	*154*
- measured at FVOCI	*99*	*668*
- measured at FVTPL	*(2)*	*5*
Equity securities measured at FVTPL	**11**	(9)
Gains/(losses) on derivative financial instruments (hedge accounting)	**22**	(382)
Gains/(losses) on derivative financial instruments (no hedge accounting)	**(57)**	3
Revaluation on foreign exchange positions	**20**	(6)
Total	**93**	433

[(1)] *In 2020, following a GGBs swap transaction offered by the Public Debt Management Agency, the Group recognized a gain of € 139 million, net of any hedging effect. Further information is provided in note 22.*

10. Other income/ (expenses)

	2021 € million	2020 restated € million
Gain/(loss) from change in fair value of investment property (note 27)(1)	**32**	8
Derecognition gain/(loss) on loans measured at amortised cost (note 20)	**(3)**	11
Fee expense related to the deferred tax credits (note 13)	**(6)**	(6)
Gain/ (loss) on the disposal/liquidation of subsidiaries and associates (notes 2.3, 23 and 24)	**1**	219
Dividend income	**2**	3
Gains/(losses) on loans at FVTPL	**1**	1
Other	**3**	(2)
Total	**30**	234

(1) *It includes € 1.7 million gain related to the remeasurement of the interest held in the Group's former joint venture Value Touristiki S.A., (note 23.1).*

In the year ended 31 December 2020, the Group had disposed of 80% of its former subsidiary Eurobank FPS Loans and Credits Claim Management S.A. (renamed to doValue Greece Loans and Credits Claim Management S.A.). Following the retrospective application of the IFRIC agenda decision regarding the employee benefits' attribution over the period of service (note 2.3), including the employees of Eurobank FPS, the resulting gain on disposal that was recognized in "Other income/(expenses)" was restated/decreased by c. € 1 million and amounted to € 218 million before tax (€ 172 million after tax). The above amount included the costs directly attributable to the transaction and the remeasurement of the retained interest of 20% in the company.

11. Operating expenses

	2021 € million	2020 € million
Staff costs	**(434)**	(442)
Administrative expenses	**(253)**	(240)
Contributions to resolution and deposit guarantee funds	**(75)**	(78)
Depreciation of real estate properties and equipment	**(40)**	(38)
Depreciation of right of use assets	**(38)**	(38)
Amortisation of intangible assets	**(36)**	(33)
Total	**(876)**	(869)

For the year ended 31 December 2021, the amount of operating expenses (excluding any contribution to a deposit guarantee or resolution fund) for the Group's Greek activities was € 583 million (2020: € 586 million).

Contributions to resolution and deposit guarantee funds

In 2016, the Single Resolution Mechanism (SRM), which is one of the pillars of the Banking Union in the euro area alongside the Single Supervisory Mechanism (SSM), became fully operational. The Single Resolution Fund (SRF) was established by the SRM Regulation (EU) No 806/2014 in order to ensure uniform practice in the financing of resolutions within the SRM and it is owned by the Single Resolution Board (SRB). The SRM provides that the SRF will be built up over a period of eight years with 'ex-ante' contributions from the banking industry, which may include irrevocable payment commitments as a part of the total amount of contributions (note 42).

Staff costs

	2021 € million	2020 € million
Wages, salaries and performance remuneration	**(326)**	(328)
Social security costs	**(51)**	(60)
Additional pension and other post employment costs	**(17)**	(15)
Other	**(40)**	(39)
Total	**(434)**	(442)

The average number of employees of the Group during the year was 11,495 (2020: 12,624). As at 31 December 2021, the number of branches and business/private banking centers of the Group amounted to 668 (2020: 625).

12. Other impairments, restructuring costs and provisions

	2021 € million	2020 restated € million
Impairment and valuation losses on real estate properties	**(17)**	(14)
Impairment (losses)/ reversal on bonds	**(4)**	(9)
Other impairment losses and provisions[1]	**(31)**	(20)
Other impairment losses and provisions	**(52)**	(43)
Voluntary exit schemes and other related costs (notes 2.3 and 35)	**(10)**	(139)
Other restructuring costs	**(15)**	(8)
Restructuring costs	**(25)**	(147)
Total	**(77)**	(190)

[1] *Includes impairment losses on equipment and software, other assets and provisions on litigations and other operational risk events.*

For the year ended 2021, the Group recognized € 17 million impairment and valuation losses on real estate properties, of which € 9 million relate to the properties' portfolios classified as held for sale (note 30).

Additionally, during 2021, the Group recognized € 31 million other impairment losses and provisions, of which € 16 million relate to impairment losses on computer software and other intangible assets (note 28).

Furthermore, for the year ended 31 December 2021, the Group recognized € 15 million restructuring costs, of which € 5.1 million relate to the merger of Eurobank a.d. Beograd with Direktna Banka a.d. (note 23.2), while the remaining costs mainly relate to the Bank's transformation plan. For the comparative period, the Group recognized restructuring costs amounting to € 8 million, mainly related to the Bank's transformation plan.

Finally, following the retrospective application of the IFRIC agenda decision regarding the employee benefits' attribution over the period of service (note 2.3), including the employees that participated in voluntary exit schemes, the amount of "Voluntary exit schemes and other related costs" presented above for the year ended 31 December 2020, was restated/increased by c. € 2 million and reached € 139 million (related to the VESs launched by the Group in September 2020 and in 2019).

13. Income tax

	2021 € million	2020 restated € million
Current tax [(1)]	**(40)**	(42)
Deferred tax (note 2.3)	**(116)**	(294)
Total income tax	**(156)**	(336)

[(1)] *For the year ended 31 December 2021, it includes € 5 million reversal of provision for an uncertain tax position of a Company's subsidiary, following a positive decision issued by the Supreme Court.*

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%. According to Law 4799/2021 which was enacted in May 2021 and amended Law 4172/2013, the Greek corporate tax rate for legal entities other than the aforementioned credit institutions decreased from 24% to 22% from the tax year 2021 onwards. This resulted to a reduction in the net deferred tax liability by ca. € 1.6 million for the Company's Greek subsidiaries that has been recorded in the income statement. In addition, the withholding tax rate for dividends distributed, other than intragroup dividends, is 5%. In particular, the intragroup dividends under certain preconditions are relieved from both income and withholding tax.

The nominal corporate tax rates applicable in the banking subsidiaries incorporated in the international segment of the Group (note 43) are as follows: Bulgaria 10%, Serbia 15%, Cyprus 12.5% and Luxembourg 24.94%.

Tax certificate and open tax years

The Company and its subsidiaries, associates and joint ventures, which operate in Greece (notes 23 and 24) 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 January 2021, the Company received two orders for a tax audit by the tax authorities for the tax years 2015 and 2016. In December 2021, the tax audit for 2015 was completed, while for 2016 is still in progress.

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

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

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 23 and 24), 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:

	2021 € million	2020 restated € million
Deferred tax assets (note 2.3)	**4,422**	4,519
Deferred tax liabilities	**(26)**	(21)
Net deferred tax	**4,396**	4,498

The movement on deferred tax is as follows:

	2021 € million	2020 restated € million
Balance at 1 January	**4,498**	4,757
Restatement due to change in accounting policy (note 2.3)	**-**	(7)
Balance at 1 January, as restated	**4,498**	4,750
Arising from acquisitions[1]	**(1)**	(8)
Income statement credit/(charge) (note 2.3)	**(116)**	(294)
Investment securities at FVOCI	**30**	49
Cash flow hedges	**(15)**	3
Actuarial gains/(losses) (note 2.3)	**(0)**	(1)
Other	**0**	(1)
Balance at 31 December	**4,396**	4,498

[1] For 2021, it refers to the acquisition of Eurobank Direktna a.d (note 23.2) and Value Touristiki S.A. (note 23), while for 2020 it refers to the acquisition of Piraeus Port Plaza 2, Piraeus Port Plaza 3 and Tenberco Properties Development and Exploitation Single Member S.A. (note 23).

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

	2021 € million	2020 restated € million
Impairment/ valuation relating to loans, disposals and write-offs[1]	**13**	(191)
Unused tax losses	**(1)**	(1)
Tax deductible PSI+ losses	**(50)**	(50)
Carried forward debit difference of law 4831/2021	**73**	-
Change in fair value and other temporary differences (note 2.3)	**(151)**	(52)
Deferred income tax (charge)/credit	**(116)**	(294)

[1] In 2020, it includes € 160 million write-down of deferred tax assets (DTA) on Bank's loan losses.

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

	2021 € million	2020 restated € million
Impairment/ valuation relating to loans and accounting write-offs[(1)]	**1,034**	1,608
PSI+ tax related losses	**1,001**	1,051
Losses from disposals and crystallized write-offs of loans[(1)]	**2,365**	1,778
Carried forward debit difference of law 4831/2021	**73**	-
Other impairments/ valuations through the income statement	**(38)**	156
Unused tax losses	**0**	1
Costs directly attributable to equity transactions	**5**	8
Cash flow hedges	**5**	20
Defined benefit obligations (note 2.3)	**6**	5
Real estate properties, equipment and intangible assets	**(61)**	(74)
Investment securities at FVOCI	**(112)**	(142)
Other[(2)]	**118**	87
Net deferred tax	**4,396**	4,498

[(1)] The crystallization for tax purposes of impairment losses and write-offs relating to the project "Mexico" (note 20.1) resulted in the significant increase of the deferred tax on the category "Losses from disposals and crystallised write-offs of loans" against a decrease in the category "Impairment/valuation relating to loans and accounting write-offs".

[(2)] It includes, among others, DTA on deductible temporary differences relating to a) operational risk provisions and b) as of 31 December 2021, the leasing operations following the completion of the demerger of Eurobank Ergasias Leasing Single Member S.A. (note 23).

Further information, in relation to the aforementioned categories of deferred tax assets as at 31 December 2021, as follows:

(a) € 1,034 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) € 1,001 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) € 2,365 million refer to the unamortized part of the crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period (see below – DTCs section);

(d) € 73 million refer to the unutilized part of the amortization of the aforementioned crystallized tax losses (debit difference) that can be carried forward for offsetting over a twenty-year period according to Law 4831/2021 (see below).

Assessment of the recoverability of deferred tax assets

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

In particular, as of 31 December 2021, the deferred tax asset (DTA) recoverability assessment has been based on the three-year Business Plan that was approved by the Board of Directors in December 2021, for the period up to the end of 2024, and was submitted to the Single Supervisory Mechanism (SSM). For the years beyond 2024, the forecast of operating results was based on the management projections considering the growth opportunities of the Greek economy, the banking sector and the Group itself.

Specifically, the management projections for the Group's future profitability adopted in the Business Plan, have considered, among others, (a) the macroeconomic growth in Greece and the region underpinned by the Recovery and Resilience Fund (RRF) grants and loans, (b) the increase in loan volumes and investment securities, (c) the higher fee and commission income mostly from assets under management, bancassurance, network and capital markets, (d) the discipline in operating expenses' targets, (e) the gradual reduction of cost of risk and (f) the expected sale in first half of 2022 of Eurobank's merchant acquiring business (note 30). 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. In addition, Management has taken into account Law 4831/2021 provisions (see below) relating to the DTA on loan losses.

The Group closely monitors and constantly assesses the developments on the macroeconomic and geopolitical front (note 2) and their effect on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

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

As at 31 December 2021, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,547 million (31 December 2020: € 3,691 million). The DTCs are accounted for on: (a) the unamortised losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program, which are subject to amortisation over a thirty-year period and (b) on the sum of (i) the unamortized part of the DTC eligible crystallized tax losses arising from write-offs and disposals of loans, which are subject to amortization over a twenty-year period, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss.

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

Taking into account the tax regime in force, including the above development in September 2021, 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 (note 5.2).

According to tax Law 4172/2013 as in force, an annual fee of 1.5% is imposed on the excess amount of deferred tax assets guaranteed by the Greek State, stemming from the difference between the current tax rate for the eligible credit institutions (i.e. 29%) and the tax rate applicable on 30 June 2015 (i.e. 26%). For the year ended 31 December 2021, an amount of € 6.1 million has been recognized in "Other income/(expenses)".

Income tax reconciliation and unused tax losses

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

	2021 € million	2020 restated € million
Profit/(loss) before tax (note 2.3)	**483**	(879)
Tax at the applicable tax rate (note 2.3)	**(140)**	255
Tax effect of:		
- income not subject to tax and non deductible expenses	**(5)**	5
- effect of different tax rates in different countries	**30**	25
- change in applicable tax rate	**1**	0
- write-down of DTA on Bank's loan losses	**-**	(160)
- other[1]	**(42)**	(461)
Total income tax	**(156)**	(336)

[1] *For 2020, it relates primarily to the effect of Eurobank Holdings's current tax losses (mainly relating to losses arising from the Cairo transaction, note 20) for which deferred tax asset has not been recognized.*

As at 31 December 2021, the Company and the Bank have not recognised deferred tax asset (DTA) on unused tax losses amounting to € 517 million (2020: € 480 million). The analysis of unrecognized DTA on unused tax losses of the Company and the Bank per year of maturity of related tax losses is presented in the table below:

	Unrecognized DTA € million
Year of maturity of unused tax losses	
2023	**44**
2024	**62**
2025	**399**
2026	**12**
Total	**517**

14. Earnings per share

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

The diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. As at 31 December 2021, 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 39). 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 year). 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.

		Year ended 31 December	
		2021	2020 restated
Net profit/(loss) for the year attributable to ordinary shareholders (note 2.3)	*€ million*	**328**	(1,215)
Weighted average number of ordinary shares in issue for basic earnings per share	*Number of shares*	***3,707,975,186***	3,707,564,194
Weighted average number of ordinary shares in issue for diluted earnings per share	*Number of shares*	***3,708,992,794***	-
Earnings/(losses) per share			
- Basic and diluted earnings/(losses) per share	€	**0.09**	(0.33)

15. Cash and balances with central banks

	2021	2020
	€ million	€ million
Cash in hand	**478**	388
Balances with central banks	**13,037**	6,249
Total	**13,515**	6,637

The Bank and its banking subsidiaries in Eurozone (Cyprus and Luxemburg), are required to hold a minimum level of deposits (minimum reserve requirement - MRR) with their national central bank on an average basis over maintenance periods (i.e. six week periods); these deposits are calculated as 1% of certain liabilities, mainly customers' deposits, and can be withdrawn at any time provided that the MRR is met over the determined period of time. Similar obligations for the maintenance of minimum reserves with their national central bank are also applied to the banking subsidiaries in Bulgaria and Serbia. As at 31 December 2021, the mandatory reserves (i.e. those that the Group entities maintain in order to meet the MRR) and collateral deposits with central banks amounted to € 871 million (2020: € 624 million).

In 2019, the European Central Bank (ECB) decided to introduce a two-tier system for eligible credit institutions' reserve remuneration which exempts part of excess liquidity holdings (i.e. reserve holdings in excess of MRR) from negative deposit facility rate. The exempted part is determined as a multiple of an institution's MRR (current multiplier has been set at 6).

The excess liquidity resulting, among others, from the increase in customers' deposits and ECB funding as well as the medium-term notes issued by the Bank (notes 33 ,31 and 34), contributed to the increase in balances with central banks in 2021.

16. Cash and cash equivalents and other information on cash flow statement

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

	2021 € million	2020 € million
Cash and balances with central banks (excluding mandatory and collateral deposits with central banks) (note 15)	**12,644**	6,013
Due from credit institutions	**505**	667
Securities held for trading	**-**	1
Total	**13,149**	6,681

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

	2021 € million	2020 € million
Amortisation of premiums/discounts and accrued interest	**26**	36
(Gains)/losses from investment securities	**(101)**	(430)
Dividends	**(1)**	(4)
Total	**(76)**	(398)

In the year ended 31 December 2020, other adjustments of € 229 million presented in the cash flow statement mainly comprise € 218 million gain on the disposal of FPS (note 24).

Changes in liabilities arising from financing activities

During the year ended 31 December 2021, changes in the Group's liabilities arising from financing activities, other than lease liabilities (note 41), are attributable to: a) debt issuance amounting to € 1,141 million (2020: € 303 million) (net of issuance costs), b) debt repayment amounting to € 156 million (2020: € 1.153 million) and c) accrued interest and amortisation of debt issuance costs amounting to € 10.4 million (2020: € 0.2 million).

17. Due from credit institutions

	2021 € million	2020 € million
Pledged deposits with banks	**2,002**	2,669
Placements and other receivables from banks	**206**	450
Current accounts and settlement balances with banks	**302**	217
Total	**2,510**	3,336

As at 31 December 2021, the Group's pledged deposits with banks mainly include: a) € 1,965 million cash collaterals on risk mitigation contracts for derivative transactions and repurchase agreements (CSAs, GMRAs) and b) € 37 million cash collateral relating to the sale of former Romanian subsidiaries.

The Group's exposure arising from credit institutions, as categorized by counterparty's geographical region, is presented in the following table:

	2021 € million	2020 € million
Greece	**36**	30
Other European countries	**2,249**	3,107
Other countries	**225**	199
Total	**2,510**	3,336

18. Securities held for trading

	2021 € million	2020 € million
Debt securities (note 5.2.1.3)	**69**	42
Equity securities	**50**	45
Total	**119**	87

19. Derivative financial instruments and hedge accounting

The Group uses derivative financial instruments both for hedging and non-hedging purposes.

The table below presents the fair values of the Group's derivative financial instruments by product type and hedge relationship along with their notional amounts. The notional amounts of derivative instruments provide a basis for comparison with instruments recognized on the balance sheet but do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments and, therefore, are not indicative of the Group's exposure at the reporting date.

	31 December 2021			31 December 2020		
	Contract / notional amount € million	**Fair values Assets € million**	**Fair values Liabilities € million**	Contract / notional amount € million	Fair values Assets € million	Fair values Liabilities € million
Derivatives for which hedge accounting is not applied/ held for trading						
- Interest rate swaps	**29,758**	**1,738**	**1,352**	28,957	2,473	2,020
- Interest rate options	**3,599**	**41**	**97**	4,440	37	109
- Cross currency interest rate swaps	**41**	**3**	**3**	118	4	4
- Currency forwards/currency swaps	**3,038**	**50**	**22**	2,921	16	50
- Currency options	**644**	**3**	**3**	1,155	8	5
- Commodity derivatives	**16**	**1**	**0**	308	7	6
- Credit default swaps	**66**	**1**	**1**	175	-	2
- Other (see below)	**113**	**0**	**1**	51	0	0
		1,837	**1,479**		2,545	2,196
Derivatives designated as fair value hedges						
- Interest rate swaps	**3,732**	**82**	**804**	3,051	3	636
- Cross currency interest rate swaps	**-**	**-**	**-**	4	0	0
		82	**804**		3	636
Derivatives designated as cash flow hedges						
- Interest rate swaps	**1,852**	**30**	**54**	1,727	1	77
- Cross currency interest rate swaps	**1,632**	**0**	**57**	1,682	3	30
		30	**111**		4	107
Total derivatives assets/liabilities		**1,949**	**2,394**		2,552	2,939

Other derivative contracts include warrants and exchange traded equity options.

Information on the fair value measurement and offsetting of derivatives is provided in notes 5.3 and 5.2.1.4, respectively.

The Group uses certain derivatives and other financial instruments, designated in a qualifying hedge relationship, to reduce its exposure to market risks. The hedging practices applied by the Group, as well as the relevant accounting treatment are disclosed in note 2.2.3. In particular:

(a) Fair value hedges
The Group hedges a proportion of its existing interest rate risk resulting from any potential change in the fair value of fixed rate debt securities held or fixed rate loans, denominated both in local and foreign currencies, using interest rate swaps and cross currency interest rate swaps. In 2021, the Group recognized a loss of € 60 million (2020: € 140 million gain) from changes in the carrying amount of the hedging instruments, used as the basis of recognizing hedge ineffectiveness and € 68 million gain (2020: € 127 million loss) from changes in the carrying amount of the hedged items attributable to the hedged risk. The amount of hedge ineffectiveness recognized for 2021 in income statement was € 8 million gain (2020: € 13 million gain).

(b) Cash flow hedges
The Group hedges a proportion of its existing interest rate and foreign currency risk resulting from any cash flow variability on floating rate performing customer loans or floating rate deposits, denominated both in local and foreign currency, or unrecognized highly probable forecast transactions, using interest rate and cross currency interest rate swaps. For the year ended 31 December 2021, an amount of € 51 million gain was recognised in other comprehensive income in relation to derivatives designated as cash flow hedges (2020: € 12 million loss). Furthermore, in 2021, the ineffectiveness recognized in the income statement that arose from cash flow hedges was nil (2020: nil).

In addition, the Group uses other derivatives, not designated in a qualifying hedge relationship, to manage its exposure primarily to interest rate and foreign currency risks. Non qualifying hedges are derivatives entered into as economic hedges of assets and liabilities for which hedge accounting was not applied. The said derivative instruments are monitored and have been classified for accounting purposes along with those held for trading.

The Group's exposure in derivative financial assets, as categorized by counterparty's geographical region and industry sector, is presented in the following tables:

	31 December 2021			
	Greece	**Other European countries**	**Other countries**	**Total**
	€ million	**€ million**	**€ million**	**€ million**
Sovereign	**1,105**	**-**	**-**	**1,105**
Banks	**4**	**466**	**261**	**731**
Corporate	**109**	**0**	**4**	**113**
Total	**1,218**	**466**	**265**	**1,949**

	31 December 2020			
	Greece	Other European countries	Other countries	Total
	€ million	€ million	€ million	€ million
Sovereign	1,637	-	-	1,637
Banks	0	400	313	713
Corporate	142	56	4	202
Total	1,779	456	317	2,552

At 31 December 2021 and 2020, the maturity profile of the nominal amount of the financial instruments designated by the Group in hedging relationships is presented in the tables below:

	31 December 2021								
	Fair Value Hedges					Cash Flow Hedges			
	1 - 3 months € million	3 - 12 months € million	1-5 years € million	Over 5 years € million	Total € million	3 - 12 months € million	1-5 years € million	Over 5 years € million	Total € million
Interest rate swaps	**39**	**13**	**500**	**3,180**	**3,732**	**19**	**728**	**1,105**	**1,852**
Cross currency interest rate swaps	**-**	**-**	**-**	**-**	**-**	**48**	**1,584**	**-**	**1,632**
Total	**39**	**13**	**500**	**3,180**	**3,732**	**67**	**2,312**	**1,105**	**3,484**

	31 December 2020							
	Fair Value Hedges				Cash Flow Hedges			
	3 - 12 months € million	1-5 years € million	Over 5 years € million	Total € million	3 - 12 months € million	1-5 years € million	Over 5 years € million	Total € million
Interest rate swaps	100	470	2,481	3,051	-	647	1,080	1,727
Cross currency interest rate swaps	-	4	-	4	461	1,090	131	1,682
Total	100	474	2,481	3,055	461	1,737	1,211	3,409

(a) Fair value hedges

The following tables present data relating to the hedged items under fair value hedges for the years ended 31 December 2021 and 2020:

	31 December 2021		
	Carrying amount € million	Accumulated amount of FV hedge adjustments related to the hedged item € million	Change in value as the basis for recognising hedge ineffectiveness € million
Loans and advances to customers	**470**	**16**	**(5)**
Debt securities AC	**2,208**	**531**	**179**
Debt securities FVOCI	**2,573**	**94**	**(105)**
Total	**5,251**	**641**	**69**

	31 December 2020		
	Carrying amount € million	Accumulated amount of FV hedge adjustments related to the hedged item € million	Change in value as the basis for recognising hedge ineffectiveness € million
Loans and advances to customers	270	21	(2)
Debt securities AC	1,512	352	62
Debt securities FVOCI	2,472	199	(187)
Total	4,254	572	(127)

At 31 December 2021, the accumulated amount of fair value hedge adjustments remaining in the balance sheet for any items that have ceased to be adjusted for hedging gains and losses was € 190 million (2020: € 162 million).

(b) Cash flow hedges
The cash flow hedge reserves for continuing hedges as at 31 December 2021 were € 3 million gain (2020: € 48 million loss), of which € 4 million gain (2020: € 4 million gain) relates to loans and advances to customers and € 1 million loss to deposits (2020: € 52 million loss).

As at 31 December 2021, the balances remaining in the cash flow hedge reserve from any cash flow hedging relationships for which hedge accounting is no longer applied was € 19 million loss (2020: € 21 million loss).

The reconciliation of the components of Group's special reserves including cash flow hedges is provided in note 38.

20. Loans and advances to customers

	2021	2020
	€ million	€ million
Loans and advances to customers at amortised cost		
- Gross carrying amount	40,815	40,874
- Impairment allowance	(1,872)	(3,477)
Carrying Amount	**38,943**	37,397
Loans and advances to customers at FVTPL	**23**	27
Total	**38,967**	37,424

Notes to the Consolidated Financial Statements

The table below presents the carrying amount of loans and advances to customers per business unit and per stage as at 31 December 2021:

	31 December 2021				31 December 2020
	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	6,871	2,735	498	10,105	11,650
- Impairment allowance	(17)	(138)	(170)	(325)	(842)
Carrying Amount	6,854	2,597	328	9,780	10,809
Consumer lending:					
- Gross carrying amount	2,572	311	358	3,242	3,408
- Impairment allowance	(44)	(39)	(257)	(340)	(719)
Carrying Amount	2,529	273	101	2,902	2,688
Small Business lending:					
- Gross carrying amount	2,540	744	469	3,753	4,476
- Impairment allowance	(41)	(58)	(227)	(326)	(674)
Carrying Amount	2,499	685	242	3,427	3,802
Wholesale lending:[2][3]					
- Gross carrying amount	20,594	1,670	1,452	23,716	21,340
- Impairment allowance	(69)	(76)	(737)	(881)	(1,242)
Carrying Amount	20,526	1,595	715	22,835	20,098
Total loans and advances to customers at AC					
- Gross carrying amount	32,578	5,461	2,776	40,815	40,874
- Impairment allowance	(171)	(311)	(1,391)	(1,872)	(3,477)
Carrying Amount	**32,408**	**5,150**	**1,386**	**38,943**	37,397
Loans and advances to customers at FVTPL					
Carrying Amount[4]				**23**	27
Total				**38,967**	37,424

[1] As at 31 December 2021, POCI loans of € 44 million gross carrying amount (of which € 42 million included in non performing exposures) and € 6.4 million impairment allowance are presented in 'Lifetime ECL – stage 3 and POCI' (31 December 2020: € 43 million gross carrying amount and € 3.5 million impairment allowance).

[2] Includes a) € 1,057 million related to the senior note of the Pillar securitization and b) € 2,429 million and € 1,621 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 loans to public sector.

[4] Includes € 9.9 million related to the mezzanine notes of the Pillar, Cairo and Mexico securitizations.

Loans and advances to customers – Project Wave

In December 2021, the Bank, proceeded with the execution of two synthetic risk transfer transactions (projects 'Wave I' and 'Wave II'), in the form of a financial guarantee, of a portfolio of performing SMEs and large corporate loans of € 1.7 billion (reference portfolio). The 'Wave I' transaction was entered with Magnetar Capital, guaranteeing the mezzanine loss of a pool of performing SMEs and large corporate loans of € 1.0 billion, whereas the Wave II transaction was entered with European Investment Fund, guaranteeing the first loss of a pool of performing SMEs and large corporate loans of € 0.7 billion. Both transactions were accounted for as purchased financial guarantee contracts that are not integral to the contractual terms of the reference portfolio, where a compensation right resulting from the expected credit losses of the protected loans is recognized, to the extent that it is virtually certain that the Group will be reimbursed for the credit losses incurred. The reference portfolio continued to be recognised on the Group's Balance Sheet.

As at 31 December 2021, the Wave transactions, that were performed in the context of the Group's initiatives for the optimization of its regulatory capital, resulted in a capital benefit of 40 bps.

NPE securitizations – loans' derecognition

The Group in the context of the achievement of its NPE reduction targets has entered into the securitization of various classes of primarily NPE through the issue of senior, mezzanine and junior notes, which resulted, as described below, in the derecognition of the underlying loan portfolios and the recognition of the retained notes.

'Cairo' securitization

In June 2019, the Group, through the special purpose financing vehicles (SPVs) 'Cairo No. 1 Finance Designated Activity Company', 'Cairo No. 2 Finance Designated Activity Company' and 'Cairo No. 3 Finance Designated Activity Company', issued senior, mezzanine and junior notes of total face value of ca. € 7.5 billion, via a securitization of a mixed portfolio consisting primarily of non-performing loans (NPEs) ("Cairo securitization"). In December 2019, the Group announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of "Cairo securitization".

In the context of Law 4649/2019 ('Hercules' – Hellenic Asset Protection Scheme) voted by the Greek parliament on 16 December 2019, the "Cairo" SPVs opted in for the state guarantee scheme. Specifically, the applications submitted by the Group to the Ministry of Finance were approved on 23 July 2020 while the Guarantee deed was signed on 25 February 2021.

In June 2020, the sale of the aforementioned notes for a cash consideration of € 14 million was completed and, as a result, the Group ceased to control the Cairo SPVs on the basis that it does not have the power to direct their relevant activities. Furthermore, in June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the retained Cairo notes, i.e. 75% of the mezzanine and 44.9% of the junior notes, along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary Mairanus Ltd, renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the aforementioned subsidiary.

Following the above, as at 30 June 2020, the Group proceeded with the re-measurement of the portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of € 1,509 million in the second quarter of 2020.

On 7 July 2020, the BoD of the Company proposed to the General Shareholders' Meeting the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. The approval of the General Shareholders' Meeting for the aforementioned corporate action was granted on 28 July 2020 (note 37).

In September 2020, following the completion of the distribution of the Cairo Mezz Plc shares, the underlying loan portfolio and the related assets and liabilities were derecognized from the Group's balance sheet, on the basis that at that time the Group transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the securitized portfolio. In addition, the Group recognized the retained notes on its balance sheet, i.e. 100% of the senior notes, 5% of mezzanine and junior notes with carrying amount € 2,432 million at 31 December 2021 (31 December 2020: € 2,444 million). The above mentioned derecognition of the underlying portfolio resulted in a derecognition gain of € 9 million, which was presented in "other income/ expenses".

'Pillar' securitization

In June 2019, the Group, through the special purpose financing vehicle (SPV) 'Pillar Finance Designated Activity Company' issued senior, mezzanine and junior notes of total value of ca. € 2 billion, via a securitization of residential mortgage primarily NPENPEs. In September 2019, the Group sold 95% of the above-mentioned mezzanine and junior notes to Celidoria S.A R.L. Upon the completion of the sale, the Group ceased to control the SPV and derecognized the underlying loan portfolio in its entirety, on the basis that it transferred substantially all the risks and rewards of the underlying loan portfolio's ownership. In addition, the Group recognized the retained notes, i.e. 100% of the senior, 5% of the mezzanine and junior notes, on its balance sheet with carrying amount € 1,060 million at 31 December 2021 (31 December 2020: € 1,061 million).

20.1 Project "Mexico" – loans' derecognition

In line with the regulatory framework and Single Supervisory Mechanism (SSM) requirements for the non-performing loans (NPE) management, the Group contemplated another significant NPE securitization transaction (project 'Mexico') in order to decrease further its NPE ratio and strengthen its balance sheet de-risking. The project ''Mexico'' represents the continuation of the Group's NPE reduction plan that was successfully completed in 2020, where NPE are transferred to Eurobank Holdings (parent company), the group company responsible for the overall management and supervision of the Group's NPE. The Group included project ''Mexico'' under the Hellenic Asset Protection Scheme (HAPS) thus became entitled to the Greek State's guarantee which was subject to the accounting derecognition of the underlying loan portfolio from the Group's balance sheet.

In particular, in May 2021, the Bank, through its special purpose financing vehicle 'Mexico Finance Designated Activity Company' (SPV), issued senior (Class A), mezzanine (Class B) and junior (Class C) notes of total nominal amount of ca. € 5.2 billion, via a securitization of a mixed portfolio comprising primarily NPE of total principle amount due of ca. € 5.2 billion and gross carrying amount of ca. € 3.2 billion, which were fully retained by the Bank (note 34). The control of the SPV resides with the majority holder of the Class B notes. Accordingly, the Group, being the sole holder of the issued notes, controlled the SPV and the related real estate company 'Mexico Estate Single Member S.A.', and continued recognizing the underlying loan portfolio on its balance sheet on the basis that it retained substantially all risks and rewards of the portfolio's ownership.

On 1 June 2021, the General Shareholders' Meeting of the Bank (GM), following the relevant decision of its Board of Directors (BoD), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to its parent company through the decrease in kind of the Bank's share capital. The aforementioned GM's approval for the Bank's share capital reduction and the relevant amendment of its articles of association were subject to the regulator's approval. In August 2021, the Bank was granted the required regulatory approval by the European Central Bank (ECB) and the relevant amendments of its articles of association were subsequently approved by the Ministry of Developments and Investments and registered to the General Electronic Commercial Registry (G.E.MI.).

The distribution in kind of the Bank to its parent company though a share capital reduction constitutes a common control transaction within the scope of IAS 32 'Financial Instruments: Presentation'. However, the above accounting standard does not shed light on the various issues arising in non cash distributions, such as the amount to be recorded in equity as well as whether recording of the transaction should be performed in fair values or book values. On the other hand, IFRIC 17 'Distributions of Non-cash Assets to Owners', that specifies the use of fair values in specific types of distributions, does not apply to common control transactions, which are explicitly excluded from its scope. Considering the scope limitation of IFRIC 17, the Bank applied the use of book values in intercompany distributions of non-cash assets, consistently with the accounting policies already applied in other types of common control transactions. Therefore, the reduction of the Bank's total equity was determined by the book value of the assets distributed.

The settlement of the aforementioned distribution in kind, that took place in September 2021, resulted in the de-recognition of the underlying loan portfolio and the related assets and liabilities from the Bank's balance sheet, on the basis that the latter transferred substantially all risks and rewards of the portfolio's ownership and relinquished its control over it. In addition, the Bank ceased to control the SPV and the related real estate company, which resides with the majority stake of Class B noteholders. At the same time, Eurobank Holdings accounted for the distribution in kind as dividend, recognizing in profit and loss the fair value of the distributed notes, ie. 95% of the mezzanine and junior notes. Moreover, Eurobank Holdings obtained the direct control of the SPV and the related real estate company.

The distribution of the notes from the Bank to its parent company under a share capital reduction, as analysed above, is an intercompany transaction thus, it did not affect the consolidation of the SPV and the related real estate company as well as the recognition assessment of the underlying loan portfolio at Holdings Group level, as at 30 September 2021, since the latter continued to retain the 100% of the issued notes.

In August 2021, a commitment letter was signed between Eurobank Holdings, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitization that were distributed to Eurobank Holdings, subject to the fulfilment of certain conditions, including the settlement of the mezzanine and junior notes' distribution from the Bank to Eurobank Holdings, that was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval by the SSM for the significant risk transfer of the underlying loan portfolio that were received in December 2021.

In September 2021, the BoD of Eurobank Holdings approved to proceed with the sale of 95% of the mezzanine and junior notes of Mexico securitization and the ongoing servicing of the portfolio by doValue Group. The aforementioned BoD decision clearly demonstrated Management's commitment to a specific plan for the notes' disposal as a last step of the project 'Mexico' and eventually to the underlying loan portfolio's de-recognition from the Group's balance sheet.

Accordingly, as at 30 September 2021, the Group proceeded with the re-measurement of the portfolio's expected credit losses, considering the estimated date for the Mexico loan portfolio's derecognition from its balance sheet, in accordance with its accounting policy for the impairment of financial assets and recognized an impairment loss of € 72 million in the third quarter of 2021 (note 21). The impairment loss was calculated by reference to the sale price of the mezzanine and junior notes. Furthermore, the Group classified as held for sale assets the underlying loan portfolio of carrying amount € 1,514 million, comprising loans with gross carrying amount of € 3,046 million which carried an impairment allowance of € 1,532 million after the recognition of the aforementioned impairment loss, the related securitization's receivables and payables of € 69 million and € 31 million respectively, and the impairment allowance of the letters of guarantee of € 1 million included in the underlying portfolio.

The transaction with doValue Group for the sale of the 95% of the mezzanine and junior notes retained by Eurobank Holdings was concluded in December 2021, after the fulfillment of all conditions and having received all appropriate approvals. As a result of the aforementioned sale, the Group ceased to control the SPV as well as the related real estate company and derecognized the underlying loan portfolio from its balance sheet, on the basis that it transferred substantially all risks and rewards of the portfolio's ownership and ceased to have control over the securitized loans, which resides with the majority stake of Class B noteholders. In addition, the Group recognized the retained notes on its balance sheet i.e. 100% of the senior and 5% of the mezzanine and junior notes. The derecognition of the underlying loan portfolio from the Group's balance sheet resulted in a derecognition loss of € 5 million, which is presented in 'other income/expenses' (note 10).

21. Impairment allowance for loans and advances to customers

The following tables present the movement of the impairment allowance on loans and advances to customers (expected credit losses – ECL):

	31 December 2021												
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Total € million
Impairment allowance as at 1 January	83	108	1,052	24	152	665	41	61	617	35	119	520	**3,477**
New loans and advances originated or purchased	17	-	-	1	-	-	22	-	-	5	-	-	45
Transfers between stages													
- to 12-month ECL	16	(11)	(5)	18	(15)	(2)	21	(17)	(4)	38	(37)	(2)	-
- to lifetime ECL	(6)	13	(7)	(7)	80	(73)	(3)	23	(20)	(3)	23	(20)	-
- to lifetime ECL credit-impaired loans	(1)	(22)	22	(1)	(16)	17	(3)	(16)	18	(3)	(19)	22	-
Impact of ECL net remeasurement	(35)	(10)	138	(15)	(26)	232	(31)	(12)	138	(30)	(5)	138	480
Recoveries from written - off loans	-	-	7	-	-	3	-	-	10	-	-	5	25
Loans and advances derecognised/ reclassified as held for sale during the year[(2)]	(0)	(3)	(271)	(0)	(34)	(604)	(0)	(1)	(306)	(0)	(25)	(327)	(1,571)
Amounts written off[(3)]	-	-	(166)	-	-	(73)	-	-	(145)	-	-	(85)	(469)
Unwinding of Discount	-	-	(21)	-	-	(8)	-	-	(7)	-	-	(9)	(46)
Foreign exchange and other movements	(5)	1	(13)	(3)	(2)	12	(3)	0	(42)	(2)	3	(15)	(69)
Impairment allowance as at 31 December	**69**	**76**	**737**	**17**	**138**	**170**	**44**	**39**	**257**	**41**	**58**	**227**	**1,872**

	31 December 2020												
	Wholesale			Mortgage			Consumer			Small business			
	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	12-month ECL -Stage 1 € million	Lifetime ECL -Stage 2 € million	Lifetime ECL - Stage 3 and POCI[(1)] € million	Total € million
Impairment allowance as at 1 January	64	90	2,499	13	174	1,517	37	44	974	22	99	1,566	7,099
New loans and advances originated or purchased	26	-	-	1	-	-	9	-	-	17	-	-	54
Transfers between stages													
- to 12-month ECL	8	(8)	(0)	21	(20)	(0)	9	(7)	(3)	11	(11)	(1)	-
- to lifetime ECL	(16)	28	(12)	(1)	108	(107)	(3)	32	(29)	(2)	33	(30)	-
- to lifetime ECL credit-impaired loans	(1)	(18)	20	(0)	(9)	9	(1)	(6)	7	(0)	(5)	5	-
Impact of ECL net remeasurement	2	34	610	(3)	(18)	623	(9)	(1)	95	10	51	591	1,983
Recoveries from written - off loans	-	-	19	-	-	2	-	-	6	-	-	3	30
Loans and advances derecognised/reclassified as held for sale during the year[(2)]	(4)	(18)	(1,771)	(7)	(83)	(1,237)	(1)	(1)	(269)	(22)	(48)	(1,475)	(4,937)
Amounts written off[(3)]	-	-	(220)	-	-	(97)	-	-	(131)	-	-	(103)	(551)
Unwinding of Discount	-	-	(47)	-	-	(24)	-	-	(12)	-	-	(37)	(120)
Foreign exchange and other movements	4	0	(46)	1	0	(22)	(1)	0	(21)	(0)	0	2	(82)
Impairment allowance as at 31 December	83	108	1,052	24	152	665	41	61	617	35	119	520	3,477

[(1)] The impairment allowance for POCI loans of € 6.4 million is included in 'Lifetime ECL – stage 3 and POCI' (2020: € 3.5 million).

[(2)] It represents the impairment allowance of loans derecognized due to a) securitization and sale transactions, b) substantial modifications of the loans' contractual terms, c) debt to equity transactions, consolidation of a newly acquired entity and those that have been reclassified as held for sale during the year (notes 20 and 30).

[(3)] The contractual amount outstanding on lending exposures that were written off during the year ended 31 December 2021 and that are still subject to enforcement activity is € 217 million (2020: € 503 million).

The impairment losses relating to loans and advances to customers recognized in the Group's income statement for the year ended 31 December 2021 amounted to € 490 million, including € 72 million loss relating to the project Mexico (note 20.1) (2020: € 2,081 million, including € 1,509 million loss relating to the Cairo transaction) and are analyzed as follows:

	2021 € million	2020 € million
Impairment loss on loans and advances to customers	**(525)**	(2,037)
Modification gain / (loss) on loans and advances to customers	**18**	(31)
Impairment (loss)/ reversal for credit related commitments	**17**	(13)
Total	**(490)**	(2,081)

22. Investment securities

	2021 € million	2020 € million
Investment securities at FVOCI	**6,509**	5,454
Investment securities at amortised cost	**4,666**	2,784
Investment securities at FVTPL	**141**	127
Total	**11,316**	8,365

Note: information on debt securities of the investment portfolio is presented in note 5.2.1.3

On 23 July 2021, Eurobank S.A. announced the acquisition of a 9.9% holding in Hellenic Bank Public Company Limited ("Hellenic Bank") and the entering into a share purchase agreement with Third Point Hellenic Recovery Fund L.P. for the acquisition of an additional 2.7%, which was completed on 28 December 2021 following the receipt of the relevant regulatory approvals.

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

GGBs swap transaction

In December 2020, the Public Debt Management Agency (PDMA) proceeded to an offer to repurchase specific Greek government bonds (GGBs) held by the Bank of face value € 1.2 billion held at the amortised cost portfolio, against a cash consideration of € 1.5 billion equal to their market value. At the same time, the PDMA proceeded to the re-opening of a GGB of face value € 0.5 billion that was offered to the Bank against cash consideration of € 0.8 billion, equal to its market value.

Accordingly, the original bonds were derecognized from the Group's balance sheet with a resulting gain of € 139 million, net of any hedging effect. The new GGB was also classified within the hold-to-collect portfolio measured at amortised cost.

In December 2021, the Hellenic Republic, in the context of its Liability Management, invited all holders of specific Greek Government Bonds (GGBs) issued under the PSI in 2012 with maturities ranging from 2023 to 2042 ("Designated securities") to offer to exchange these securities for specified series of GGBs ending in 2027, 2033, 2037 and 2042 ("Benchmark securities"), aiming to substitute the old PSI bonds that presented low trading activity in the market with significantly liquid GGBs that were issued in the context of the Hellenic Republic's Liability Management Exercise in 2017.

Pursuant to the above invitation, the Bank offered for exchange GGBs of face value € 108 million recognized under the amortised cost portfolio. The exchange was accounted for as a modification of the Designated Securities with no significant impact, as the terms of the Benchmark securities were not considered to be substantially different than those of the Designated Securities.

Notes to the Consolidated Financial Statements

22.1 Movement of investment securities

The tables below present the movement of the carrying amount of investment securities per measurement category and per stage:

	31 December 2021					
	Debt securities at FVOCI		Investment securities at amortised cost	Investment securities at FVTPL	Equity securities at FVOCI	
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	12-month ECL-Stage 1 € million	€ million	€ million	Total € million
Gross carrying amount at 1 January	5,444	10	2,789	127	-	8,370
Arising from acquisition (note 23.2)	78	-	-	0	-	78
Additions, net of disposals and redemptions	1,020	-	1,676	8	41	2,745
Transfers between stages	2	(2)	-	-	-	-
Net gains/(losses) from changes in fair value for the year	(132)	1	-	4	3	(124)
Amortisation of premiums/discounts and interest	(21)	(0)	(5)	0	-	(26)
Changes in fair value due to hedging	-	-	179	-	-	179
Exchange adjustments and other movements	65	0	33	2	-	100
Gross carrying amount at 31 December	6,456	9	4,672	141	44	11,322
Impairment allowance	-	-	(6)	-	-	(6)
Net carrying amount at 31 December	6,456	9	4,666	141	44	11,316

	31 December 2020				
	Debt securities at FVOCI		Investment securities at amortised cost	Investment securities at FVTPL	
	12-month ECL-Stage 1 € million	Lifetime ECL-Stage 2 € million	12-month ECL-Stage 1 € million	€ million	Total € million
Gross carrying amount at 1 January	6,278	-	1,542	134	7,954
Additions, net of disposals and redemptions	(1,020)	-	1,170	(6)	144
Transfers between stages	(10)	10	-	-	-
Net gains/(losses) from changes in fair value for the year	301	1	-	(1)	301
Amortisation of premiums/discounts and interest	(51)	0	15	0	(36)
Changes in fair value due to hedging	-	-	62	-	62
Exchange adjustments and other movements	(54)	(1)	0	(0)	(55)
Gross carrying amount at 31 December	5,444	10	2,789	127	8,370
Impairment allowance	-	-	(5)	-	(5)
Net carrying amount at 31 December	5,444	10	2,784	127	8,365

22.2 Movement of ECL

The table below presents the ECL movement per portfolio, including ECL movement analysis per stage:

	31 December 2021			31 December 2020		
	Measured at amortised cost € million	**Measured at FVOCI € million**	**Total € million**	Measured at amortised cost € million	Measured at FVOCI € million	Total € million
Balance at 1 January	**5**	**10**	**15**	3	9	12
New financial assets purchased	**8**	**8**	**16**	6	5	11
- of which 12-month ECL-Stage 1	**8**	**8**	**16**	6	5	11
Transfers between stages						
- (from)/to 12-month ECL-Stage 1	**-**	**0**	**0**	-	(1)	(1)
- (from)/to lifetime ECL-Stage 2	**-**	**(0)**	**(0)**	-	1	1
Remeasurement due to change in ECL risk parameters	**(6)**	**(6)**	**(12)**	(2)	(0)	(2)
- of which 12-month ECL-Stage 1	*(6)*	*(6)*	*(12)*	*(2)*	*(0)*	*(2)*
- of which lifetime ECL-Stage 2	-	*(0)*	*(0)*	-	*(0)*	*(0)*
Financial assets disposed during the year	**(0)**	**(1)**	**(1)**	(2)	(3)	(5)
- of which 12-month ECL-Stage 1	*(0)*	*(1)*	*(1)*	*(2)*	*(3)*	*(5)*
Financial assets redeemed during the year	**(0)**	**(0)**	**(0)**	(0)	(0)	(0)
Foreign exchange and other movements	**(1)**	**1**	**-**	0	(1)	(1)
Balance as at 31 December	**6**	**12**	**18**	5	10	15

22.3 Equity reserve: revaluation of the investment securities at FVOCI

Gains and losses arising from the changes in the fair value of investment securities at FVOCI are recognized in a corresponding revaluation reserve in equity. The movement of the reserve is as follows:

	2021 € million	2020 € million
Balance at 1 January	**415**	557
Net gains/(losses) from changes in fair value	**(128)**	302
Tax (expense)/benefit	**33**	(86)
Revaluation reserve from associated undertakings, net of tax	**(4)**	(18)
	(99)	198
Net (gains)/losses transferred to net profit on disposal	**(99)**	(666)
ECL transferred to net profit	**3**	4
Tax (expense)/benefit on net (gains)/losses transferred to net profit on disposal	**28**	191
Tax (expense)/benefit on ECL transferred to net profit	**(1)**	(1)
	(69)	(472)
Net (gains)/losses transferred to net profit from fair value hedges	**105**	187
Tax (expense)/benefit	**(30)**	(55)
	75	132
Balance at 31 December	**322**	415

23. Group composition

23.1 Shares in subsidiaries

The following is a listing of the Company's subsidiaries at 31 December 2021, included in the consolidated financial statements for the year ended 31 December 2021:

Name	Note	Percentage holding	Country of incorporation	Line of business
Eurobank S.A.	g	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.	g	100.00	Greece	Leasing
Eurobank Factors Single Member S.A.		100.00	Greece	Factoring
Hellenic Post Credit S.A.		50.00	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.	h	100.00	Greece	Real estate
Cloud Hellas Single Member Ktimatiki S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 1 Single Member Development S.A.		100.00	Greece	Real estate
(Under liquidation) Real Estate Management Single Member S.A.		100.00	Greece	Real estate services
(Under liquidation) Anchor Hellenic Investment Holding Single Member S.A.		100.00	Greece	Real estate
Vouliagmeni Residence Single Member S.A.		100.00	Greece	Real estate
Athinaiki Estate Investments Single Member S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 2 Development S.A.		100.00	Greece	Real estate
Piraeus Port Plaza 3 Development S.A.		100.00	Greece	Real estate
Tenberco Properties Development and Exploitation Single Member S.A.		100.00	Greece	Real estate
Value Touristiki S.A.	b	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 03 E.A.D.(1)		100.00	Bulgaria	Real estate services
IMO Property Investments Sofia E.A.D.		100.00	Bulgaria	Real estate services
ERB Hellas (Cayman Islands) Ltd		100.00	Cayman Islands	Special purpose financing vehicle
Berberis Investments Ltd		100.00	Channel Islands	Holding company
Eurobank Cyprus Ltd		100.00	Cyprus	Banking
ERB New Europe Funding III Ltd		100.00	Cyprus	Finance company
Foramonio Ltd		100.00	Cyprus	Real estate
NEU 03 Property Holdings Ltd		100.00	Cyprus	Holding company
NEU Property Holdings Ltd		100.00	Cyprus	Holding company
Lenevino Holdings Ltd		100.00	Cyprus	Real estate
Rano Investments Ltd		100.00	Cyprus	Real estate
Neviko Ventures Ltd		100.00	Cyprus	Real estate
Staynia Holdings Ltd		100.00	Cyprus	Holding company
Zivar Investments Ltd		100.00	Cyprus	Real estate
Amvanero Ltd		100.00	Cyprus	Real estate
Revasono Holdings Ltd		100.00	Cyprus	Real estate
Volki Investments Ltd		100.00	Cyprus	Real estate
Adariano Investments Ltd		100.00	Cyprus	Real estate
Elerovio Holdings Ltd		100.00	Cyprus	Real estate
Sagiol Ltd		100.00	Cyprus	Holding company
Macoliq Holdings Ltd		100.00	Cyprus	Holding company
Senseco Trading Limited	b	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.	d	70.00	Serbia	Banking
ERB Leasing A.D. Beograd-in Liquidation	d	85.15	Serbia	Leasing
IMO Property Investments A.D. Beograd		100.00	Serbia	Real estate services
Reco Real Property A.D. Beograd		100.00	Serbia	Real estate
ERB Istanbul Holding A.S. in liquidation	i	100.00	Turkey	Holding company
ERB Hellas Plc		100.00	United Kingdom	Special purpose financing vehicle
Karta II Plc		-	United Kingdom	Special purpose financing vehicle
Astarti Designated Activity Company		-	Ireland	Special purpose financing vehicle
ERB Recovery Designated Activity Company		-	Ireland	Special purpose financing vehicle

(1) The company has been classified as a held for sale subsidiary (note 30).

As at 31 December 2021, the Group held half of the voting rights of Hellenic Post Credit S.A. which is fully consolidated. The Bank with the consent of the other shareholder who held the remaining 50% of the share capital, has appointed the majority of the Board's directors and directs the current operations that significantly affect the returns of the company.

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

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

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

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

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

In 2021, the changes in the Group structure due to: a) acquisitions, mergers and establishment of companies, b) sales and other corporate actions, which resulted in loss of control, c) transactions with the non-controlling interests, which did not result in loss of control and d) liquidations, are as follows:

(a) Grivalia New Europe S.A., Luxembourg
In January 2021, the liquidation of the company was completed.

(b) Senseco Trading Ltd, Cyprus and Value Touristiki S.A., Greece
In April 2021, the Bank acquired 100% of the shares and voting rights of Senseco Trading Limited for a cash consideration of € 6.7 million. The acquisition was accounted for as a business combination using the purchase method of accounting. At the date of acquisition, the fair value of the total net assets amounted to € 6.4 million mainly referring to 51% of the shares and voting rights of the Group's joint venture Value Touristiki S.A. Accordingly, the resulting goodwill asset amounted to € 0.3 million. Following the above transaction, Value Touristiki S.A. became a wholly owned subsidiary of the Bank. In accordance with the requirements for business combinations achieved in stages, the Group has remeasured its previously held interest of 49% in Value Touristiki S.A. at fair value of € 6.1 million, with a resulting gain of € 1.7 million that was recognized in "Other income/(expenses)".

(c) Special purpose financing vehicle for the securitization of Bank's loans and related real estate company

In May 2021, in the context of the management of the Group's non performing exposures (NPE) the Bank, through its special purpose financing vehicle Mexico Finance Designated Activity Company, proceeded with the securitization of a mixed assets portfolio of primarily NPE and established the related real estate company Mexico Estate Single Member S.A. In September 2021, the BoD of Eurobank Holdings approved to proceed with the sale of 95% of the mezzanine and junior notes of Mexico securitization to doValue Group subject to the fulfillment of certain conditions. On 20 December 2021, following the completion of the Mexico transaction, the Group ceased to control the special purpose financing vehicle Mexico Finance Designated Activity Company and the related real estate company Mexico Estate Single Member S.A., and as a result they were not included in the consolidated financial statements for the year ended 31 December 2021 (note 20.1).

(d) Eurobank A.D. Beograd and ERB Leasing A.D. Beograd – In Liquidation, Serbia

In December 2021, the merger of Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") with Direktna Banka a.d. Kragujevac ("Direktna") was completed, after all necessary approvals from the competent authorities were obtained and the combined Bank was renamed to Eurobank Direktna a.d. As a result of the merger, the Group's percentage holding in its previously wholly owned subsidiaries Eurobank Direktna a.d. and ERB Leasing A.D. Beograd – In Liquidation decreased to 70% and 85.15%, respectively. Further information is provided in note 23.2.

(e) Ragisena Ltd, Cyprus

In July 2021, Eurobank Cyprus Ltd disposed its participation interest of 100% in Ragisena Ltd to a third party for a cash consideration of € 0.8 million. The resulting gain on the disposal was immaterial.

(f) Eurobank Holding (Luxembourg) S.A. under liquidation, Luxembourg

In September 2021, the liquidation of the company was decided and its dissolution was completed in December 2021.

(g) Demerger of Eurobank Ergasias Leasing Single Member S.A.

In June 2021, in the context of the optimization of the Group's organizational structure and the enhancement of its competitiveness in the leasing market, the Extraordinary General Shareholders' Meetings of the Bank and its wholly owned subsidiary Eurobank Ergasias Leasing Single Member S.A. resolved the approval of the demerger of Eurobank Ergasias Leasing Single Member S.A. ("Demerged Entity") through (i) the transfer of part of its assets and liabilities to the Bank and (ii) the establishment of a new company through the transfer of the remaining part of the assets and liabilities of the Demerged Entity.

The aforementioned demerger was completed in October 2021, after receiving the required approvals by the competent Authorities, while a new company "Eurobank Leasing Single Member S.A" was established for this purpose, as described above. Moreover, the deregistration of the demerged entity "Eurobank Ergasias Leasing Single Member S.A." from the General Commercial Registry was completed.

In line with the Group's accounting policy for business combinations involving entities under common control, the transfer of the Demerged Entity's assets and liabilities to the Bank was performed at their pre-combination carrying amounts under the pooling of interests method, while the transfer of the Demerged Entity's assets and liabilities to the new company was accounted for as an internal capital reorganization, thus also transferred at their carrying amounts. The demerger had no impact in the Group's consolidated financial statements.

(h) Standard Single Member Real Estate S.A., Greece

In December 2021, the Bank signed a shares sale and purchase agreement with the other shareholder of Standard Real Estate S.A. for the acquisition of the remaining shares (5.90%) in the company for a cash consideration of € 0.1 million. The effect of the transaction was immaterial and was recognized directly in the equity attributable to the shareholders of Eurobank Holdings. As a result, Standard Real Estate S.A. became a wholly owned subsidiary of the Bank. In January 2022, following the above transaction, the name of the company was amended with the inclusion of the term "Single member".

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

In December 2021, the liquidation of the company was decided and accordingly its name was amended to ERB Instanbul Holding A.S. in liquidation.

Notes to the Consolidated Financial Statements

In 2020, the changes in the Group structure due to: a) the demerger of Eurobank Ergasias, b) acquisitions, mergers and establishment of companies, c) sales and other corporate actions, which resulted in loss of control, d) transactions with the non-controlling interests, which did not result in loss of control and e) liquidations, are as follows:

(i) Eurobank S.A., Greece
On 20 March 2020, Eurobank Ergasias S.A. (“Eurobank Ergasias” or “the Demerged Entity”) announced that the demerger of Eurobank Ergasias through banking sector’s hive down and establishment of a new company-credit institution (“Demerger”) under the corporate name “Eurobank S.A.” (“the Beneficiary”) was approved. Following the approval of the Demerger, the Demerged Entity, which as of 23 March 2020 was renamed to “Eurobank Ergasias Services and Holdings S.A.”, became the sole shareholder of the Beneficiary by acquiring all of its issued shares. Further information is provided in note 1.

(ii) Eurobank FPS Loans and Credits Claim Management S.A., Greece
In June 2020, in the context of the binding agreements that Eurobank Ergasias S.A. had entered into with doValue S.p.A. in December 2019, the Bank sold 80% of its subsidiary then named Eurobank FPS Loans and Credits Claim Management S.A. - project “Europe”.

(iii) ERB Leasing Bulgaria EAD, Bulgaria
In February 2020, the legal merger of Eurobank Bulgaria A.D. and ERB Leasing Bulgaria EAD, by absorption of the latter by the former was announced.

(iv) CEH Balkan Holdings Ltd, Cyprus
The dissolution of the company was completed in January 2020.

(v) Special purpose financing vehicles for the securitization of Bank loans and related real estate companies – Project “Cairo”
On 5 June 2020, the Company announced that the sale of a portion of mezzanine and junior securitization notes of the € 7.5 billion multi-asset NPE securitization (project “Cairo”), has been completed (note 20). Following the above, the Company ceased to have control over the related special purpose financing vehicles (Cairo No. 1 Finance Designated Activity Company, Cairo No. 2 Finance Designated Activity Company, Cairo No. 3 Finance Designated Activity Company) and the related real estate companies (Cairo Estate I Single Member S.A., Cairo Estate II Single Member S.A., Cairo Estate III Single Member S.A.), and as a result they were not included in the consolidated financial statements for the year ended 31 December 2020.

(vi) ERB Hellas Funding Ltd, Channel Islands
In June 2020, the liquidation of the company was decided and its dissolution was completed in December 2020.

(vii) Adariano Investments Ltd and Elerovio Holdings Ltd, real estate companies, Cyprus
In the context of the management of its NPEs, in the second quarter of 2020, the Bank’s subsidiary Eurobank Cyprus Ltd established the wholly owned subsidiaries, Adariano Investments Ltd and Elerovio Holdings Ltd, to operate as real estate companies in Cyprus.

(viii) Cairo Mezz Plc, portfolio company, Cyprus
In June 2020, the Company acquired 100% of the shares of Mairanus Ltd for a cash consideration of € 2 thousand. In the same month, the Company following the respective decision by its Board of Directors, contributed cash of € 1.5 million and the retained Cairo notes of fair value € 56 million in exchange for newly-issued shares of Mairanus Ltd, which in September 2020 was renamed to Cairo Mezz Plc. In addition, in September 2020, the above shares were distributed to Eurobank Holdings shareholders, as the last step of the Cairo transaction (note 20) and as a result Cairo Mezz Plc was not included in the consolidated financial statements for the year ended 31 December 2020.

(ix) ERB Recovery Designated Activity Company, Ireland
In June 2020, the Bank established ERB Recovery Designated Activity Company, a special purpose financing vehicle for the securitization of a portfolio of mortgage, consumer, SME (small and medium enterprise) and corporate loans.

(x) Eurobank Finance S.A., Romania
The distribution of the company’s surplus assets to its shareholders and its dissolution were completed in July and October 2020, respectively.

(xi) Sagiol Ltd, Cyprus and Piraeus Port Plaza 2, Greece

In July 2020, the Bank acquired 100% of the shares and voting rights of Sagiol Ltd for a cash consideration of € 9.1 million. The acquisition was accounted for as a business combination using the purchase method of accounting. At the date of acquisition, the fair value of the total assets amounted to € 9.2 million referring to 51% of the shares and voting rights of the Group's joint venture Piraeus Port Plaza 2, while total liabilities amounted to € 0.01 million. The resulting gain of € 0.07 million had been recognized in "Other income/(expenses)". Following the above transaction, Piraeus Port Plaza 2 became a wholly owned subsidiary of the Bank. In accordance with the requirements for business combinations achieved in stages, the Group had remeasured its previously held interest of 49% in Piraeus Port Plaza 2 at fair value of € 8.8 million, with a resulting gain of € 1.9 million that was recognized in "Other income/(expenses)".

(xii) Macoliq Holdings Ltd, Cyprus and Piraeus Port Plaza 3, Greece

In October 2020, the Bank acquired 100% of the shares and voting rights of Macoliq Holdings Ltd for a cash consideration of € 12.5 million. The acquisition was accounted for as a business combination using the purchase method of accounting. At the date of acquisition, the fair value of the total net assets amounted to € 12.1 million referring to 51% of the shares and voting rights of the Group's joint venture Piraeus Port Plaza 3. Accordingly, the resulting goodwill asset amounted to € 0.4 million. Following the above transaction, Piraeus Port Plaza 3 became a wholly owned subsidiary of the Bank. In accordance with the requirements for business combinations achieved in stages, the Group had remeasured its previously held interest of 49% in Piraeus Port Plaza 3 at fair value of € 11.6 million, with a resulting gain of € 2.3 million that was recognized in "Other income/(expenses)".

(xiii) (Under liquidation) Real Estate Management Single Member S.A. and (Under liquidation) Anchor Hellenic Investment Holding Single Member S.A., Greece

In December 2020, the liquidation of the companies was decided.

(xiv) Tegea Holdings Ltd, Tegea Plc, Anaptyxi SME I Holdings Ltd and Anaptyxi SME I Plc, UK

In the fourth quarter of 2020, the liquidation of the special purpose financing vehicles was completed.

(xv) Tenberco Properties Development and Exploitation Single Member S.A., Greece

In December 2020, the Bank acquired 100% of the shares and voting rights of Tenberco Properties Development and Exploitation Single Member S.A. for a cash consideration of € 27.1 million. At the date of acquisition, the fair value of the total assets amounted to € 30.6 million, while total liabilities amounted to € 1.4 million, mainly consisting of a deferred tax liability arising from the fair value measurement of the assets acquired. Accordingly, the effect of the transaction was € 2.2 million gain, which had been recognized in "Other income/(expenses)".

(xvi) Standard Single Member Real Estate S.A., Greece

In December 2020, following the capitalization of the company's finance lease liability, the Group's percentage holding in the company's share capital decreased from 100% to 94.10%. The transaction resulted in a) a gain of € 0.7 million that was recognized directly in the equity attributable to the shareholders of Eurobank Holdings and b) the increase of non controlling interests by € 0.1 million.

Post balance sheet events

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

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

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.

Significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group

The Group does not have any significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from regulatory, statutory and contractual requirements, set out below:

- Banking and other financial institution subsidiaries are subject to regulatory restrictions and central bank requirements in the countries in which the subsidiaries operate. Such supervisory framework requires the subsidiaries to maintain minimum capital buffers and certain capital adequacy and liquidity ratios, including restrictions to limit exposures and/or the transfer of funds to the

Company and other subsidiaries within the Group. Accordingly, even if the subsidiaries' financial assets are not pledged at an individual entity level, their transfer within the Group may be restricted under the existing supervisory framework. As at 31 December 2021, the carrying amount of the Group financial institution subsidiaries' assets and liabilities, before intercompany eliminations, amounted to € 83.6 billion and € 76.9 billion, respectively, including Eurobank S.A. (2020: € 74.3 billion and € 68 billion).

- Subsidiaries are subject to statutory requirements mainly relating with the level of capital and total equity that they should maintain, restrictions on the distribution of capital and special reserves, as well as dividend payments to their ordinary shareholders. Information relating to the Group's non-distributable reserves is provided in note 38.

- The Group uses its financial assets as collateral for repo and derivative transactions, secured borrowing from central and other banks, issuances of covered bonds, as well as securitizations. As a result of financial assets' pledge, their transfer within the Group is not permitted. Information relating to the Group's pledged financial assets is provided in notes 17, 29 and 40.

- The Group is required to maintain balances with central banks and also posts cash collaterals for obtaining funding from Eurosystem. Information relating to mandatory and collateral deposits with central banks is provided in note 15.

23.2 Merger of Eurobank a.d. Beograd with Direktna Banka a.d.

On 1 July 2021, Eurobank S.A. ("Eurobank") announced that it has concluded an agreement with the shareholders and principals of Direktna Banka a.d. Kragujevac ("Direktna"), for the merger of Direktna with Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia") (the "Transaction"), with absorption of Direktna by Eurobank Serbia.

In December 2021, the Transaction was concluded, following the receipt of the relevant customary approvals by the competent regulatory and supervisory authorities. Following the completion of the transaction Eurobank controls 70% of the combined bank, while Direktna's shareholders own the remaining 30%. Part of the Transaction was the dividend distribution and capital return to Eurobank Group of c. €232 million, after tax, in total.

The merger was accounted in accordance with the IFRS 3 requirements for transactions for which an acquirer transfers an equity interest in a subsidiary as consideration in a business combination, but continues to have a controlling interest in the subsidiary after the transfer. Accordingly, the Transaction was accounted for a business combination with the recognition of identifiable assets and liabilities at their provisional values, while the change in the percentage holding in the combined entity constitutes an equity transaction with a resulting gain of ca. € 1 million, which was recorded directly in equity.

Notes to the Consolidated Financial Statements

Upon the merger date, the provisional values of the assets and liabilities of Direktna and the resulting gain are presented in the table below.

	€ million
ASSETS	
Cash and balances with central banks	**130**
Due from credit institutions	**52**
Loans and advances to customers	**322**
Investment securities	***78***
Property and equipment	**17**
Investment property	**2**
Intangible assets	**2**
Other assets	**4**
Total assets [1]	**607**
LIABILITIES	
Due to credit institutions	**10**
of which intercompany balances with the Group	***7***
Due to customers	**483**
Other liabilities	**16**
Total liabilities	**509**
Net assets of Direktna's acquired	**98**
Minus:	
30% of combined entity's NAV [2]	**97**
Net effect on shareholders' equity	**1**

[1] *Includes cash and cash equivalents of € 128 million (third parties).*
[2] *it includes € 0.05 million referring to non controlling interest (indirectly transferred equity interest) of 14.85% in the Group's entity "ERB Leasing A.D. Beograd-in Liquidation" as a result of the Transaction.*

As at 31 December 2021, the combined bank "Eurobank Direktna a.d." is the only entity of the Group with material non-controlling interests. Financial information regarding the combined bank, which is before inter-company eliminations with other companies of the Group, is provided in the table below.

	2021 € million
Total operating income	**66.6**
Net profit	**0.3**
Other comprehensive income	**(0.8)**
Total comprehensive income	**(0.5)**
Total comprehensive income attibutable to non controlling interests	**(1.4)**
Total assets	**2,469**
Total liabilities	**2,150**
Net assets	**319**
Net assets attributable to non controlling interests	**96**
Cash and cash equivalents at beginning of year	**153**
Cash and cash equivalents at end of year	**224**

Eurobank Direktna becomes the seventh largest bank in Serbia with a strong capital and liquidity position and a market share of 6.5% in customer loans.

The Transaction is in line with Eurobank's strategy to further strengthen its position in the countries where the Group maintains a presence and grow further with targeted acquisitions and friendly mergers.

24. Investments in associates and joint ventures

The following is the listing of the Group's associates and joint ventures as at 31 December 2021:

Name	Note	Country of incorporation	Line of business	Group's share
Femion Ltd		Cyprus	Special purpose investment vehicle	66.45
(Under liquidation) Tefin S.A.		Greece	Dealership of vehicles and machinery	50.00
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
Grivalia Hospitality S.A.(2)		Luxembourg	Real estate	25.00
Information Systems Impact S.A.	e	Greece	Information systems services	23.50
doValue Greece Loans and Credits Claim Management S.A.	b	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) and Grivalia Hospitality group (Grivalia Hospitality S.A. and its subsidiaries) are considered as the Group's joint ventures.
(3) The holding in the company has been classified as held for sale (note 30).

Omega Insurance and Reinsurance Brokers S.A. in which the Group holds 26.05% is not accounted under the equity method in the consolidated financial statements. The Group is not represented in the Board of Directors of the company, therefore does not exercise significant influence over it.

Femion Ltd. is accounted for as a joint venture of the Group based on the substance and the purpose of the arrangement and the terms of the shareholder's agreement which require the unanimous consent of the shareholders for significant decisions and establish shared control through the equal representation of the shareholders in the management bodies of the company.

Perigenis Business Properties S.A. is accounted for as an associate of the Group based on the Bank's representation in the Board of Directors and the decision-making process as prescribed in the company's articles of association.

(a) Singidunum - Buildings d.o.o. Beograd, Serbia

In March 2021, the Group's entity IMO Property Investments A.D. Beograd signed a share transfer agreement with the other shareholder of Singidunum - Buildings d.o.o Beograd for the disposal of its participation (20.01%) in the company for a cash consideration of € 6.5 million. The transaction resulted to a loss of € 42 thousand recognized in "Other income/(expenses)".

(b) doValue Greece Loans and Credits Claim Management S.A., Greece

On 31 March 2021, the Board of Directors of "doValue Greece Loans and Credits Management S.A." ("doValue Greece") approved the draft terms of the merger by way of absorption of "doValue Hellas Credit and Loan Servicing S.A." by doValue Greece, in accordance with the provisions of Law 4601/2019, Law 4548/2018, article 54 of Law 4172/2013 and article 16 par. 18 of Law 2515/1997, as in force. The merger was approved by the General Meetings of the shareholders of each of the merging companies and by the competent authorities in July and August 2021, respectively. Upon completion of the merger in August 2021, and based on the exchange ratio agreed by the merging companies pursuant to acceptable valuation methods, doValue SpA, as the sole shareholder of doValue Hellas, received 1,418,880 new common shares of doValue Greece in exchange for the shares of doValue Hellas. As a result, the Group's shareholding in doValue Greece was initially reduced to 19.791% and was subsequently restored to 20% through the acquisition of 283,776 shares of the company.

In the year ended 31 December 2020, the Group had disposed of 80% of its former subsidiary Eurobank FPS Loans and Credits Claim Management S.A. (renamed to doValue Greece Loans and Credits Claim Management S.A.). The resulting gain on disposal that was recognized in "Other income/(expenses)" amounted to € 218 million (€ 172 million after tax) (note 10), including the costs directly attributable to the transaction and the remeasurement of the retained interest of 20% in the company.

(c) Value Touristiki S.A., Greece
As of April 2021, Value Touristiki S.A. ceased to be a Group's joint venture and became a wholly owned subsidiary of the Bank (note 23.1).

(d) Famar S.A., Luxembourg
In the year ended 31 December 2021, the liquidation of Famar S.A. was completed.

(e) Information Systems Impact S.A., Greece
In November 2021, following the exercise of a call option, the Bank signed a shares sale and purchase agreement for the acquisition of an additional 8.5% in the share capital of Information Systems Impact S.A. for a cash consideration of € 1.05 million. The resulting gain of € 0.5 million was recognized in "Other income/(expenses)". Following the above transaction the Group's shareholding in Information Systems Impact S.A. was increased from 15% to 23.50%.

(f) Alpha Investment Property Kefalariou S.A., Greece
In December 2021, the Bank signed a shares sale and purchase agreement for the disposal of its participation interest of 41.67% in Alpha Investment Property Kefalariou S.A. to a third party for a cash consideration of € 6.35 million. The resulting loss from the transaction of € 1.2 million was recognized in "Other income/(expenses)".

Post balance sheet event

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, the retained interest in the entity will be carried at FVTPL with any change in the carrying amount to be recognized in the income statement.

Associates and joint ventures material to the Group

With regards to the Group's associates and joint ventures, Eurolife FFH Insurance Group Holdings S.A., doValue Greece Loans and Credits Claim Management S.A. and Grivalia Hospitality S.A. are considered individually material for the Group. Financial information regarding those entities is provided in the tables below:

Eurolife FFH Insurance Group Holdings S.A.

	2021 € million	2020 € million
Current assets	**3,451**	3,383
Non-current assets	**132**	127
Total assets	**3,583**	3,510
Current liabilities	**391**	439
Non-current liabilities	**2,491**	2,331
Total liabilities	**2,882**	2,770
Operating income	**129**	193
Net profit	**65**	112
Other comprehensive income	**(19)**	(91)
Total comprehensive income	**46**	21
Dividends paid to the Group	**17**	-

Notes to the Consolidated Financial Statements

doValue Greece Loans and Credits Claim Management S.A.

	2021 € million	2020 € million
Current assets	**128**	106
Non-current assets	**361**	309
Total assets	**489**	415
Current liabilities	**157**	114
Non-current liabilities	**140**	153
Total liabilities	**297**	267
Equity	**192**	148
Group's share in equity	**38**	30
Goodwill [(1)]	**12**	12
Group's carrying amount of the investment	**50**	42
Operating income	**77**	90
Net profit	**54**	12
Total comprehensive income	**54**	12
Dividends paid to the Group	**3**	-

[(1)] it refers to the positive difference between the carrying amount of the Group's investment in doValue Greece (based on the sale agreement with doValue S.p.A.), and the Group's share in the entity's net assets as they both have been adjusted with the absorption of doValue Greece Holding by the entity (see above)

Grivalia Hospitality S.A.

	2021 € million	2020 € million
Current assets[(1)]	**85**	40
Non-current assets	**339**	326
Total assets	**424**	366
Current liabilities[(2)]	**61**	57
Non-current liabilities[(3)]	**118**	87
Total liabilities	**179**	144

	2021 € million	2020 € million
Operating income/(loss)	**19**	(26)
Net profit/(loss)	**10**	(22)
Other comprehensive income/(loss)	**1**	(3)
Total comprehensive income/(loss)	**11**	(25)

[(1)] Includes cash and cash equivalents of € 44 million (2020: € 29 million).
[(2)] Current financial liabilities excluding trade and other payables and provisions amount to € 24 million (2020: € 2 million).
[(3)] Non-current financial liabilities excluding trade and other payables and provisions amount to € 108 million (2020: € 72 million).

Note: The above financial data for Grivalia Hospitality S.A. have been based on the available information by the end of the third quarter of 2021 and 2020.

The carrying amount, in aggregate, of the Group's joint ventures excluding Grivalia Hospitality S.A. as at 31 December 2021 amounted to € 10 million (2020: € 15 million). The Group's share of profit and loss and total comprehensive income of the above entities amounted to € 1 million (2020: € 4 million).

The carrying amount, in aggregate, of the Group's associates excluding Eurolife FFH Insurance Group Holdings S.A. and doValue Greece Loans and Credits Claim Management S.A. which is presented above (i.e. Global Finance S.A., Alpha Investment Property Commercial Stores S.A., Odyssey GP S.a.r.l., Information Systems Impact S.A. and Perigenis Business Properties S.A.) as at 31 December 2021 amounted to € 12 million (2020: € 25 million). The Group's share of profit and loss and total comprehensive income of the above entities was immaterial (2020: immaterial).

The Group has not recognized losses in relation to its interest in its joint ventures, as its share of losses exceeded its interest in them and no incurred obligations exist or any payments were performed on behalf of them. For the year ended 31 December 2021, the unrecognized share of losses for the Group's joint ventures amounted to € 2 million (2020: € 4 million). The cumulative amount of unrecognized share of losses for the joint ventures amounted to € 24 million (2020: € 22 million).

During 2020 and 2021, the Group's contractual commitments assumed in relation to the acquisition of the other shareholders' interest in joint Ventures Piraeus Port Plaza 2, Piraeus Port Plaza 3 and Value Touristiki S.A. were met and, as a result, they became wholly owned subsidiaries of the Bank (note 23).

As at 31 December 2021, the Group has no unrecognized commitments in relation to its participation in joint ventures nor any contingent liabilities regarding its participation in associates or joint ventures, which could result to a future outflow of cash or other resources.

The Group's associate Eurolife FFH Insurance Group Holdings S.A is subject to regulatory and statutory restrictions and is required to maintain sufficient capital to satisfy its insurance obligations.

Except as described above, no significant restrictions exist (e.g. resulting from loan agreements, regulatory requirements or other contractual arrangements) on the ability of associates or joint ventures to transfer funds to the Group either as dividends or to repay loans that have been financed by the Group.

25. Structured Entities

The Group is involved in various types of structured entities, such as securitization vehicles, mutual funds and private equity funds.

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. A structured entity often has restricted activities, a narrow well-defined objective, insufficient equity to permit it to finance its activities without subordinated financial support and financing in the form of multiple contractually linked instruments to investors that create concentrations of credit or other risks.

An interest in a structured entity refers to contractual and non-contractual involvement that exposes the Group to variability of returns from the performance of the structured entity. Examples of interest in structured entities include the holding of debt and equity instruments, contractual arrangements, liquidity support, credit enhancement, residual value.

Structured entities may be established by the Group or by a third party and are consolidated when the substance of the relationship is such that the structured entities are controlled by the Group, as set out in note 2.2.1(i). As a result of the consolidation assessment performed, the Group has involvement with both consolidated and unconsolidated structured entities, as described below.

Consolidated structured entities

The Group, as part of its funding activity, enters into securitization transactions of various classes of loans (corporate, small and medium enterprise, mortgage, consumer loans, credit card and bond loans), which generally result in the transfer of the above assets to structured entities (securitization vehicles), which, in turn issue debt securities held by investors and the Group's entities. The Group monitors the credit quality of the securitizations' underlying loans, as well as the credit ratings of the debt instruments issued, when applicable, and provides either credit enhancements to the securitization vehicles and/or transfers new loans to the pool of their underlying assets, whenever necessary, in accordance with the terms of the relevant contractual arrangements in force.

Notes to the Consolidated Financial Statements

A listing of the Group's consolidated structured entities is set out in note 23.

As at 31 December 2021, the face value of debt securities issued by the securitizations sponsored by the Group amounted to € 5,916 million, of which € 5,364 million were held by the Bank (2020: € 11,147 million, of which € 10,552 million were held by the Bank) (notes 20 and 34).

The Group did not provide any non contractual financial or other support to these structured entities, where applicable, and currently has no intention to do so in the foreseeable future.

Unconsolidated structured entities

The Group enters into transactions with unconsolidated structured entities, which are those not controlled by the Group, in the normal course of business, in order to provide fund management services or take advantage of specific investment opportunities.

Moreover, the Group in the context of its NPEs reduction acceleration plan entered into the securitization of various classes of NPEs through the issue of senior, mezzanine and junior notes (Cairo, Pillar and Mexico, notes 20 and 34).

Group managed funds

The Group establishes and manages structured entities in order to provide customers, either retail or institutional, with investment opportunities. Accordingly, through its subsidiaries Eurobank Asset Management Mutual Fund Mngt Company S.A. and Eurobank Fund Management Company (Luxembourg) S.A., it is engaged with the management of different types of mutual funds, including fixed income, equities, funds of funds and money market.

Additionally, the Group is entitled to receive management and other fees and may hold investments in such mutual funds for own investment purposes as well as for the benefit of its customers.

The Group is involved in the initial design of the mutual funds and, in its capacity as fund manager, takes investment decisions on the selection of their investments, nevertheless within a predefined, by relevant laws and regulations, decision making framework. Therefore, the Group has determined that it has no power over these funds.

Furthermore, in its capacity as fund manager, the Group primary acts as an agent in exercising its decision making authority over them. Based on the above, the Group has assessed that it has no control over these mutual funds and as a result does not consolidate them. The Group does not have any contractual obligation to provide financial support to the managed funds and does not guarantee their rate of return.

Non-Group managed funds

The Group purchases and holds units of third party managed funds including mutual funds, private equity and other investment funds.

Securitizations

The Group has interests in unconsolidated securitization vehicles by investing in residential mortgage backed and other asset-backed securities issued by these entities.

The table below sets out the carrying amount of the Group's interests in unconsolidated structured entities, recognized in the consolidated balance sheet as at 31 December 2021, representing its maximum exposure to loss in relation to these interests. Information relating to the total income derived from interests in unconsolidated structured entities, recognized either in profit or loss or other comprehensive income during 2021 is also provided (i.e. fees, interest income, net gains or losses on revaluation and derecognition):

	31 December 2021			
	Unconsolidated structured entity type			
	Securitizations € million	Group managed funds € million	Non- Group managed funds € million	Total € million
Group's interest- assets				
Loans and advances to customers[1]	5,116	-	-	**5,116**
Investment securities	691	63	19	**773**
Other Assets	-	2	-	**2**
Total	**5,807**	**65**	**19**	**5,891**
Total income from Group interests	64	70	3	**137**

	31 December 2020			
	Unconsolidated structured entity type			
	Securitizations € million	Group managed funds € million	Non- Group managed funds € million	Total € million
Group's interest- assets				
Loans and advances to customers [1]	3,505	-	-	3,505
Investment securities	67	41	28	135
Other Assets	-	1	-	1
Total	3,572	42	28	3,642
Total income from Group interests	31	49	1	81

[1] *Includes the senior and mezzanine notes of the Pillar, Cairo and Mexico securitizations (note 20).*

For the year ended 31 December 2021, total income related to the Group's interests from securitizations mainly includes: (i) € 62 million and € 1.1 million interest income of debt securities retained by the Group measured at amortized cost and at FVOCI respectively and (ii) € 0.7 million from gains or losses on revaluation recognized in other comprehensive income. Total income from Group interests in relation to Group managed funds consists of: (i) € 68 million income relating to management fees and other commissions for the management of funds and (ii) € 1.9 million gains or losses on revaluation or from sale of the Group's holding in funds recognized in profit or loss. In addition, total income in relation to non-Group managed funds consists mainly of gains or losses on revaluation or from sale of the Group's holding in funds and has been recognized in profit or loss.

As at 31 December 2021, the total assets of funds under the Group's management as well as the notional amount of notes in issue by unconsolidated securitization vehicles amounted to € 3,303 million (2020: € 2,303 million) and € 24,856 million (2020: € 12,685 million), respectively.

26. Property and equipment

	31 December 2021				
	Land, buildings, leasehold improvements € million	Furniture, equipment, motor vehicles € million	Computer hardware, software € million	Right of use assets (RoU)(1) € million	Total € million
Cost:					
Balance at 1 January	**685**	**198**	**477**	**274**	**1,634**
Arising from acquisitions (note 23)	**6**	**1**	**-**	**9**	**16**
Transfers	**(15)**	**(2)**	**12**	**-**	**(5)**
Additions	**14**	**9**	**27**	**10**	**60**
Disposals, write-offs and adjustment to RoU (2)	**(12)**	**(8)**	**(8)**	**43**	**15**
Impairment	**(2)**	**(0)**	**(1)**		**(3)**
Exchange adjustments	**-**	**-**	**-**	**-**	**-**
Held for sale (note 30)	**(1)**	**-**	**-**	**-**	**(1)**
Balance at 31 December	**675**	**198**	**507**	**336**	**1,716**
Accumulated depreciation:					
Balance at 1 January	**(216)**	**(157)**	**(411)**	**(72)**	**(856)**
Transfers	**2**	**1**	**-**	**-**	**3**
Disposals, write-offs and adjustment to RoU (2)	**10**	**8**	**8**	**4**	**30**
Charge for the year	**(13)**	**(7)**	**(20)**	**(38)**	**(78)**
Exchange adjustments	**-**	**-**	**-**	**-**	**-**
Held for sale (note 30)	**0**	**-**	**-**	**0**	**0**
Balance at 31 December	**(217)**	**(155)**	**(423)**	**(106)**	**(901)**
Net book value at 31 December	**458**	**43**	**84**	**230**	**815**

(1) The respective lease liabilities are presented in "other liabilities" (note 35).

(2) It refers to termination, modifications and remeasurements of RoU. It includes the remeasurement from revised estimates of the lease term during the year, considering all facts and circumstances that affect the Group's housing needs.

As at 31 December 2021, the RoU assets amounting to € 230 million (31 December 2020: € 202 million) refer to leased office and branch premises, ATM locations, residential properties of € 223 million (31 December 2020: € 194 million) and motor vehicles of € 7 million (31 December 2020: € 8 million).

	31 December 2020				
	Land, buildings, leasehold improvements € million	Furniture, equipment, motor vehicles € million	Computer hardware, software € million	Right of use assets (RoU)[1] € million	Total € million
Cost:					
Balance at 1 January	681	195	454	211	1,541
Arising from acquisitions/merger (notes 23)	22	-	-	-	22
Transfers	(20)	(0)	1	-	(19)
Additions	12	8	24	26	70
Disposals, write-offs and adjustment to RoU[2]	(2)	(5)	(1)	37	29
Exchange adjustments	(0)	(0)	(1)	-	(1)
Held for sale (note 30)	(8)	-	-	-	(8)
Balance at 31 December	685	198	477	274	1,634
Accumulated depreciation:					
Balance at 1 January	(207)	(154)	(397)	(37)	(795)
Transfers	3	1	1	-	5
Disposals, write-offs and adjustment to RoU[2]	1	4	1	4	10
Charge for the year	(15)	(8)	(17)	(39)	(79)
Exchange adjustments	-	-	1	-	1
Held for sale (note 30)	2	-	-	-	2
Balance at 31 December	(216)	(157)	(411)	(72)	(856)
Net book value at 31 December	469	41	66	202	778

[1] *The respective lease liabilities are presented in "other liabilities" (note 35).*

[2] *It refers to termination, modifications and remeasurements of RoU. It includes the remeasurement from revised estimates of the lease term during the year, considering all facts and circumstances that affect the Group's housing needs.*

Leasehold improvements relate to premises occupied by the Group for its own activities.

27. Investment property

The Group applies the fair value model regarding the measurement of Investment Property according to IAS 40 "Investment property".

The movement of investment property is as follows:

	2021 € million	2020 € million
Balance at 1 January	**1,459**	1,184
Additions	**3**	161
Arising from acquisition (note 23)	**33**	111
Transfers from/to repossessed assets	**3**	2
Other transfers	**13**	18
Disposals	**(31)**	(20)
Net gain/(loss) from fair values adjustments	**30**	3
Held for sale (note 30)	**(18)**	-
Balance at 31 December	**1,492**	1,459

As at 31 December 2021, RoU assets that meet the definition of investment property amount to € 14 million (31 December 2020: € 14 million). The respective lease liabilities are presented in "other liabilities" (note 35).

Changes in fair values of investment property are recognized as gains/(losses) in profit or loss and included in the "Other Income/(expense)" (note 10). All gains/(losses) are unrealized.

During the year ended 31 December 2021, an amount of € 93 million (2020: € 83 million) was recognized as rental income from investment property in income from non banking services (note 8). As at 31 December 2021, the contractual obligations in relation to investment property amounted to approximately € 5.5 million, of which € 4.2 million is associated with property redevelopment.

The main classes of investment property have been determined based on the nature, the characteristics and the risks of the Group's properties. The fair value measurements of the Group's investment property, which are categorized within level 3 of the fair value hierarchy, are presented in the below table.

	2021 **€ million**	2020 € million
Residential	**21**	30
Commercial	**1,420**	1,381
Land Plots	**35**	25
Industrial	**16**	23
Total	**1,492**	1,459

The basic methods used for estimating the fair value of the Group's investment property are the income approach (income capitalization/discounted cash flow method), the comparative method and the cost approach, which are also used in combination depending on the class of property being valued.

The discounted cash flow method is used for estimating the fair value of the Group's commercial investment property. Fair value is calculated through the projection of a series of cash flows using explicit assumptions regarding the benefits and liabilities of ownership (income and operating costs, vacancy rates, income growth), including the residual value anticipated at the end of the projection period. To this projected cash flows series, an appropriate, market-derived discount rate is applied to establish its present value.

Under the income capitalization method, also used for the commercial class of investment property, a property's fair value is estimated based on the normalized net operating income generated by the property, which is divided by the capitalization rate (the investor's rate of return).

The comparative method is used for the residential, commercial and land plot classes of investment property. Fair value is estimated based on data for comparable transactions, by analyzing either real transaction prices of similar properties, or by asking prices after performing the necessary adjustments.

The cost approach is used for estimating the fair value of the residential and the industrial classes of the Group's investment property. This approach refers to the calculation of the fair value based on the cost of reproduction/replacement (estimated construction costs), which is then reduced by an appropriate rate to reflect depreciation.

The Group's investment property valuations are performed taking into consideration the highest and best use of each asset that is physically possible, legally permissible and financially feasible.

The main method used to estimate the fair value of Group's Investment property portfolio as at 31 December 2021, is the discounted cash flow method. Significant unobservable inputs used in the fair value measurement of the relevant portfolio are the rental income growth and the discount rate. Increase in rental income growth would result in increase in the carrying amount while an increase in the discount rate would have the opposite result. The discount rate used ranges from 7% to 12%. As at 31 December 2021, an increase or decrease of 5% in the discount rate used in the DCF analysis, would result in a downward or upward adjustment of the carrying value of the respective investment properties of € 32 million and € 34 million, respectively.

The Covid-19 outbreak in the past two years affected significantly the economic activity in Greece, as well as Internationally, particularly the sectors of shopping centers, high street retail (excluding hypermarkets) and hospitality. Even though the pandemic seems to come to an end, the full scope of its economic impact on the real estate properties remains uncertain.

However, the activity shown during 2021 in some real estate sectors, such as grade A office buildings in good locations, with several transactions taking place, has resulted in a sufficient volume of comparative data that have been considered in the respective properties' valuations. On the other hand, the retail sector, excluding big boxes and supermarkets, is still under pressure due to the pandemic, whereas the lack of sufficient data in the market does not allow the quantification of any effects relevant to the pandemic.

The Group's investment property portfolio demonstrated significant resilience to the pressures from the covid-19 pandemic, mainly due to its composition, as it primarily consists of office and big box/supermarket properties, as well as its particular characteristics in terms of the tenant's quality and the terms of the lease contracts, that were taken into account by the valuators in determining the fair value of the Group's investment properties.

Due to the lower levels of transactional activity in certain real estate market classes, as mentioned above, a high degree of judgment has been applied in determining the estimated cash flows used in the assessment of the fair value of investment properties. Many valuations therefore continue to be reported by professional valuators as being subject to 'material valuation uncertainty' in line with International Valuation Standards, with a higher degree of caution attached to them.

The Group will continue to monitor closely the effect of the economic environment on the valuation of its investment properties.

28. Intangible assets

The movement of computer software and other intangible assets which refer to purchased and developed software is as follows:

	2021 € million	2020 € million
Cost:		
Balance at 1 January	**539**	484
Arising from acquisitions (note 23.2)	**2**	-
Transfers	**(12)**	1
Additions	**77**	76
Disposals and write-offs	**(3)**	(21)
Impairment	**(16)**	(1)
Balance at 31 December	**587**	539
Accumulated amortisation:		
Balance at 1 January	**(287)**	(266)
Transfers	**0**	(2)
Amortisation charge for the year	**(36)**	(33)
Disposals and write-offs	**3**	14
Balance at 31 December	**(320)**	(287)
Net book value at 31 December	**267**	252

During the year ended 31 December 2020, the Group recognized an impairment loss of € 160 million against the goodwill allocated to the investment property segment (note 43). As a result, the said goodwill asset was reduced to nil and the carrying amount of the Investment Property Segment was reduced to its recoverable amount, reflecting the fair value of the underlying assets.

As at 31 December 2021, the Group's remaining carrying amount of goodwill amounts to € 1.6 million (31 December 2020: € 1.3 million), out of which € 0.9 million relates to ERB Lux Immo S.A.

29. Other assets

	2021 € million	2020 € million
Receivable from Deposit Guarantee and Investment Fund	**706**	708
Repossessed properties and relative prepayments	**597**	616
Pledged amount for a Greek sovereign risk financial guarantee	**235**	237
Balances under settlement[(1)]	**18**	11
Deferred costs and accrued income	**104**	104
Other guarantees	**128**	111
Income tax receivable[(2)]	**30**	24
Other assets	**247**	184
Total	**2,065**	1,995

[(1)] *Includes settlement balances with customers and brokerage activity.*
[(2)] *Includes withholding taxes, net of provisions.*

As at 31 December 2021, other assets net of provisions, amounting to € 247 million include, among others, receivables related to (a) prepayments to suppliers, (b) public entities, (c) property management activities and (d) legal cases.

30. Disposal groups classified as held for sale

	2021 € million	2020 € million
Assets of disposal groups		
Real estate properties	**31**	39
Village Roadshow Operations Hellas S.A. and Intertech S.A. – International Technologies	**81**	-
IMO 03 E.A.D.	**6**	-
Credit card acquiring - project Triangle	**28**	-
Total	**146**	39
Liabilities of disposal groups		
Village Roadshow Operations Hellas S.A.	**72**	-
Credit card acquiring - project Triangle	**37**	-
Total	**109**	-

Real estate properties

At 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) classified as held for sale (HFS) three pools of real estate assets of total value ca. € 63 million, after their remeasurement in accordance with IFRS 5 requirements.

The sale of the aforementioned real estate properties, along with certain additions of real estate assets, has been extended beyond the initially estimated period due to the extraordinary conditions related to Covid-19 pandemic and is currently expected to be completed up to the end of 2022. The Group remains committed to its plan to sell the aforementioned assets, which continue to be actively marketed for sale, while a number of sales of individual items within the portfolios have already taken place. As at 31 December 2021, the carrying amount of these assets amounted to approximately € 22 million.

In addition, in September 2021, the Group classified as HFS a real estate portfolio consisting primarily of repossessed, as well as investment properties with a total carrying amount of € 24 million, after their remeasurement in accordance with IFRS 5 requirements, on the basis that their disposal was determined to be highly probable. The portfolio's remeasurement resulted in the recognition of an impairment loss of € 9 million, which was included in the income statement line "Other impairment losses and provisions" (note 12). Following the sale of a significant bulk of real estate assets included in this portfolio, its carrying amount was reduced to approximately € 9 million as at 31 December 2021, while the sale of the remaining real estate assets is expected to be concluded within 2022.

The above non-recurring fair value measurements were categorized as Level 3 of the fair value hierarchy due to the significance of the unobservable inputs used, with no change occurring up to 31 December 2021.

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

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

Village Roadshow Operations Hellas S.A. was accounted for in accordance with the provisions of IFRS 5 for subsidiaries acquired with a view to sale. As at 31 December 2021, the company's assets of € 79 million (net of intragroup cash deposit) have been measured based on a) the fair value of the identifiable liabilities of € 72 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. In the fourth quarter of 2021, the Bank's shareholding in the company decreased from 29.48% to 29.36% following the sale of shares through the Athens Stock Exchange. As at 31 December 2021, the holding in the company was measured at its carrying amount of € 1.9 million, which was lower than its fair value less cost to sell based on the market value of the company's shares.

Eurobank Merchant Acquiring business classified as held for sale -Project 'Triangle'

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

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

As at 31 December 2021, on the basis of the binding agreement signed between the Bank and Worldline, Eurobank Merchant Acquiring business has been classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell, in accordance with IFRS 5. Consequently, the associated assets with a carrying amount of € 28 million (mainly relating to due from banks) and the associated liabilities with a carrying amount of € 37 million (mainly relating to credit card transactions under settlement), have been classified as held for sale.

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

IMO 03 E.A.D. Bulgaria

In December 2021, the Bank signed an agreement for the sale of its participation interest of 100% in IMO 03 E.A.D. to a third party for a cash consideration of € 5.8 million. The completion of the transaction was subject to terms and conditions provided for in the aforementioned agreement.

Following the above, as of 31 December 2021, IMO 03 E.A.D. was classified as held for sale and measured at the lower of its carrying amount and fair value less costs to sell in accordance with IFRS 5. Consequently, the associated assets with a carrying amount of € 5.8 million mainly relating to investment property have been classified as held for sale.

Post balance sheet event

In February 2022, the sale of IMO 03 E.A.D. was completed.

Non-performing loan portfolios

In the second quarter of 2021, Eurobank Bulgaria A.D. entered into an agreement for the disposal of non-performing corporate and retail loans. Accordingly, loans with gross carrying amount of € 18.2 million, which carried an impairment allowance of € 4.6 million, were classified as held for sale. The transaction was completed in July 2021 with no effect in the Group's income statement.

In the first quarter of 2020, Eurobank Bulgaria A.D. entered into an agreement for the disposal of non-performing corporate and retail loans. Accordingly, loans with gross carrying amount of € 19.2 million, which carried an impairment allowance of € 10.6 million, were classified as held for sale. The transaction was completed in April 2020 with no effect in the Group's income statement.

31. Due to central banks

	2021 € million	2020 € million
Secured borrowing from ECB	**11,663**	7,999

In the face of the Covid-19 pandemic's outbreak, the European Central Bank (ECB) introduced a number of modifications to the terms of the targeted longer-term refinancing operations (TLTRO III) in order to support the continuous access of households and firms to bank credit.

In particular, the interest rate on TLTRO III facilities was reduced to -0.50% for the period from June 2020 to June 2021, while for the banks subject to meeting the required lending thresholds for the reference period ended 31 March 2021, the interest rate for the abovementioned period is capped at -1% (i.e. the minimum of the average deposit facility rate minus 0.5% and the rate of -1%). Additionally, based on the ECB's decision in January 2021, the reduction of interest rate to -0.5% is extended to the period from June 2021 to June 2022 (also capped at -1%), provided that certain net lending thresholds for the additional observation period ended 31 December 2021 are met.

The Group increased the borrowing from the TLTRO III- refinancing program by € 3.8 billion from 31 December 2020, reaching € 11.7 billion at the year end 2021.

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 this benefit as a government grant under IAS 20. Consequently, the Group considers that the grant is intended to compensate for its funding costs incurred over the term of each TLTRO-III facility and therefore, the benefit is allocated systematically under interest expense.

As at 31 December 2021, the recognized benefit from TLTRO III program amounted to € 91 million, including the benefit resulted from the program's more favorable interest rates for which the Group has reasonable assurance that it will receive it.

32. Due to credit institutions

	2021 € million	2020 € million
Secured borrowing from credit institutions	**270**	683
Borrowings from international financial and similar institutions	**619**	695
Current accounts and settlement balances with banks	**81**	87
Interbank takings	**3**	37
Total	**973**	1,502

As at 31 December 2021, secured borrowing from credit institutions refers mainly to transactions with foreign institutions, which were conducted with collaterals government – mainly Greek - corporate and bank securities (note 5.2.1.3). As at 31 December 2021, borrowings from international financial and similar institutions include borrowings from European Investment Bank, European Bank for Reconstruction and Development and other similar institutions.

33. Due to customers

	2021 € million	2020 € million
Savings and current accounts	**40,601**	31,663
Term deposits(1)	**12,367**	15,427
Repurchase agreements	**200**	200
Total	**53,168**	47,290

(1) Comparative figures include € 10 million senior medium term notes held by Bank's customers.

For the year ended 31 December 2021, due to customers for the Greek and International operations amounted to € 37,016 million and € 16,152 million, respectively (2020: € 34,190 million and € 13,100 million, respectively).

34. Debt securities in issue

	2021 € million	2020 € million
Securitisations	**552**	594
Subordinated notes (Tier 2)	**948**	947
Medium-term notes (EMTN) (note 33)	**1,052**	15
Total	**2,552**	1,556

Securitisations

On 22 February 2021 the Bank proceeded with the early termination of the Maximus Hellas DAC securitization.

In addition, on 22 March 2021 the Bank proceeded with the restructuring of ASTARTI securitization upsizing the Class A notes held by an international institutional investor to € 250 million while the Class B notes, retained by the Bank, were decreased from € 219 million to € 98 million.

The carrying value of the class A asset backed securities issued by the Bank's special purpose vehicle Karta II plc as at 31 December 2021, amounted to € 302 million.

In May 2021, the Group, through its special purpose financing vehicle (SPV) 'Mexico Finance Designated Activity Company' issued asset backed securities (notes) of total nominal value of ca. € 5.2 billion, collateralized by a mixed assets portfolio of primarily non performing loans of total principle amount due of ca € 5.2 billion and gross carrying amount of ca € 3.2 billion. The securitization notes consisted of € 1,550 million senior issued at par, € 200 million mezzanine of issue price € 107 million and € 3,402 million junior of issue price € 1.

In May 2021, in the context of Law 4649/2019 as currently in force ('Hercules' – Hellenic Asset Protection Scheme), the SPV opted in for the Greek state's guarantee scheme by submitting the relevant application to the Ministry of Finance. The relevant Ministerial Decision for the Greek state's guarantee on the Mexico senior note was received in December 2021.

In December 2021, after the fulfillment of all conditions and having received all appropriate approvals, the Group proceeded with the sale of 95% of the mezzanine and junior notes to doValue Group.

Further information for loans originated by the Group is provided in note 20.

Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 31 December 2021, amounted to € 948 million, including € 3 million unamortized issuance costs.

Covered bonds

During the year, the Bank proceeded with covered bonds' issues of net face value of € 450 million, fully retained by the Bank.

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)

At the end of April 2021, the Bank proceeded with the issue of a preferred senior debt with a nominal value of € 500 million. The issue was over-subscribed by more than two times, which enabled the Bank to lower the interest rate by 25 basis points, from the 2.375% initially offered to the 2.125% re-offer yield. The notes, which are listed in the Luxembourg Stock Exchange's Euro MTF market, have a maturity of six years and are callable at par in five years, offering a coupon of 2% per annum that is resettable on 5 May 2026.

The transaction marks Eurobank's return to international capital markets, enhancing the diversification of the Group's investor base, and is the first step on the medium term strategy of the Bank to meet its Minimum Required Eligible Liabilities (MREL) requirements (note 4). Further information about the issue is provided in the relevant announcement published in the Bank's website on 29 April 2021.

In September 2021, the Bank proceeded with the second consecutive € 500 million preferred senior debt issue. The issue was over-subscribed by more than 1.5 times, which enabled Eurobank to lower the interest rate by 12.5 basis points, from the 2.50% initially offered to the 2.375% re-offer yield. The notes, which are listed on the Luxembourg Stock Exchange's Euro MTF market, mature in six and a half years and are callable at par in five and a half years, offering a coupon of 2.25% per-annum that is resettable on 14 March 2027.

This transaction is another step towards the implementation of Eurobank's medium term strategy to meet its MREL requirements (note 4) and reflects the Bank's ongoing commitment to the protection of depositors. The new issue also contributes to the further development of the Issuer's yield curve in the secondary market. Further information about this issue is provided in the relevant announcement published in the Bank's website on 8 September 2021.

The proceeds from both issues will be used for Eurobank's business purposes, including the financing of environmental projects that promote the use of energy from renewable sources.

In addition, during the year ended 31 December 2021, the Bank proceeded with the issue of medium term notes of face value of € 48 million which were designated for Group's customers.

35. Other liabilities

	2021 € million	2020 restated € million
Lease liabilities	**248**	221
Balances under settlement[(1)]	**374**	267
Deferred income and accrued expenses	**157**	134
Other provisions	**95**	93
ECL allowance for credit related commitments (note 5.2.1.2)	**48**	66
Standard legal staff retirement indemnity obligations (notes 2.3 and 36)	**23**	22
Employee termination benefits	**64**	97
Sovereign risk financial guarantee	**36**	38
Acquisition obligation	**10**	15
Income taxes payable	**15**	10
Deferred tax liabilities (note 13)	**26**	21
Trading liabilities	**43**	19
Other liabilities	**219**	170
Total	**1,358**	1,173

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

As at 31 December 2021, other liabilities amounting to € 219 million mainly consist of payables relating with (a) suppliers and creditors, (b) contributions to insurance organizations, (c) duties and other taxes.

As at 31 December 2021, other provisions amounting to € 95 million (2020: € 93 million) mainly include: (a) € 64 million for outstanding litigations against the Group (note 42) and (b) € 28 million for other operational risk events, of which € 22 million is relating to the sale of former Romanian subsidiaries.

The movement of the Group's other provisions, is presented in the following table:

	31 December 2021		
	Litigations and claims in dispute € million	**Other € million**	**Total € million**
Balance at 1 January	**60**	**33**	**93**
Arising from acquisition	**2**		**2**
Amounts charged during the year	**9**	**3**	**12**
Amounts used during the year	**(5)**	**(4)**	**(9)**
Amounts reversed during the year	**(2)**	**(1)**	**(3)**
Balance at 31 December	**64**	**31**	**95**

	31 December 2020		
	Litigations and claims in dispute € million	Other € million	Total € million
Balance at 1 January	59	39	98
Amounts charged during the year	10	4	14
Amounts used during the year	(4)	(8)	(12)
Amounts reversed during the year	(4)	(3)	(7)
Foreign exchange and other movements	(1)	1	(0)
Balance at 31 December	60	33	93

Post balance sheet event

In February 2022, Eurobank decided to launch a new VES for eligible units in Greece, which will be offered to employees over a specific age limit. The estimated cost of the new VES, which will be implemented through either lump-sum payments or long term leaves during which they will be receiving a percentage of a monthly salary, or a combination thereof, amounts to ca. € 41 million, pre-tax. The estimated saving in personnel expenses amounts to € 13 million on an annual basis.

36. Standard legal staff retirement indemnity obligations

The Group provides for staff retirement indemnity obligation for its employees in Greece and abroad, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Group until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Group to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Group.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	2021 € million	2020 restated € million
Balance at 1 January	**22**	52
Restatement due to change in accounting policy (note 2.3)	**-**	(25)
Balance at 1 January, as restated	**22**	27
Arising from acquisition (note 23.2)	**0**	-
Current service cost (note 2.3)	**3**	3
Interest cost (note 2.3)	**0**	0
Past service cost and (gains)/losses on settlements (note 2.3)	**38**	58
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions (note 2.3)	**(1)**	1
Actuarial (gains)/losses arising from changes in demographic assumptions	**0**	(0)
Actuarial (gains)/losses arising from experience adjustments (note 2.3)	**0**	(0)
Benefits paid	**(39)**	(67)
Exchange adjustments	**(0)**	0
Balance at 31 December	**23**	22

The benefits paid by the Group during 2021, in the context of the Voluntary Exit Scheme (VES) (note 35), amounted to € 39 million. The provision for staff retirement obligations of the staff that participated in the above scheme, amounted to € 1 million.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	2021 %	2020 %
Discount rate	**0.6**	0.3
Future salary increases	**1.6**	2.2

As at 31 December 2021, the average duration of the standard legal staff retirement indemnity obligation was 8 years (2020: 8 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2021 is as follows:

An increase/(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/increase of the standard legal staff retirement obligations by (€ 0.8 million)/ € 0.8 million.

An increase/(decrease) of the future salary growth assumed, by 0.5%/(0.5%) would result in an increase/(decrease) of the standard legal staff retirement obligations by € 0.8 million/(€ 0.7 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

37. Share capital, share premium and treasury shares

As at 31 December 2021, the par value of the Company's shares is € 0.22 per share (2020: € 0.22). All shares are fully paid. The movement of share capital, share premium and treasury shares is as follows:

	Share capital € million	Treasury shares € million	Net € million	Share premium € million	Treasury shares € million	Net € million
Balance at 1 January 2020	853	(1)	852	8,056	(2)	8,054
Share capital decrease	(57)	-	(57)	-	-	-
Capitalization of taxed reserves	21	-	21	-	-	-
Purchase of treasury shares	-	(1)	(1)	-	(1)	(1)
Sale of treasury shares	-	1	1	-	2	2
Balance at 31 December 2020	816	(1)	815	8,056	(1)	8,055
Balance at 1 January 2021	**816**	**(1)**	**815**	**8,056**	**(1)**	**8,055**
Purchase of treasury shares	-	**(0)**	**(0)**	-	**(2)**	**(2)**
Sale of treasury shares	-	**1**	**1**	-	**2**	**2**
Balance at 31 December 2021	**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 2020	3,709,161,852	(2,815,312)	3,706,346,540
Purchase of treasury shares	-	(2,999,758)	(2,999,758)
Sale of treasury shares	-	3,381,083	3,381,083
Balance at 31 December 2020	3,709,161,852	(2,433,987)	3,706,727,865
Balance at 1 January 2021	**3,709,161,852**	**(2,433,987)**	**3,706,727,865**
Purchase of treasury shares	-	(3,083,564)	**(3,083,564)**
Sale of treasury shares	-	4,733,011	**4,733,011**
Balance at 31 December 2021	**3,709,161,852**	**(784,540)**	**3,708,377,312**

Decrease of the share capital in kind

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd (renamed to Cairo Mezz Plc) shares to the Company's shareholders through the decrease in kind of its share capital.

Following the above, on 28 July 2020, the Annual General Meeting of the Shareholders of the Company approved among others:

(a) the decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and the distribution to its shareholders of shares issued by Cairo Mezz Plc, with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by Cairo Mezz Plc, each common registered share of nominal value € 0.10, at a ratio of 1 share of Cairo Mezz Plc for every 12 shares of the Company already held, and

(b) the capitalization of taxed reserves amounting to € 20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

Following the aforementioned decision, the Company's total share capital amounted to € 816,015,607.44 and the total number of shares remained unchanged, i.e. 3,709,161,852 common voting shares of a nominal value of € 0.22 each.

Treasury shares

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

In addition, as at 31 December 2021 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 (2020: 64,763,790).

38. Reserves and retained earnings/losses

	Statutory reserves € million	Non-taxed reserves € million	Fair value reserve € million	Other reserves € million	Retained earnings/(losses) € million	Total € million
Balance at 1 January 2020[1]	395	827	557	7,998	(12,018)	(2,241)
Restatement due to change in accounting policy (note 2.3)	-	-	-	-	17	17
Net profit/(loss) (note 2.3)	-	-	-	-	(1,215)	(1,215)
Transfers between reserves [1]	1	4	-	228	(233)	-
Capitalization of taxed reserves (note 37)	-	-	-	(7)	(14)	(21)
Debt securities at FVOCI	-	-	(124)	-	-	(124)
Cash flow hedges	-	-	-	(7)	-	(7)
Foreign currency translation	-	-	-	(0)	-	(0)
Associates and joint ventures						-
-changes in the share of other comprehensive income, net of tax	-	-	(18)	(1)	-	(19)
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	-	1	1
Other	-	-	-	1	(0)	1
Balance at 31 December 2020[1]	396	831	415	8,212	(13,462)	(3,608)
Balance at 1 January 2021[1]	**396**	**831**	**415**	**8,212**	**(13,462)**	**(3,608)**
Net profit	-	-	-	-	328	**328**
Transfers between reserves	15	(1)	-	148	(162)	**0**
Changes in participating interests in subsidiary undertakings (note 23.2)	-	-	-	82	(81)	**1**
Debt securities at FVOCI	-	-	(91)	-	-	**(91)**
Cash flow hedges	-	-	-	37	-	**37**
Foreign currency translation	-	-	-	(0)	-	**(0)**
Gains/(losses) from equity securities at FVOCI	-	-	2	-	-	**2**
Associates and joint ventures -changes in the share of other comprehensive income, net of tax	-	-	(3)	(0)	-	**(3)**
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	-	1	**1**
Share-based payments:						
- Value of employee services (note 39)	-	-	-	-	2	**2**
Other	-	-	(1)	0	-	**(1)**
Balance at 31 December 2021	**411**	**830**	**322**	**8,480**	**(13,374)**	**(3,332)**

[1] *Change in the presentation of the comparative information (see below).*

As of 31 December 2021, the Group has proceeded to the change in the presentation of certain types of reserves after taking into account their nature and purpose in accordance with the applicable legal framework in Greece. In particular, a) reserves of € 1,324 million (€ 140 million of which were formed in 2021) mainly relating to dividends and gains from the sale of participations, which were previously included within retained earnings are presented in category "Other reserves" and b) € 117 million, which were previously included within "Non-taxed reserves" are presented in "Other reserves". In addition, the actuarial gains/losses on post employment benefit obligations that were previously included in other reserves are presented in retained earnings. Comparative information has been adjusted in order to align with the aforementioned changes in the presentation of reserves and retained earnings.

As at 31 December 2021, other reserves comprise, among others,a) corporate law reserves of € 6,714 million, pursuant to the provisions of the Greek company law in force (of which € 5,579 million according to article 31 of law 4548/2018) (2020: € 6,706 million), b) € 1,373 million reserves relating to dividends and gains from the sale of participations (2020: € 1,233 million), c) € 203 million accumulated loss relating to foreign operations' translation differences, including € 27 million accumulated gain relating to net investment hedging - NIH (2020: € 202 million accumulated loss, including € 27 million gain relating to NIH) and d) € 12 million accumulated loss from cash flow hedging (2020: € 49 million accumulated loss).

Dividends

Based on the 2021 accounts, pursuant to the Company Law 4548/2018, the distribution of dividends is not permitted. Furthermore, under the provisions of the Tripartite Relationship Agreement between Eurobank Holdings, the Bank and the HFSF (signed 23.3.2020 and amended on 3.2.2022) and article 10 par. 3 of Law 3864/2010 for the "establishment of a Hellenic Financial Stability Fund", for as long the HFSF participates in the share capital of the Eurobank Holdings, the amount of dividends that may be distributed to shareholders of either Eurobank Holdings or the Bank cannot exceed 35% of the profits as provided in article 161 par. 2 of Company Law 4548/2018.

39. Share options

The Annual General Meeting of the shareholders of Eurobank Holdings held on 28 July 2020 approved the establishment of a five year shares award plan, starting from 2021, in the form of share options rights by issuing new shares with a corresponding share capital increase, in accordance with the provisions of article 113 of law 4548/2018, awarded to executives and personnel of Eurobank Holdings and its affiliated companies according to article 32 of law 4308/2014. The maximum number of rights that can be approved was set at 55,637,000 rights, each of which would correspond to one new share (1.5% of the current paid share capital). The exercise price of each new share would be equal to its nominal value i.e. € 0.23. The Annual General Meeting authorized the Board of Directors of Eurobank Holdings to define the eligible staff and determine the remaining terms and conditions of the plan.

In June and July 2021, the Board of Directors approved the final terms and the implementation of the share options plan, which is a forward-looking long-term incentive aiming at the retention of key executives. In this respect, 12,374,561 stock options were allocated to key executives at an exercise price of € 0.23, with grant date in July 2021. The options are exercisable in portions, annually during the period from 2022 to 2025. Each portion may be exercised wholly or partly and converted into shares at the employees' option, provided that they remain employed by the Group until the first available exercise date. A retention period of 1 year applies to the first portion of the share options vesting 1 year after the grant date. The corporate actions that adjust the number and the price of shares also adjust accordingly the share options. In addition, the exercise of 6,844,524 of the aforementioned share options allocated to certain key executives who are subject to variable and/or accumulated annual remuneration restrictions of Law 3864/2010 is conditional on the amendment of the specific provisions of the law during the exercise period, so that the respective restrictions are lifted, or the exit of the HFSF from the share capital of the Company.

The share options outstanding at the end of the period have the following expiry dates:

Expiry date	Share options 31 December 2021
2022	3,607,200
2023	3,607,200
2024	4,634,321
2025	525,840
Weighted average remaining contractual life of share options outstanding at the end of the period	1.6

In accordance with the Group's accounting policy on employees' share based payments, the grant date fair value of the options is recognized as an expense with a corresponding increase in equity over the vesting period.

The fair value at grant date is determined using an adjusted form of the Black-Scholes model for Bermudan equity options which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Furthermore, the aforementioned additional condition on certain share options granted to key executives subject to the remuneration restrictions of Law 3864/2010, is treated as a non-vesting condition. Accordingly, the fair value measurement at grant date of such share options takes into consideration the probability that the relevant restrictions will be lifted, based on Management judgement, and is not subsequently revised regardless of whether the condition is eventually satisfied.

The weighted average fair value of the share options granted in July 2021 was € 0.42. The significant inputs into the model were the share price of € 0.7823 at the grant date, exercise price of € 0.23, annualized dividend yield of 3%, expected average annualized volatility of 68%, the expected option life ranging from 1 to 4 years, and the risk-free interest rate corresponding to the options' maturities, based on the EUR swap yield curve. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last one and a half year.

40. Transfers of financial assets

The Group enters into transactions by which it transfers recognized financial assets directly to third parties or to Special Purpose Entities (SPEs).

(a) The Group sells, in exchange for cash, securities under an agreement to repurchase them (repos) and assumes a liability to repay to the counterparty the cash received. In addition, the Group pledges, in exchange for cash, securities, covered bonds, as well as loans and receivables and assumes a liability to repay to the counterparty the cash received. The Group may also transfer securities under securities lending agreements with no exchange of cash or pledging of other financial assets as collateral. For all the aforementioned transactions, the Group has determined that it retains substantially all the risks, including associated credit and interest rate risks, and rewards of these financial assets and therefore has not derecognized them. As a result, the Group is unable to use, sell or pledge the transferred assets for the duration of the transaction. The related liability, where applicable, is recognized in Due to central banks and credit institutions (notes 31 and 32), Due to customers (note 33) and Debt securities in issue (note 34), as appropriate.

The Group enters into securitizations of various classes of loans (corporate, small and medium enterprise, consumer and various classes of non-performing loans), under which it assumes an obligation to pass on the cash flows from the loans to the holders of the notes. The Group has determined that it retains substantially all risks, including associated credit and interest rate risks, and rewards of these loans and therefore has not derecognized them. As a result of the above transactions, the Group is unable to use, sell or pledge the transferred assets for the duration of their retention by the SPE. Moreover, the note holders' recourse is limited to the transferred loans. As at 31 December 2021, the securitizations' issues held by third parties amounted to € 552 million (2020: € 594 million) (note 34).

The table below sets out the details of Group's financial assets that have been sold or otherwise transferred, but which do not qualify for derecognition:

	Carrying amount	
	2021	2020
	€ million	€ million
Securities held for trading	**11**	7
Loans and advances to customers	**14,344**	16,015
-securitized loans[(1)]	***4,232***	*6,740*
-pledged loans under covered bond program	***4,360***	*3,707*
-pledged loans with central banks	***5,545***	*5,357*
-other pledged loans	***207***	*211*
Investment securities	**6,930**	6,076
Total	**21,285**	22,098

[(1)] It includes securitized loans of issues held by the Bank, not used for funding

(b) The Group may sell or re-pledge any securities borrowed or obtained through reverse repos and has an obligation to return the securities. The counterparty retains substantially all the risks and rewards of ownership and therefore the securities are not recognized by the Group. As at 31 December 2021, the Group had obtained through reverse repos securities of face value of € 598 million, of which € 60 million sold under repurchase agreements and € 505 million pledged with central banks (2020: € 1,154 million face value of which € 1,038 million sold under repurchase agreements). Furthermore, as at 31 December 2021, the Group had obtained Greek treasury bills as collaterals for derivatives transactions with the Hellenic Republic of face value of € 1,400 million, of which € 324 million sold under repurchase agreements (2020: € 1,735 million face value of which € 1,285 million, sold under repurchase agreements).

As at 31 December 2021, the cash value of the assets transferred or borrowed by the Group through securities lending, reverse repo and other agreements (points a and b) amounted to € 13,583 million, while the associated liability from the above transactions amounted to € 13,287 million, of which € 591 million repo agreements offset in the balance sheet against reverse repo deals (notes 31, 32, 33, 34 and 5.2.1.4) (2020: cash value € 12,843 million and liability € 10,558 million, of which € 1,065 million repo agreements offset in the balance sheet). In addition, the Group's financial assets pledged as collaterals for repos, derivatives, securitizations and other transactions other than the financial assets presented in the table above are provided in notes 17 and 29.

41. Leases

Group as a lessee

The Group leases office and branch premises, ATM locations, residential properties for the Group's personnel, and motor vehicles.

The majority of the Group's property leases are under long term agreements (for a term of 12 years or more in the case of leased real estate assets), with options to extend or terminate the lease according to the terms of each contract and the usual terms and conditions of commercial leases applicable in each jurisdiction, while motor vehicles generally have lease terms of up to 4 years. Extension options held by the Group are included in the lease term when it is reasonably certain that they will be exercised based on its assessment. For contracts having an indefinite remaining life as at 1 January 2021, the lease term has been determined at an average of 7 years for the Bank, after considering all relevant facts and circumstances. Depending on the terms of each lease contract, lease payments are adjusted annually in line with the consumer Price Index, as published by the Greek Statistical Authority, plus an agreed fixed percentage.

Information about the leases for which the Group is a lessee is presented below:

Right-of-Use Assets

As at 31 December 2021, the right-of-use assets included in property plant and equipment amounted to € 230 million (31 December 2020: € 202 million) (note 26), while those that meet the definition of investment property amounted to € 14 million (31 December 2020: € 14 million) (note 27).

Lease Liabilities

The lease liability included under other liabilities amounted to € 248 million as at 31 December 2021 (31 December 2020: € 221 million) (note 35). The maturity analysis of lease liabilities as at 31 December 2021, based on the contractual undiscounted cash flows, is presented in note 5.2.3.

Amounts recognised in profit or loss

Interest on lease liabilities is presented in note 6 and the lease expense relating to short term leases is ca. € 3 million (31 December 2020: € 3 million).

The Group had total cash outflows for leases of € 39 million in 2021 (2020: € 44 million).

Group as a lessor

Finance lease

The Group leases out certain real estate properties and equipment under finance leases, in its capacity as a lessor.

The maturity analysis of finance lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	2021 € million	2020 € million
Not later than one year	**18**	18
1-2 years	**14**	13
2-3 years	**11**	10
3-4 years	**7**	7
4-5 years	**5**	5
Later than 5 years	**11**	13
Lease Payments:	**66**	66
Unguaranteed residual values	**737**	821
Gross investment in finance leases	**803**	887
Less: unearned finance income	**(49)**	(54)
Net investment in finance leases	**754**	833
Less: impairment allowance	**(217)**	(306)
Total	**537**	527

Operating Leases

The Group leases out its investment property under the usual terms and conditions of commercial leases applicable in each jurisdiction. When such leases do not transfer substantially all of the risks and rewards incidental to the ownership of the leased assets, the Group classifies these lease as operating leases. Information relating to operating leases of investment property, including the rental income recognised by the Group during the year, is provided in note 27.

In the context of the relief measures taken in response to the Covid-19 outbreak, the Group as a lessor has granted certain rent concessions to its tenants directly affected by the Covid-19 pandemic. As at 31 December 2021, the unamortized balance of the above mentioned rent concessions, net of the reimbursement provided by the Greek government to lessors in 2021, amounted to approximately € 11 million before tax (2020: € 6 million), which will be gradually recognized in profit or loss over the remaining lease term of the respective contracts.

For the year ended 31 December 2021, the amount of the rent reduction recognized in "Income from non-banking services" amounted to approximately € 3 million (2020: 1 million).

Rent concessions granted to the Group as a lessee up to 31 December 2021, as direct consequence of the Covid-19 pandemic, were not significant (2020: 1 million recognized in Other income/(expenses) (note 10)).

The maturity analysis of operating lease receivables, based on the undiscounted lease payments to be received after the reporting date, is provided below:

	2021 € million	2020 € million
Not later than one year	**96**	90
One to two years	**89**	85
Two to three years	**82**	79
Three to four years	**75**	72
Four to five years	**70**	62
More than five years	**304**	324
Total	**716**	712

42. Contingent liabilities and other commitments

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

Credit related commitments are analyzed as follows:

	2021 € million	2020 € million
Financial guarantee contracts	**1,068**	641
Commitments to extend credit	**1,572**	1,200
Other credit related commitments	**634**	484
Total	**3,274**	2,325

The credit related commitments within the scope of IFRS 9 impairment requirements amount to € 6.8 billion (2020: € 5.7 billion), including revocable loan commitments of € 3.6 billion (2020: € 3.4 billion), while the corresponding allowance for impairment losses amounts to € 48 million (2020: € 66 million).

In addition, the Group has issued a sovereign risk financial guarantee of € 0.24 billion (31 December 2020: € 0.24 billion) for which an equivalent amount has been deposited under the relevant pledge agreement (note 29).

Other commitments

(a) The Bank has signed irrevocable payment commitment and collateral arrangement agreements with the Single Resolution Board (SRB) amounting in total to € 20 million as at 31 December 2021 (2020: € 16 million), representing 15% of its resolution contribution payment obligation to the Single Resolution Fund (SRF) for the years 2016-2021.

According to the agreements, which are backed by cash collateral of an equal amount, the Bank undertook to pay to the SRB an amount up to the above irrevocable payment commitment, in case of a call and demand for payment made by it, in relation to a resolution action taken for another European bank. The said cash collateral has been recognized as a financial asset in the Group's balance sheet (note 29).

(b) As at 31 December 2021, the contractual commitments for the acquisition of own used property, equipment and intangible assets amounted to € 43 million (2020: € 40 million).

Legal proceedings

As at 31 December 2021, a provision of € 64 million has been recorded for a number of legal proceedings outstanding against the Group (31 December 2020: € 60 million). The said amount includes € 34 million for an outstanding litigation related to the acquisition of New TT Hellenic Postbank S.A. in 2013 (31 December 2020: € 34 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, 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.

Following the completion of the banking sector's hive down of Eurobank Ergasias S.A. (Demerged entity) in 2020, the Beneficiary (i.e. Eurobank S.A., "Bank") substituted the Demerged Entity (currently Eurobank Holdings), by way of universal succession, to all the transferred assets and liabilities (note 1), while pending lawsuits where the Demerged entity was an involved party and are related to the hived down banking sector, will continue ipso jure by the Bank or against it.

Against the Bank various legal remedies and redresses have been filed amongst others in the form of individual lawsuits lodged by borrowers, a class action lodged by consumer protection unions, applications for injunction measures, motions to vacate payment orders and appeals in relation to the validity of clauses for the granting of loans in Swiss Francs. To date the vast majority of the judgments issued by the first instance and the appellate Courts have found in favour of the Bank's positions.

As to certain aspects of Swiss Francs loans there was a lawsuit before the Supreme Court (Areios Pagos) at plenary session which was initiated from an individual lawsuit. The Decision issued on 18 April 2019 was in favour of the Bank. For the class action, the Supreme Court issued on 20 July 2021, a decision in favour of the Bank, rejecting the petition of cassation filled by the consumer unions. In addition, the European Court of Human Rights has passed judgments which confirmed the legality of the loans in Swiss Francs granted by the Bank.

In any event, the Management of the Bank is closely monitoring the developments to the relevant cases so as to ascertain potential accounting implications in accordance with the Group's accounting policies.

43. Operating segment information

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

Greece is further segregated into retail, corporate, global, capital 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, cash management and trade services.
- Global, Capital Markets & Asset Management: incorporating investment banking services including corporate finance, merger and acquisitions advice, financial instruments trading and institutional finance to corporate and institutional entities, as well as, specialized financial advice and intermediation to private and large retail individuals and to small and large corporate entities. In addition, this segment incorporates mutual fund and investment savings products, institutional asset management and equity brokerage.
- International: incorporating operations in Bulgaria, Serbia, Cyprus, Luxembourg and Romania.
- Investment Property: incorporating investment property activities (Bank, Eurobank Leasing Single Member S.A. and former Grivalia group) relating to a diversified portfolio of commercial assets, with high yield on prime real estate assets, in the office, retail, logistics, infrastructure and hospitality sectors.

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

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

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

43.1 Operating segments

	31 December 2021						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	436	317	217	(21)	375	(3)	1,321
Net commission income	80	75	88	1	117	(3)	358
Other net revenue	1	2	71	131	0	16	221
Total external revenue	518	394	376	110	492	10	1,900
Inter-segment revenue	22	40	(33)	2	(3)	(28)	-
Total revenue	540	434	343	112	489	(19)	1,900
Operating expenses	(412)	(126)	(59)	(38)	(240)	(2)	(876)
Impairment losses relating to loans and advances to customers	(251)	(94)	-	-	(73)	(71)	(490)
Other impairment losses and provisions (note 12)	(5)	(1)	(6)	(3)	(9)	(28)	(52)
Share of results of associates and joint ventures	(0)	0	0	2	(0)	24	26
Profit/(loss) before tax before restructuring costs	(128)	213	279	72	168	(95)	508
Restructuring costs (note 12)	(7)	(2)	(0)	-	(7)	(10)	(25)
Profit/(loss) before tax	(135)	211	279	72	161	(105)	483
Net profit/(loss) attributable to non controlling interests	-	-	-	0	(1)	0	(1)
Profit/(loss) before tax attributable to shareholders	(135)	211	279	72	163	(105)	484

	31 December 2021						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center(1) € million	Total € 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

The International segment is further analyzed as follows:

	31 December 2021					
	Bulgaria € million	Serbia € million	Cyprus € million	Luxembourg € million	Romania € million	Total € million
Net interest income	185	53	102	25	10	375
Net commission income	63	14	33	8	(2)	117
Other net revenue	(1)	1	1	0	(0)	0
Total external revenue	247	68	136	34	7	492
Inter-segment revenue	0	(0)	0	(3)	-	(3)
Total revenue	247	68	136	31	7	489
Operating expenses	(118)	(50)	(45)	(21)	(5)	(240)
Impairment losses relating to loans and advances to customers	(43)	(11)	(4)	0	(15)	(73)
Other impairment losses and provisions	(3)	(4)	0	(0)	(1)	(9)
Share of results of associates and joint ventures	-	(0)	-	-	(0)	(0)
Profit/(loss) before tax before restructuring costs	83	3	87	9	(15)	168
Restructuring costs (note 12)	-	(5)	-	(1)	-	(7)
Profit/(loss) before tax	83	(2)	87	8	(15)	161
Net profit/(loss) attributable to non controlling interests	0	(1)	-	-	-	(1)
Profit/(loss) before tax attributable to shareholders	83	(1)	87	8	(15)	163

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

	31 December 2020 restated						
	Retail € million	Corporate € million	Global, Capital Markets & Asset Mngt € million	Investment Property € million	International € million	Other and Elimination center € million	Total € million
Net interest income	464	327	222	(19)	367	(12)	1,349
Net commission income	60	56	84	(0)	99	(1)	298
Other net revenue (note 2.3)	(3)	(1)	430	96	9	222	752
Total external revenue	522	382	736	76	474	210	2,400
Inter-segment revenue	16	44	(28)	2	(4)	(29)	-
Total revenue	537	426	708	78	470	180	2,400
Operating expenses	(419)	(131)	(59)	(33)	(232)	5	(869)
Impairment losses relating to loans and advances to customers	(316)	(160)	-	-	(95)	(1,510)	(2,081)
Impairment losses on goodwill	-	-	-	(160)	-	-	(160)
Other impairment losses and provisions (note 12)	(8)	(3)	(8)	(0)	(6)	(18)	(43)
Share of results of associates and joint ventures	(0)	1	0	(3)	(2)	25	21
Profit/(loss) before tax before restructuring costs	(205)	133	642	(118)	135	(1,318)	(732)
Restructuring costs (note 2.3 and 12)	(36)	(4)	(1)	(0)	(1)	(105)	(147)
Profit/(loss) before tax	(241)	129	641	(118)	134	(1,423)	(879)
Net profit/(loss) attributable to non controlling interests	-	-	-	0	0	(0)	(0)
Profit/(loss) before tax attributable to shareholders	(241)	129	641	(118)	134	(1,423)	(879)

	31 December 2020 restated						
	Retail	Corporate	Global, Capital Markets & Asset Mngt	Investment Property	International	Other and Elimination center(1)	Total
	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets (note 2.3)	16,745	13,377	12,309	1,444	16,694	7,153	67,721
Segment liabilities (note 2.3)	27,305	8,129	6,805	310	14,993	4,916	62,459

	31 December 2020					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	Total
	€ million	€ million	€ million	€ million	€ million	€ million
Net interest income	181	54	102	23	7	367
Net commission income	53	13	27	8	(1)	99
Other net revenue	(2)	3	8	1	(1)	9
Total external revenue	232	69	137	32	5	474
Inter-segment revenue	0	(0)	0	(4)	-	(4)
Total revenue	232	69	137	27	5	470
Operating expenses	(116)	(47)	(43)	(20)	(6)	(232)
Impairment losses relating to loans and advances to customers	(50)	(12)	(15)	(0)	(19)	(95)
Other impairment losses and provisions	(3)	(1)	(2)	(0)	(1)	(6)
Share of results of associates and joint ventures	(0)	(2)	-	-	0	(2)
Profit/(loss) before tax before restructuring costs	63	6	77	8	(20)	135
Restructuring costs	-	-	-	(1)	-	(1)
Profit/(loss) before tax	63	6	77	7	(20)	134
Net profit/(loss) attributable to non controlling interests	(0)	(0)	-	-	-	(0)
Profit/(loss) before tax attributable to shareholders	63	6	77	7	(20)	134

	31 December 2020					
	Bulgaria	Serbia	Cyprus	Luxembourg	Romania	International
	€ million	€ million	€ million	€ million	€ million	€ million
Segment assets(2)	6,010	1,691	6,852	1,892	301	16,694
Segment liabilities(2)	5,359	1,275	6,232	1,699	481	14,993

(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.*

43.2 Entity wide disclosures

Breakdown of the Group's revenue for each group of similar products and services is as follows:

	2021	2020 restated
	€ million	€ million
Lending related activities	**1,522**	1,543
Deposits, network and asset management activities	**(88)**	(101)
Capital markets	**339**	643
Non banking and other services (note 2.3)	**127**	315
Total	**1,900**	2,400

Information on the Country by Country Reporting based on Law 4261/2014 is provided in the Appendix.

44. Post balance sheet events

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

Note 2.1 – Basis of preparation
Note 4 – Capital Management
Note 5 – Financial risk management and fair value
Note 23.1 – Shares in subsidiaries
Note 24 – Investments in associates and joint ventures
Note 30 - Disposal groups classified as held for sale
Note 35 - Other liabilities
Note 38 - Reserves and retained earnings/losses
Note 45 – Related parties

45. Related parties

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. ("Demerged Entity") through its banking sector's hive down that was completed in March 2020 (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 31 December 2021, 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 is considered to have significant influence over the Company. In July 2021, Eurolife FFH Insurance Group Holdings S.A. (note 24) became a subsidiary of Fairfax and the percentage of Eurobank Holdings voting rights held by Fairfax Group increased from 31.27% to 33%.

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) the associates and joint ventures, as well as and the relating income and expenses are as follows:

	31 December 2021			31 December 2020		
	Fairfax Group[3] € million	**KMP and Entities controlled or jointly controlled by KMP[1] € million**	**Associates and joint ventures € million**	Fairfax Group € million	KMP and Entities controlled or jointly controlled by KMP[1] € million	Associates and joint ventures € million
Loans and advances to customers	**0.01**	**4.95**	**26.52**	9.02	4.69	28.94
Derivative financial instruments - assets	**-**	**-**	**-**	0.10	-	-
Other assets[2]	**0.37**	**0.19**	**76.04**	1.92	0.27	65.33
Due to customers	**0.24**	**21.90**	**80.68**	0.15	22.29	114.06
Debt securities in issue	**-**	**0.20**	**-**	-	-	-
Other liabilities	**-**	**0.32**	**40.86**	0.01	0.96	19.82
Net interest income	**0.21**	**-**	**(2.52)**	0.14	(0.01)	(3.40)
Net banking fee and commission income	**-**	**0.16**	**14.74**	-	0.03	12.49
Net trading income	**-**	**-**	**0.45**	-	-	(0.02)
Impairment losses relating to loans and advances including relative fees	**0.02**	**-**	**(89.75)**	(0.03)	-	(41.19)
Other operating income/(expenses)	**5.93**	**(14.99)**	**(12.44)**	8.87	(14.11)	(15.02)
Guarantees issued	**-**	**0.01**	**4.65**	-	0.01	2.00
Guarantees received	**-**	**0.01**	**-**	-	0.02	-

[1] Includes the key management personnel of the Group and their close family members.

[2] For the year ended 31 December 2021, it includes € 0.2 million right of use assets (RoU) related to an entity controlled by KMP.

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

For the year ended 31 December 2021, there were no material transactions with the HFSF. In addition, following the completion of the project "Mexico" (note 20.1), as at 31 December 2021 the loans, net of provisions, granted to non consolidated entities controlled by the Bank pursuant to the terms of the relevant share pledge agreements have been derecognized (2020: € 0.3 million).

For the year ended 31 December 2021, an of impairment of € 0.2 million (31 December 2020: a reversal of impairment of € 0.4 million) has been recorded against loan balances with Group's associates and joint ventures, while the respective impairment allowance amounted to € 0,4 million (31 December 2020: € 0.1 million).

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

Key management personnel are entitled to compensation in the form of short-term employee benefits of € 7.35 million (2020: € 6.72 million) and long-term employee benefits of € 1.17 million (2020: € 0.98 million). Additionally, the Group has recognised € 0.52 million expense relating with equity settled share based payments (note 39). In addition, as at 31 December 2021, the defined benefit obligation for the KMP amounts to € 1.48 million ((31 December 2020: € 1.41 million, as restated due to change in accounting policy, note 2.2.17)), while the respective cost for the year through the income statement amounts to € 0.12 million (31 December 2020: € 0.11 million as restated) and the other comprehensive income (actuarial gains) amounts to € 0.05 million (31 December 2020: € 0.02 million loss as restated).

Post balance sheet event

Grivalia Hospitality S.A.

Following the disposal of a 5.1% shareholding in the Group's joint venture Grivalia Hospitality S.A. (note 24) and the revised terms of the amended Shareholders' Agreement signed with the other shareholders on the same date, the Bank ceased to have joint control over the entity and the retained interest will be carried at FVTPL. As a result, Grivalia Hospitality will no longer be a related party to the Group.

46. External Auditors

The Company has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Group auditors may provide further to the statutory audit. For any such services to be assigned to the Group's auditors there are specific controlling mechanisms in order for the Company's Audit Committee to ensure that a) the non-audit services assigned to "KPMG Certified Auditors S.A.", along with the KPMG network (KPMG), have been reviewed and approved as required and b) there is proper balance between audit and permitted non-audit work.

The total fees of the Group's principal independent auditor KPMG, for audit and other services provided are analyzed as follows:

	2021 **€ million**	2020 € million
Statutory audit[1]	**(2.8)**	(2.6)
Tax certificate	**(0.4)**	(0.4)
Other audit related assignments	**(1.2)**	(1.0)
Non audit assignments	**(0.2)**	(0.1)
Total	**(4.6)**	(4.1)

[1] *Includes fees for statutory audit of the annual standalone and consolidated financial statements.*

It is noted that the non-audit assignment fees of "KPMG Certified Auditors S.A." Greece, statutory auditor of the Company, amounted to € 0.15 million.

47. Board of Directors

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

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

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

Athens, 5 April 2022

Georgios P. Zanias	Fokion C. Karavias	Harris V. Kokologiannis
I.D. No AI - 414343	I.D. No AI - 677962	I.D. No AN - 582334
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE CHIEF FINANCIAL OFFICER

APPENDIX – Disclosures under Law 4261/2014

Country by Country Reporting

Pursuant to article 81 of Law 4261/2014, which incorporated article 89 of Directive 2013/36/EC into the Greek legislation, the Group provides the following information for each country in which it has an establishment:

(i) Names, nature of activities and geographical location.

(ii) The operating income (turnover), the profit/(loss) before tax, the tax on profit/ (loss) and the current tax on a consolidated basis for each country; intercompany transactions among countries are eliminated through the line 'Intra-Group amounts'. The amounts disclosed are prepared on the same basis as the Group's financial statements for the year ended 31 December 2021.

(iii) The number of employees on a full time equivalent basis.

(iv) The public subsidies received.

For the listing of the Bank's subsidiaries at 31 December 2021, the country of their incorporation and the line of their business refer to note 23.1.

The information per country is set out below:

	Year ended 31 December 2021				
	Operating income € million	Profit/(loss) before tax € million	Tax on profit/(loss) € million	Current tax € million	Number of employees at 31 December
Greece	1,442	302	(121)	(4)	6,657
Bulgaria	247	87	(10)	(9)	2,983
Romania	(8)	(13)	(0)	(1)	17
Cyprus	112	66	(15)	(15)	435
Serbia	67	(0)	0	(0)	1,731
Luxembourg(1)	40	16	(4)	(5)	112
Turkey	1	1	(4)	(4)	-
Netherlands	(0)	(2)	(2)	(2)	-
Intra-Group amounts	(1)	-	-	-	
Total	**1,900**	**457**	**(156)**	**(40)**	**11,935**

(1) The operations of Eurobank Private Bank Luxembourg S.A.'s branch in London are included within Luxembourg.

For the year ended 31 December 2021, a benefit of € 91 million that is attributable to the targeted longer-term refinancing operations (TLTRO III) of the European Central Bank has been recognised in the income statement (note 31).

Article 82 of Law 4261/2014

For 2021, the Group's return on assets (RoA) was 0.46%. RoA is calculated by dividing the net profit for the year ended 31 December 2021 by the Group's average total assets for the year.

V. Independent Auditor's Report (on the Financial Statements of the Company)

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Independent Auditors' Report

To the Shareholders of
Eurobank Ergasias Services and Holdings SA

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Eurobank Ergasias Services and Holdings SA (the "Company") which comprise the balance sheet as at 31 December 2021, the statements of income and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Eurobank Ergasias Services and Holdings SA as at 31 December 2021 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as it has been incorporated into Greek legislation, and the ethical requirements that are relevant to the audit of the financial statements in Greece and we have fulfilled our ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters, that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters and the relevant significant assessed risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Mexico transaction

Refer to Note 6.1 to the financial statements.

The key audit matter	How the matter was addressed in our audit
The Company as part of the non performing exposure strategy proceeded in the derecognition of EUR 3.1 billion loans via securitization, known as 'Project Mexico'. The complexity of the terms of the agreement, the magnitude of the portfolio as well as the assessment of other criteria to justify the accounting treatment under IFRS, requires significant judgement. *Disclosures in the financial statements* The disclosures in the financial statements regarding the Company's application of IFRS9 are key to provide clarity on the transaction.	Our audit procedures included the following: — We examined relevant asset transfer agreements and other related legal documents to ascertain whether the criteria according to IFRS 9 are met. — We analysed the contractual terms and conditions to assess if the Company retained control over the transferred loans. — We reviewed the accounting entries related to this transaction. **Assessing disclosures:** — We evaluated the adequacy and appropriateness of the disclosures in the financial statements that address Project Mexico. In addition, we assessed whether the disclosure of the key judgements and assumptions were sufficiently clear and explanatory.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report and the Declarations of the Members of the Board of Directors but does not include the financial statements and our Auditor's Report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. Additional Report to the Audit Committee

Our audit opinion on the financial statements is consistent with the Additional Report to the Audit Committee of the Company dated 5 April 2022, pursuant to the requirements of article 11 of the Regulation 537/2014 of the European Union (EU).

2. Provision of non Audit Services

We have not provided to the Company any prohibited non – audit services referred to in article 5 of regulation (EU) 537/2014.

The permissible non-audit services that we have provided to the Company during the year ended 31 December 2021 are disclosed in Note 22 of the accompanying financial statements.

3. Appointment of Auditors

We were appointed for the first time as Certified Auditors of the Company based on the decision of the Annual General Shareholders' Meeting dated 10 July 2018. From then onwards our appointment has been renewed uninterruptedly for a total period of 4 years based on the annual decisions of the General Shareholders' Meeting.

4. Operations Regulation

The Company has an Operations Regulation in accordance with the content provided by the provisions of the article 14 of Law 4706/2020.

5. Assurance Report on the European Single Electronic Reporting Format

We examined the digital files of Eurobank Ergasias Services and Holdings SA (the "Company"), which were prepared in accordance with the European Single Electronic Format (ESEF) that is determined by the Commission Delegated Regulation (EU) 2019/815, as amended by the Regulation (EU) 2020/1989 (the ESEF Regulation) that include the financial statements of the Company for the year ended as at 31 December 2021 in XHTML format "JEUVK5RWVJEN8W0C9M24-2021-12-31-en.xhtml".

Regulatory framework

The digital files of the European Single Electronic Format are prepared in accordance with the ESEF Regulation and the 2020/C 379/01 Commission Interpretative Communication issued on 10 November 2020, as required by L. 3556/2007 and the relevant announcements of the Hellenic Capital Markets Commission and the Athens Stock Exchange (the “ESEF Regulatory Framework”). This Framework includes in summary, among others, that the annual financial reports must be prepared in XHTML format.

The requirements as defined in the ESEF Regulatory Framework as in force are appropriate criteria to express a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

Management is responsible for the preparation and filing of the financial statements of the Company, for the year ended as at 31 December 2021, in accordance with the requirements determined by the ESEF Regulatory Framework, and for such internal control as management determines is necessary to enable the preparation of digital files that are free from material misstatement, whether due to fraud or error.

Auditors’ Responsibilities

Our responsibility is the planning and the execution of this assurance engagement in accordance with the 214/4/11-02-2022 Decision of the Hellenic Accounting and Auditing Standards Oversight Board and the Guidelines for the assurance engagement and report of Certified Auditors on the European Single Electronic Reporting Format (ESEF) of issuers with shares listed in a regulated market in Greece”, as these were issued by the Institute of Certified Public Accountants of Greece on 14/02/2022 (the “ESEF Guidelines”), in order to obtain reasonable assurance that the financial statements of the Company that are prepared by the management of the Company in accordance with the ESEF comply in all material respects with the ESEF Regulatory Framework as in force.

Our work was performed in accordance with the International Ethics Standards Board for Accountants’ *Code of Ethics for Professional Accountants,* as it has been incorporated into Greek legislation and we have also fulfilled our independence requirements, in accordance with the L. 4449/2017 and the Regulation (EU) 537/2014.

The assurance work that we carried out refers exclusively to the ESEF Guidelines and was conducted in accordance with the International Standard on Assurance Engagements 3000, “Assurance Engagements other than Audits or Reviews of Historical Financial Information”. Reasonable assurance is a high level of assurance but is not a guarantee that such an assurance engagement will always detect a material misstatement regarding non-compliance with the requirements of the ESEF Regulatory Framework.

Conclusion

Based on the procedures performed and the evidence obtained, we express the conclusion that the financial statements of the Company for the year ended as of 31 December 2021 in XHTML format "JEUVK5RWVJEN8W0C9M24-2021-12-31-en.xhtml", have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework.

Athens, 6 April 2022

KPMG Certified Auditors S.A.
AM SOEL 114

Harry Sirounis, Certified Auditor
AM SOEL 19071

VI. Financial Statements of the Company for the year ended 31 December 2021

EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

8 Othonos Street, Athens 105 57, Greece

www.eurobankholdings.gr, Tel.: (+30) 214 40 61000

General Commercial Registry No: 000223001000

Index to the Financial Statements .... Page

Balance Sheet

		31 December	
	Note	2021 € million	2020 € million
ASSETS			
Due from credit institutions	4.1	**62**	14
Investment securities	11	**949**	942
Shares in subsidiaries	12	**4,093**	4,091
Other assets	13	**5**	4
Total assets		**5,109**	5,051
LIABILITIES			
Debt securities in issue	14	**947**	947
Other liabilities	15	**2**	1
Total liabilities		**949**	948
EQUITY			
Share capital	16	**816**	816
Share premium	16	**8,056**	8,056
Corporate law reserves	17	**6,919**	6,919
Special reserves	17	**1,004**	1,004
Other Reserves	17	**1,179**	1,179
Retained earnings/(losses)	17	**(13,814)**	(13,871)
Total equity		**4,160**	4,103
Total equity and liabilities		**5,109**	5,051

Note: Information for the change in presentation of reserves and retained earnings is provided in note 17

Notes on pages 6 to 32 form an integral part of these financial statements.

Income Statement

	Note	Year ended 31 December 2021 € million	2020 € million
Interest income		**61**	121
Interest expense		**(61)**	(58)
Net interest income/(expense)	5	**(0)**	63
Other income/(expenses)	6	**57**	(10)
Operating income		**57**	53
Operating expenses	7	**(9)**	(9)
Profit from operations before impairments		**48**	44
Impairment losses relating to loans and advances to customers	8	**-**	(1,508)
Other impairment losses	11	**7**	(7)
Profit/(Loss) before tax		**55**	(1,471)
Income tax	9	**(0)**	-
Net profit/(loss) from continuing operations		**55**	(1,471)
Net profit/(loss) from discontinued operations	10	**-**	(41)
Net profit/(loss)		**55**	(1,512)

Notes on pages 6 to 32 form an integral part of these financial statements.

Statement of Comprehensive Income

	Year ended 31 December			
		2021 € million		2020 € million
Net profit/(loss)		**55**		(1,512)
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	-		8	
- transfer to net profit, net of tax	-	-	(1)	7
Debt securities at FVOCI				
- changes in fair value, net of tax	-		(143)	
- transfer to net profit, net of tax	-	-	(46)	(189)
		-		(182)
Items that will not be reclassified to profit or loss:				
-Actuarial gains/ (losses) on post employment benefit obligations, net of tax		**(0)**		(0)
Other comprehensive income		**(0)**		(182)
Total comprehensive income				
- from continuing operations		**55**		(1,471)
- from discontinued operations		-		(223)
		55		(1,694)

Notes on pages 6 to 32 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital € million	Share premium € million	Reserves and Retained earnings € million	Hybrid capital € million	Total € million
Balance at 1 January 2020 (note 15)	853	8,056	(3,054)	2	5,857
Net loss (note 15)	-	-	(1,512)	-	(1,512)
Other comprehensive income (note 15)	-	-	(182)	-	(182)
Total comprehensive income for the year ended 31 December 2020 (note 15)	-	-	(1,694)	-	(1,694)
Share capital decrease and capitalization of taxed reserves (note 16)	(37)	-	(21)	-	(58)
Hybrid capital's redemption and dividend paid, net of tax	-	-	(0)	(2)	(2)
	(37)	-	(21)	(2)	(60)
Balance at 31 December 2020	816	8,056	(4,769)	-	4,103
Balance at 1 January 2021	**816**	**8,056**	**(4,769)**	**-**	**4,103**
Net profit	-	-	55	-	**55**
Other comprehensive income	-	-	(0)	-	**(0)**
Total comprehensive income for the year ended 31 December 2021	**-**	**-**	**55**	**-**	**55**
Share-based payment: - Value of employee services (note 18)	-	-	2	-	**2**
	-	**-**	**2**	**-**	**2**
Balance at 31 December 2021	**816**	**8,056**	**(4,712)**	**-**	**4,160**
	Note 16	Note 16	Note 17		

Notes on pages 6 to 32 form an integral part of these financial statements.

Cash Flow Statement

	Note	Year ended 31 December 2021 € million	2020 € million
Cash flows from continuing operating activities			
Profit/(loss) before income tax from continuing operations		**55**	(1,471)
Adjustments for :			
Impairment losses relating to loans and advances to customers	8	-	1,508
Other impairment losses	11	**(7)**	7
Depreciation and amortisation		**0**	0
Other (income)/losses relating to investing activities	6.1	**(54)**	-
Other adjustments		**1**	(3)
		(5)	41
Changes in operating assets and liabilities			
Net (increase)/decrease in due from credit institutions		-	2
Net (increase)/decrease in loans and advances to customers		-	(24)
Net (increase)/decrease in other assets		**(1)**	(7)
Net increase/(decrease) in other liabilities		**0**	3
		(1)	(26)
Net cash from/(used in) continuing operating activities		**(6)**	15
Cash flows from continuing investing activities			
(Purchases)/sales and redemptions of investment securities	6.1	**54**	-
Acquisition of subsidiaries and participation in capital increases		-	(1)
Net cash from/(used in) continuing investing activities		**54**	(1)
Net increase in cash and cash equivalents from continuing operations		**48**	14
Net cash flows from discontinued operating activities		-	(74)
Net cash flows from discontinued investing activities		-	(903)
Net cash flows from discontinued financing activities		-	(8)
Net increase/(decrease) in cash and cash equivalents from discontinued operations		-	(985)
Cash and cash equivalents of hived down banking sector on 20 March 2020		-	(1,788)
Cash and cash equivalents at beginning of year		**14**	2,773
Cash and cash equivalents at end of year	19	**62**	14

Notes on pages 6 to 32 form an integral part of these 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 resulted from the demerger of Eurobank Ergasias S.A. ("Demerged entity") through its banking sector's hive down. In particular, on 20 March 2020, the demerger of Eurobank Ergasias S.A. through the banking sector's hive down and the establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A" ("the Beneficiary") as well as the Articles of Association of the Beneficiary were approved by virtue of the decision of the Ministry of Development and Investments No 31847/20.03.2020, which was registered on the same day in the General Commercial Registry. At the aforementioned date the Demerged Entity became the shareholder of the Beneficiary by acquiring all the shares issued by the Beneficiary and the Beneficiary substituted the Demerged Entity, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector as at 30 June 2019 and formed up to 20 March 2020, day of the Demerger's completion. In addition, the corporate name and the distinctive title of the Demerged Entity was amended to "Eurobank Ergasias Services and Holdings S.A." and "Eurobank Holdings" respectively.

Eurobank S.A. (the Bank), along with its subsidiaries (Eurobank S.A. Group), comprise the major part of Eurobank Holdings Group (the Group) (note 12). 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 financial statements were approved by the Board of Directors on 5 April 2022. The Independent Auditor's Report is included in section V of the Annual Financial Report.

2. Basis of preparation and principal accounting policies

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

2.1 Basis of preparation

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

The financial statements are prepared under the historical cost basis except for the financial assets measured at fair value through other comprehensive income and financial assets and financial liabilities measured at fair-value-through-profit-or-loss.

The accounting policies for the preparation of the financial statements have been consistently applied to the years 2021 and 2020, after taking into account the amendments in IFRSs as described in section 2.1.1 "New and amended standards and interpretations" and the amendments in the Company's accounting policies as described in section 2.1.2 "Other accounting developments". The comparative information has been restated due to change in accounting policy for employee benefits (note 2.1.2). In addition, where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

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

The Company's presentation currency is the Euro (€). Except as indicated, financial information presented in Euro has been rounded to the nearest million. The figures presented in the notes may not sum precisely to the totals provided due to rounding.

Going concern considerations

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

2021 was a year of strong recovery, as the Greek economy reclaimed most of its pandemic inflicted losses. The significant progress of vaccination programs allowed the gradual relaxation of containment measures and the reopening of the economy that led to the strengthening of consumption and the recovery of the tourism sector providing substantial boost to real GDP growth. Based on Hellenic Statistical Authority's (ELSTAT) provisional data, Greek real GDP increased by 8.3% in 2021 (9% decrease in 2020), the seasonally adjusted unemployment rate dropped to 12.8% in December 2021 (December 2020: 16.3%), while the inflation, as measured by the 12-month average Harmonized Index of Consumer Prices (HICP), closed at 0.6% in 2021, compared to -1.3% in 2020. According to ELSTAT, the HICP increased by 6.3% in February 2022 compared to -1.9% in February 2021 mainly reflecting the current rise in energy and fuel costs. The European Commission (EC), in its winter economic forecasts (February 2022), estimates the real GDP growth rate in Greece at 4.9% and 3.5% in 2022 and 2023 respectively. On the fiscal front, according to 2022 State Budget, the general government's primary balance in European System of Accounts (ESA2010) terms in 2021 and 2022 is expected to register deficits of 7.0% and 1.4% of GDP respectively as a result of the implementation of public support measures amounted to € 16.9 billion in 2021, and € 3.3 billion in 2022 aiming to address the economic and social effects of the Covid-19 pandemic. The gross public debt is estimated at 197.1% and 189.6% of GDP in 2021 and 2022 respectively (2020: primary deficit at 7.1% and public debt at 206.3%). These forecasts take into account the public support measures aiming to alleviate the impact of increased energy and fuel costs in 2021 (€0.9 billion), but not the additional and more encompassing measures announced in 2022 (an additional €2.8 billion as of 17 March 2022). However, since a large part of these measures will be covered by funds earmarked especially for this purpose as well as additional government proceeds, their fiscal impact will be significantly smaller than the above amount. The deviation from the Enhanced Surveillance (ES) primary surplus target of 3.5% of GDP in 2021 and 2022 is not considered a violation of Greece'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. According to the 2 June 2021 EC press release, the clause shall remain in force in 2022, and is expected to be deactivated in 2023. These forecasts may change as a result of the actual size of the public sector's support measures, the impact of inflationary pressure on economic growth, and the repercussions of the energy price hikes on public finances.

In response to the Covid-19 outbreak, on 21 July 2020, the European Council agreed on a recovery package under the EC's Next Generation EU framework to support the recovery and resilience of the member states' economies. In this context, on 13 July 2021, the Economic and Financial Affairs Council (ECOFIN) approved the Greek National Recovery and Resilience Plan (NRRP), titled "Greece 2.0". Greece shall receive European Union (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 NRRP. A pre-financing of € 4 billion was disbursed in August 2021, while on 28 February 2022 the EC preliminarily endorsed Greece's payment request for the first RRF instalment, amounting to €3.6 billion. Greece has been also allocated about €40 billion through EU's Multiannual Financial Framework (MFF) 2021-2027. Furthermore, on 24 March 2020, the European Central Bank (ECB) established a temporary Pandemic Emergency Purchase Programme (PEPP), with a financial envelope of € 1,850 billion since December 2020, out of which ca € 37 billion are available for the purchase of Greek Government Bonds (GGBs). On 16 December 2021, the ECB announced that it would cease net bond purchases under PEPP at the end of March 2022, as scheduled. Reinvestment of principal from maturing securities will, however, continue at least until the end of 2024, allowing explicitly for the purchase of Greek Government Bonds (GGBs) over and above rollovers of redemptions.

In 2021, the Greek State proceeded with the issuance of six bonds of various maturities, (5-year, 10-year, and 30-year) drawing a total of €14 billion from international financial markets. More recently, on 19 January 2022, the Public Debt Management Agency (PDMA) issued a 10-year bond of € 3 billion at a yield of 1.836%.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece are as follows: (a) the geopolitical conditions in the near or in broader region, especially the ongoing Russian invasion in Ukraine, and its ramifications on the regional and global stability and security, the European and Greek economy, and the energy sector in particular (b) a prolongation and/or exacerbation of the ongoing inflationary pressure, especially in the energy sector and the supply chain, and its impact on economic growth, employment, public finances, household budgets, and firms' production costs, (c) further increase in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs, (d) the actual size and duration of the current and potentially new fiscal measures aimed at alleviating the impact of rising energy and food prices, and their impact on the long-term sustainability of the country's public debt, (e) the impact of the withdrawal of the temporary support measures on growth, employment and the continual service of household and corporate debt, (f) 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, (g) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, (h) the implementation of the reforms and privatizations' agenda in order to meet the ES and

EC's Recovery and Resilience Facility (RRF) targets and milestones, (i) the evolution of the health crisis and the probability of emergence of new Covid-19 variants that could adversely impact economic recovery and bring about new movement restrictions and fiscal support measures and (j) 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, solvency and profitability of the Greek banking sector, as well as on the realization of its NPE reduction plans. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. As the events are still unfolding, any assessment of their impact is premature. However, the risks coming from geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent. In this context, the Group holds non-significant exposure in Russian assets and is continuously monitoring the developments on the macroeconomic and geopolitical fronts and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals for the quarters ahead, focusing primarily on the support of its clients to overcome the challenging juncture, the protection of its asset and capital base and the resilience of its pre-provision profitability.

As at 31 December 2021, following the completion of the project "Mexico" (sale of 95% mezzanine and junior "Mexico" securitization notes) and the subsequent derecognition of the underlying securitized loan portfolio of € 3.1 billion (consisting primarily of NPE) (notes 20.1 of the Group's consolidated financial statements and 6.1), the Group decreased significantly its NPE stock by € 2.9 billion to € 2.8 billion (31 December 2020: € 5.7 billion), driving the NPE ratio at 6.8% (31 December 2020: 14%), while the NPE coverage ratio stood at 69.2% (31 December 2020: 61.8%). At the Group level, the net profit attributable to shareholders for the year ended 31 December 2021 amounted to € 328 million, of which € 143 million was related to the international operations. The adjusted net profit, excluding the loss of € 77 million from "Mexico" project and the restructuring costs (after tax) of € 19 million, amounted to € 424 million (2020: € 538 million profit). The net profit for the company equals to € 55 million (2020: € 1,512 million loss). The Group's Total Capital Adequacy (total CAD) and Common Equity Tier 1 (CET1) ratios stood at 16.1% (31 December 2020: 16.3%) and 13.7% (31 December 2020: 13.9%) respectively as at 31 December 2021. Pro-forma with the completion of the sale of Eurobank's merchant acquiring business, the total CAD and CET1 ratios would be 16.8% and 14.5% respectively. In addition, the Group completed successfully the 2021 SSM stress test (ST), which was coordinated and conducted by the ECB.

In terms of liquidity, as at 31 December 2021, the Group deposits have increased by € 5.9 billion to € 53.2 billion (31 December 2020: € 47.3 billion), while the funding from the targeted long term refinancing operations of the European Central Bank – TLTRO III programme reached € 11.7 billion (31 December 2020: € 8 billion). During the year, in the context of its medium-term strategy to meet its MREL target, the Bank proceeded with two issues of preferred senior debt with a nominal value of € 500 million each, in April and September respectively. The rise in high quality liquid assets of the Group led the respective Liquidity Coverage ratio (LCR) to 152% (31 December 2020: 124%).

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 strong recovery of economic activity in 2021 and the prospects for sustainable growth rates in Greece onwards, (b) the Group's pre-provision income generating capacity and the adequacy of its capital and liquidity position, and (c) the significant improvement of the Group's NPE ratio in 2021, has been satisfied that the financial statements of the Company can be prepared on a going concern basis.

2.1.1 New and amended standards and interpretations

New and amended standards adopted by the Company as of 1 January 2021

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, apply from 1 January 2021:

Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB issued "Interest Rate Benchmark Reform: Phase 2 Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16", which addresses the issues that affect financial reporting once an existing rate is replaced with an RFR and provides specific disclosure requirements. The Phase 2 amendments provide key reliefs related to the contractual modifications due to the reform and the hedging designations affected by the reform. In addition, Phase 2 amendments introduce additional disclosure requirements, to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

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

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

A number of amendments to existing standards are effective after 2021, as they have not yet been endorsed by the European Union (EU), or have not been early applied by the Company. Those that may be relevant to the Company are set out below:

IFRS 3, Amendments, Reference to the Conceptual Framework (effective 1 January 2022)

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. 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 has occurred by the acquisition date.

In addition, 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 is not expected to impact the financial statements.

Annual improvement to IFRSs 2018-2020 cycle: IFRS1, IFRS9 and IFRS 16 (effective 1 January 2022)

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 measured their assets and liabilities at carrying amounts recorded in their parent's books to also measure any cumulative translation differences using the amounts reported by the parent. This amendment will also apply to associates and joint ventures that have taken the same IFRS 1 exemption.

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

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

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

IAS 37, Amendment, Onerous Contracts – Costs of Fulfilling a Contract (effective 1 January 2022)

The amendment to IAS 37 *'Provisions, Contingent Liabilities and Contingent Assets'* clarifies that 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 amendment is not expected to impact the financial statements.

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

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

The amendments clarify (a) how accounting policies and accounting estimates relate to each other by (i) explaining that accounting estimates are used in applying accounting policies and (ii) making the definition of accounting policies clearer and more concise, (b) that selecting an estimation technique, or valuation technique, used when an item in the financial statements cannot be measured with precision, constitutes making an accounting estimate, and (c) that, in applying IAS 2 Inventories, selecting the first-in, first-out (FIFO) cost formula or the weighted average cost formula for interchangeable inventories constitutes selecting an accounting policy.

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

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

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

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

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

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

IAS 1, Amendments, Classification of Liabilities as Current or Non-Current (effective 1 January 2023, not yet endorsed by EU)

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

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

IAS 12, Amendments, Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective 1 January 2023, not yet endorsed by EU)

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

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

2.1.2 Other accounting developments

IFRIC agenda decision - Attributing Benefit to Periods of Service (IAS 19)

In May 2021, an IFRIC agenda decision was published that concludes about the periods of service over which an entity should attribute benefits under a specific retirement defined benefit plan based on the existing requirements of IAS 19. In particular, according to the above decision, the attribution of the benefit shall not begin from the start of the employment date but from the date when the employee service first leads to benefits under the terms of the plan until the date when further employee service will lead to no material amount of further benefits.

The Company implemented the above agenda decision in the fourth quarter of 2021 by amending its accounting policy for 'Employee benefits' (note 2.2.14) and accounted for any resulting adjustments retrospectively, in accordance with IAS 8 ''Accounting Policies, Changes in Accounting Estimates and Errors''.

The adjustments performed due to the retrospective application of the IFRIC agenda decision are presented in note 15.

2.2 Principal accounting policies

2.2.1 Investments in subsidiaries

Investments in subsidiaries, including investments acquired through common control transactions, are accounted at cost less any impairment losses. Cost is the fair value of the consideration given being the amount of cash or shares issued, or if that cannot be determined reliably, the consideration received together with any directly attributable costs.

As an exception to the above measurement basis, when the Company transfers an existing Group entity or business sector to a new subsidiary formed for this purpose in a share for share exchange that does not have commercial substance, the Company's investment in that newly formed subsidiary is recognized at the carrying amount of the transferred entity.

A listing of the Company's subsidiaries is set out in note 12.

2.2.2 Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in the income statement.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rates prevailing at each reporting date and exchange differences are recognized in the income statement.

Non-monetary assets and liabilities are translated into the functional currency at the exchange rates prevailing at initial recognition.

2.2.3 Income statement

(i) Interest income and expense

Interest income and expense is recognized in the income statement for all interest bearing financial instruments on an accrual basis, using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the EIR for financial instruments, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses.

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

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

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

For financial assets that have become credit-impaired subsequent to initial recognition (exposures in Stage 3), the Company calculates interest income by applying the effective interest rate to the amortized cost of the financial asset (i.e. gross carrying amount adjusted for the expected credit loss allowance). If the asset is no longer credit-impaired, then the EIR is applied again to the gross carrying amount.

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

(ii) Fees and commissions

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

Other fee and commission income is recognised over time as the related services are being provided to the customer, to the extent that it is highly probable that a significant reversal of the revenue amount recognized will not occur. Transaction-based fees are recognised at the point in time when the transaction takes place.

2.2.4 Property and equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent expenditure is recognized in the asset's carrying amount only when it is probable that future economic benefits will flow to the Company and the cost of the asset can be measured reliably. All other repair and maintenance costs are recognized in the income statement as incurred. Depreciation is calculated using the straight-line method to write down the cost of property and equipment, to their residual values over their estimated useful life.

2.2.5 Computer software

Costs associated with the maintenance of existing computer software programs are expensed as incurred. Development costs associated with the production of identifiable assets controlled by the Company are recognized as intangible assets when they are expected to generate economic benefits and can be measured reliably. Internally generated computer software assets are amortized using the straight-line method.

2.2.6 Impairment of subsidiaries

The Company assesses as at each reporting balance sheet date whether there is any indication that its investments in subsidiaries may be impaired by considering both external and internal sources of information, such as the net assets compared to the carrying value of each entity, as well as forward looking developments and/or economy sector in which they operate. In addition, the collection of dividends from subsidiaries is also a potential trigger that may indicate that the respective investments are impaired. In particular, when dividend is received from the Company's subsidiaries, it is also examined whether that dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared, to determine whether an indication of impairment exists.

If any indication of impairment exists at each reporting date, the Company estimates the recoverable amount of the investment, being the higher of its fair value less costs to sell and its value in use.

An impairment loss is recognized in profit or loss when the recoverable amount of the investment is less than its carrying amount.

Investments in subsidiaries for which an impairment loss was recognized in prior reporting periods, are reviewed for possible reversal of such impairment at each reporting date.

2.2.7 Impairment of non-financial assets

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

2.2.8 Financial assets

Financial assets - Classification and measurement

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

Financial Assets measured at Amortized Cost ('AC')

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

(a) The financial asset is held within a business model whose objective is to collect contractual cash flows (hold-to-collect business model) and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

These financial assets are recognized initially at fair value plus or minus direct and incremental transaction costs that are attributable to the acquisition of these assets, and are subsequently measured at amortized cost, using the effective interest rate (EIR) method (as described in 2.2.3 above).

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

Equity Instruments designated at FVOCI

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

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

The Company classifies and measures all other financial assets that are not classified at AC or FVOCI, at FVTPL. Accordingly, this measurement category includes financial instruments that are held within the hold–to-collect (HTC) but fail the SPPI assessment, equities that are not designated at FVOCI and financial assets held for trading. Financial assets measured at FVTPL are initially recorded at fair value and any unrealized gains or losses arising due to changes in fair value are included in the income statement.

Business model and contractual characteristics assessment

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

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

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

Types of business models

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

The hold-to-collect (HTC) business model has the objective to hold the financial assets in order to collect contractual cash flows. Sales within this model are monitored and may be performed for reasons which are not inconsistent with this business model. More specifically, sales of financial assets due to credit deterioration, as well as, sales close to the maturity are considered consistent with the objective of hold-to-collect contractual cash flows regardless of value and frequency. Sales for other reasons may be consistent with the HTC model such as liquidity needs in any stress case scenario or sales made to manage high concentration level of credit risk. Such sales are monitored and assessed depending on frequency and value to conclude whether they are consistent with the HTC model. Other business models include financial assets which are managed and evaluated on a fair value basis as well as portfolios that are held for trading. The Company's business models are reassessed at least annually or earlier, if there is a sales' assessment trigger or if there are any changes in the Company's strategy and main activities.

Cash flow characteristics assessment

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

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

For the purpose of the SPPI assessment, the Company considers the existence of various features, including among others, contractually linked terms, prepayment terms, deferred interest-free payments, extension and equity conversion options and terms that introduce leverage including index linked payments. In addition, for the purposes of the SPPI assessment, if a contractual feature could have an effect that is de-minimis on the contractual cash flows of the financial asset, it does not affect its classification. Moreover, a contractual feature is considered as not genuine by the Company, if it affects the instrument's contractual cash flows only on the occurrence of an event that is extremely rare, highly abnormal and very unlikely to occur. In such a case, it does not affect the instrument's classification.

Derecognition of financial assets

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

On derecognition of a financial asset, the difference between the carrying amount of the asset and the consideration received (including any new asset obtained less any new liability assumed) is recognized in income statement.

Modification of financial assets that may result in derecognition

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

2.2.9 Reclassifications of financial assets

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

Changes in intention related to particular financial assets (even in circumstances of significant changes in market conditions) and the temporary disappearance of a particular market for financial assets , are not considered by the Company changes in business model.

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

2.2.10 Financial liabilities

Financial liabilities - Classification and measurement

The Company classifies its financial liabilities at amortized cost category.

These financial liabilities are recognized initially at fair value minus transaction costs that are attributable to the issue of these liabilities, and are subsequently measured at amortized cost, using the effective interest rate (EIR) method (as described in 2.2.3 above).

Derecognition of financial liabilities

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

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

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

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

2.2.11 Fair value measurement of financial instruments

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

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

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

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

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

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

2.2.12 Impairment of financial assets

The Company recognizes allowance for expected credit losses (ECL) that reflect changes in credit quality since initial recognition to financial assets that are measured at AC. ECL are a probability-weighted average estimate of credit losses that reflects the time value of money.

Upon initial recognition of the financial instruments, the Company records a loss allowance equal to 12-month ECL, being the ECL that result from default events that are possible within the next twelve months. Subsequently, for those financial instruments that have experienced a significant increase in credit risk (SICR) since initial recognition, a loss allowance equal to lifetime ECL is recognized, arising from default events that are possible over the expected life of the instrument.

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

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

- Stage 1 – When there is no significant increase in credit risk since initial recognition of a financial instrument, an amount equal to 12-months ECL is recorded. The 12 – month ECL represent a portion of lifetime losses, that result from default events that are possible within the next 12 months after the reporting date and is equal to the expected cash shortfalls over the life of the instrument or group of instruments, due to loss events probable within the next 12 months. Not credit-impaired financial assets that are either newly originated or purchased, as well as, assets recognized following a substantial modification accounted for as a derecognition, are classified initially in Stage 1.
- Stage 2 – When a financial instrument experiences a SICR subsequent to origination but is not considered to be in default, it is included in Stage 2. Lifetime ECL represent the expected credit losses that result from all possible default events over the expected life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

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

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or past due event.
- The Company, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Company would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organization.

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

Significant increase in credit risk (SICR) and staging allocation

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

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

Specifically, the assessment of SICR for investment securities is performed on an individual basis based on the number of notches downgrade in the internal credit rating scale since the origination date.

Transfers from Stage 2 to Stage 1

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

Transfers from Stage 3 to Stage 2

A financial asset is transferred from Stage 3 to Stage 2, when the criteria based on which the financial asset was characterized as credit impaired, are no longer valid.

Measurement of Expected Credit Losses

The ECL calculations are based on the term structures of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD). Generally, these parameters are based on observed point-in-time and historical data, derived by international rating agencies.

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

The Exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date.

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

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

Presentation of impairment allowance

For financial assets measured at amortized cost, impairment allowance is recognized as a loss allowance reducing the gross carrying amount of the financial assets in the balance sheet.. The respective ECL is recognised within impairment losses.

Write-off of financial assets

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

2.2.13 Income tax

Income tax consists of current and deferred tax.

(i) Current income tax

Income tax payable on profits, based on the applicable tax law, is recognized as an expense in the period in which profits arise.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

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

(iii) Uncertain tax positions

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

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

The Company as a general rule has opted to obtain an 'Annual Tax Certificate', which is issued after a tax audit is performed by the same statutory auditor or audit firm that audits the annual financial statements. Further information in respect of the Annual Tax Certificate and the related tax legislation, is provided in note 9.

2.2.14 Employee benefits

(i) Short term benefits

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

(ii) Pension obligations

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

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

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

The SLSRI obligation is calculated as the present value of the estimated future cash outflows using interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated term of the retirement benefit obligations. Actuarial gains and losses that arise in calculating the Company's SLSRI obligations are recognized directly in other comprehensive income in the period in which they occur and are not reclassified to the income statement in subsequent periods.

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

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

In the fourth quarter of 2021, the Company implemented the IFRIC agenda decision Attributing Benefit to Periods of Service (IAS 19) and changed its accounting policy regarding the attribution of benefit, arising from defined benefit plans (note 2.1.2). In accordance with IAS 8 "Accounting policies, changes in accounting estimates and errors", the above change in the Company's accounting policy for employee benefits was applied retrospectively as of 1 January 2020 (note 15).

(iv) Performance-based cash payments

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

(v) Share-based payments

The Company's Management awards employees with bonuses in the form of shares and share options on a discretionary basis and after taking into account the current legal framework. Non-performance related shares vest in the period granted. Share based payments that are contingent upon the achievement of a performance and service condition, vest only if both conditions are satisfied.

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

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

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

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

Share options granted by the Company to employees of group entities are treated as a contribution by the Company to these entities, thus increasing the investment cost in them.

2.2.15 Related party transactions

Related parties of the Company include:

(a) an entity that has control over the Company and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;

(b) an entity that has significant influence over the Company and entities controlled by this entity,

(c) members of key management personnel of the Company, their close family members and entities controlled or jointly controlled by the abovementioned persons;

(d) associates and joint ventures of the Company; and

(e) subsidiaries.

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

2.2.16 Provisions

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

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

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

2.2.17 Share capital

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

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

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

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

2.2.18 Hybrid capital

Hybrid capital issued by the Company is classified as equity when there is no contractual obligation to deliver to the holder cash or another financial asset. Incremental costs directly attributable to the issue of new hybrid capital are shown in equity as a deduction from the proceeds, net of tax.

Dividend distribution on hybrid capital is recognized as a deduction in the Company's equity on the date it is due.

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

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

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

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

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

(a) Represents a separate major line of business or geographical area of operations;
(b) Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations;

Profit or loss from discontinued operations includes the profit or loss before tax from discontinued operations, the gain or loss on disposal before tax or measurement to fair value less costs to sell and discontinued operations tax expense. Upon classification of a component of the Company's operations as a discontinued operation, the Company restates prior periods in the income statement.

2.2.20 Cash and cash equivalents

Cash and cash equivalents include cash in hand, unrestricted deposits with central banks, due from credit institutions and other short-term highly liquid investments with original maturities of three months or less.

3. Critical accounting estimates and judgments in applying accounting policies

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

The most significant areas in which the Company makes judgments, estimates and assumptions in applying its accounting policies are set out below:

3.1 Impairment losses on investment securities

The expected credit losses (ECL) measurement of the Tier 2 subordinated instrument requires management to apply judgement relating to the risk parameters used in the calculation of the ECL and in assessing whether a significant increase of credit risk (SICR) has occurred since initial recognition. These estimates are based on quantitative and qualitative information reasonable and supportable forward looking information. A degree of uncertainty is involved in making estimations using assumptions that may be subjective and sensitive to the risk factors.

Specifically, the assessment of SICR is performed on an individual basis based on the number of notches downgrade in the internal credit rating scale since the origination date while the PD used for the ECL measurement is received by an international rating agency using risk methodologies that maximize the use of observable variables and market data. Furthermore, the LGD used is based on historical data derived from rating agencies' studies that present the recoveries on such instruments taking into account the seniority of the exposure.

Changes in the metrics applied and the assumptions underlined would have a significant effect on the ECL outcome. The Company independently validates all ECL key inputs and underlying assumptions used in the ECL measurement through competent resources.

3.2 Impairment losses on investment in subsidiaries

The Company assesses for impairment its investment in subsidiaries at each reporting date as described in note 2.2.6. If an indication of impairment exists, the Company performs an impairment test by comparing the carrying value of the investment in the subsidiary with its estimated recoverable amount, determined as the higher of its fair value less cost to sell and its value in use, based on reasonable and supportable information. The calculation of the recoverable amount involves the exercise of judgement in selecting the appropriate parameters, such as the applicable discount and growth rates.

3.3 Income tax

The Company is subject to income taxes and estimates are required in determining the liability for income taxes. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due or for anticipated tax disputes. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax in the period in which such determination is made.

In addition, the Company recognizes deferred tax assets to the extent that it is probable that sufficient taxable profit will be available against which unused tax losses and deductible temporary differences can be utilized. Recognition therefore involves judgment regarding the future financial performance of the Company. As at 31 December 2021, 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 (note 9).

3.4 Retirement benefit obligations

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

The Company determines the appropriate discount rate used to calculate the present value of the estimated retirement obligations, at the end of each year based on interest rates of high quality corporate bonds. The currency and term to maturity of the bonds used are consistent with the currency and estimated average term to maturity of the retirement benefit obligations. The salary rate increase assumption is based on future inflation estimates reflecting also the Company's reward structure and expected market conditions.

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

For information in respect of the Company's retirement benefit obligations refer to note 15.

3.5 Share-based payments

The Company grants shares and share options to its employees as well as the employees of the Group's entities, as a common feature of employee remuneration.

For shares granted to employees, the fair value is measured directly at the market price of the entity's shares, adjusted to take into account the terms and conditions upon which the shares were granted. For share options granted to employees, in many cases market prices are not available because the options granted are subject to terms and conditions that do not apply to traded options. If this is the case, the Company estimates the fair value of the equity instruments granted using a valuation technique, which is consistent with generally accepted valuation methodologies.

The valuation method and the inputs used to measure the share options granted to employees of the Company and its Group entities are presented in note 18.

4. Financial risk management and fair value

The Company is exposed to financial risks such as credit risk, market risk (including currency and interest rate risk) liquidity risk and operational risks.

4.1 Financial risk factors and risk management

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

The Company's overall risk management strategy seeks to minimize any potential adverse effects on its financial performance, financial position and cash flows.

The main financial risks to which the Company is exposed relate to:

(a) Credit risk

The Company takes on exposure to credit risk which is the risk that a counterparty will be unable to fulfill its payment obligations in full when due. The Company is mainly exposed to a subordinated instrument (note 11) issued by its subsidiary Eurobank S.A. and € 62 million deposits that are placed with the latter. Accordingly, the aggregate carrying amount of the above financial assets approximates the maximum credit risk exposure of the Company.

(b) Market risk

The Company takes on exposure to market risk, which is the risk of potential financial loss due to an adverse change in market variables, such as interest rates and foreign exchange rates.

The Company's interest rate risk, which mainly arises from the position in the aforementioned subordinated fixed rate instrument, is eliminated by the Tier 2 subordinated capital instrument issued by the Company, which has equivalent terms with those of the former.

The Company's financial assets and liabilities are in Euro, therefore, currency risk is eliminated.

(c) Liquidity risk

The maturity of the Company's main assets and liabilities, which relate to the aforementioned subordinated instruments, match, and the underlying cash flows are the same. Accordingly, the Company's liquidity or cash flow risk is substantially eliminated.

4.2 Fair value of financial assets and liabilities

The Company's financial instruments carried at amortized cost are categorised into the three levels of fair value hierarchy based on whether the inputs to their fair values are market observable or unobservable, as follows:

- Level 1 - Financial instruments are measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Company 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. None of the Company's financial instruments is categorised into Level 1 of the fair value hierarchy.
- Level 2 – Financial instruments are measured using valuation techniques with inputs other than level 1 quoted prices, observable either directly or indirectly, such as (i) quoted prices for similar financial instruments in active markets (ii) quoted prices for identical 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 recognised market data providers and (iv) other unobservable inputs which are insignificant to the entire fair value measurement. Level 2 financial instruments include the subordinated instrument (note 11) issued by its subsidiary Eurobank S.A. and the Tier 2 subordinated capital instrument (note 14) issued by the Company.

- Level 3 - Financial instruments are 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). The Company's financial instruments, which are categorised into Level 3 of the fair value hierarchy refer mainly to the sight deposits with Eurobank S.A.

The fair value of the Tier 2 capital instrument issued by the Company was determined by using quotes for identical financial instruments in non-active markets obtained from Bloomberg and amounted to € 974 million (2020: € 932 million). The fair value of the subordinated instrument issued by the Company's subsidiary Eurobank S.A. was determined based on the aforementioned instrument, which has equivalent terms, therefore, amounted also to € 974 million. Moreover, the carrying amount of the Company's sight deposits with Eurobank S.A. represents reasonable approximation of their fair value.

5. Net interest income

	2021 € million	2020 € million
Interest income		
Customers	**0**	75
Securities	**61**	46
	61	121
Interest expense		
Debt securities in issue	**(61)**	(58)
	(61)	(58)
Total from continuing operations	**(0)**	63

In the year ended 31 December 2021, interest expense amounting to € 61 million (2020: € 46 million continuing operations) relates to the TIER 2 capital instruments issued by the Company, while interest income of a similar amount (2020: € 46 million) relates to the subordinated TIER 2 note issued by Eurobank SA and held by the Company.

In the year ended 31 December 2020, interest expense includes € 12.4 million for the financial liability relating to the Senior notes of the Cairo securitization contributed to Eurobank S.A. as of the hive down date i.e. 20 March 2020 (note 1) and interest income from customers refers to the underlying loan portfolio of the Cairo securitization until its derecognition in June 2020 (note 8).

6. Other income/(expenses)

In the year ended 31 December 2021, other income/(expenses), amounting to € 57 million, consist of € 54 million income resulting from distribution in kind (note 6.1 below), € 2 million income from IT services and € 1 million income regarding loan portfolio's related services provided to the Bank.

In the year ended 31 December 2020, other income/(expenses), amounting to € 10 million, mainly relate to a) € 8 million commission expense, which refers to the administrative fees to Eurobank FPS Loans and Credits Claim Management S.A. (renamed to doValue Greece Loans and Credits Claim Management S.A.) for the management of the Cairo loan portfolio and b) € 3 million foreign exchange losses in relation to the said loan portfolio which was derecognized in June 2020, in the context of "Cairo" transaction (note 8).

6.1 Income resulting from distribution in kind– Project 'Mexico'

On 1 June 2021, the General Shareholders' Meeting (GM) of Eurobank S.A (Bank), following the relevant decision of its Board of Directors (BoD), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitization to the Company through the decrease in kind of the Bank's share capital. The aforementioned GM's approval for the Bank's share capital reduction and the relevant amendment of its articles of association were subject to the regulator's approval. The initiation of the regulatory approval process for the Bank's share capital decrease took place in early July, while the required approvals were provided in August 2021.

The settlement of the distribution in kind took place in September 2021 and resulted in the recognition of the distributed notes at fair value in the Company's balance-sheet. In particular, the Company accounted for the distribution in kind as dividend, recognizing in profit and loss the fair value of the distributed notes of € 54 million. The fair value of the distributed notes was determined by reference to their sale price. Moreover, the Company obtained the direct control of the ''Mexico Finance Designated Activity Company'' (SPV) and the related real estate company ''Mexico estate single member S.A.''.

In August 2021, a commitment letter was signed between the Company, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitization that were distributed to the Company, subject to the fulfilment of certain conditions, including the settlement of the mezzanine and junior notes' distribution from the Bank to Eurobank Holdings that was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval by the SSM for the significant risk transfer of the underlying loan portfolio that were received in December 2021.

In September 2021, the BoD of the Company approved to proceed with the sale of 95% of the mezzanine and junior notes of Mexico securitization and the ongoing servicing of the portfolio by doValue Group. After the fulfilment of all conditions and having received all appropriate approvals, the aforementioned sale transaction was concluded in December 2021.

Further information about the NPE securitisation transaction (Project "Mexico") is provided in the note 20.1 of the consolidated financial statements of the Company for the year end 31 December 2021.

7. Operating expenses

In the year ended 31 December 2021, the operating expenses of € 9 million mainly refer to a) € 3.7 million staff cost (2020: € 3.7 million) and b) € 5.1 million other administrative expenses (2020: € 5.2 million). Administrative expenses include € 4.4 million (2020: € 4 million) insurance premiums relating to the Group's financial lines insurance, including protection for professional liability.

8. Impairment allowance for loans and advances to customers

The impairment losses relating to loans and advances to customers recognized in the Company's income statement for the year ended 31 December 2020, related to Cairo securitization and amounted to € 1,508 million, as analyzed below:

	2020 € million
Impairment loss on loans and advances to customers	(1,506)
Modification loss on loans and advances to customers	(2)
Total from continuing operations	(1,508)

Project "Cairo" – loans' derecognition in the year 2020

In December 2019, Eurobank Ergasias announced that it has entered into a binding agreement with doValue S.p.A. for the sale of 20% of the mezzanine and 50.1% of the junior notes of a securitization of a mixed portfolio consisting primarily of non-performing loans (NPEs) of total face value of ca. € 7.5 billion ("Cairo securitization").

In June 2020, following the completion of the sale of the aforementioned notes, the Company proceeded with the re-measurement of the loan portfolio's expected credit losses in accordance with its accounting policy for the impairment of financial assets and, as a result, an impairment loss of € 1,506 million was recognised in the income statement. Following the above, the Company (i) derecognized the underlying loan portfolio in its entirety of carrying amount € 2,341 million (comprising loans with gross carrying amount of € 7,259 million) and the related net securitization receivables of € 163 million, (ii) derecognized from its financial liabilities the obligations for the Cairo notes transferred to Eurobank S.A. through the hive down process, i.e. 100% of senior, 5% of mezzanine and 5% of junior notes, of carrying amount € 2,422 million and (iii) recognized the fair value of the retained mezzanine and junior notes within its financial assets, i.e. 75% of mezzanine and 44.9% of junior notes of € 56 million as well as the cash consideration received from doValue S.p.A. of € 14 million.

Furthermore, in June 2020, Eurobank Holdings, following a decision of the Board of Directors (BoD), proceeded to the contribution of the retained Cairo notes along with an amount of € 1.5 million in cash to its Cyprus-based subsidiary Mairanus Ltd, renamed to 'Cairo Mezz Plc', in exchange for the newly-issued shares of the above mentioned subsidiary.

On 7 July 2020, the BoD of the Company proposed to the General Shareholders' Meeting the distribution of Cairo Mezz Plc shares to Eurobank Holding's shareholders through the decrease in kind of its share capital. On 28 July 2020, the General Shareholders' Meeting approved the decrease in kind of the Company's share capital (note 16).

9. Income tax

According to Law 4799/2021 which was enacted in May 2021 and amended Law 4172/2013, 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) decreased from 24% to 22% from the tax year 2021 onwards. 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 year ended 31 December 2021, no deferred tax has been recognized in the income statement.

Tax certificate and open tax years

The Company, in accordance with the general principles of the Greek tax legislation has 6 open tax years (i.e. five years as from the end of the fiscal year within which the relevant tax return should have been submitted). 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.

In January 2021, the Company received two orders for a tax audit by the tax authorities for the tax years 2015 and 2016. In December 2021, the tax audit for 2015 was completed, while for 2016 is still in progress.

The tax certificates, which have been obtained by the Company are unqualified for the open tax years 2016-2020. 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/aforementioned statute of limitations, irrespective of whether an unqualified tax certificate has been obtained from the tax paying company. In light of the above, as a general rule, the right of the Greek State to impose taxes up to tax year 2015 (included) has been time-barred for the Company as at 31 December 2021.

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.

Unused tax losses

As at 31 December 2021, the Company has not recognised deferred tax asset (DTA) on unused tax losses amounted to € 378 million (2020: € 400 million). The analysis of unrecognized DTA on unused tax losses of the Company per year of maturity of related tax losses is presented in the table below:

	Unrecognised DTA € million
Year of maturity of unused tax losses	
2023	**44**
2024	**62**
2025	**260**
2026	**12**
Total	**378**

10. Discontinued operations

On 20 March 2020 the demerger of Eurobank Ergasias S.A. through the banking sector's hive down was completed. In the comparative period the loss of the banking sector, which comprised the major part of the demerged company's operations, amounted to € 41 million.

11. Investment securities

As at 31 December 2021, the carrying amount of the subordinated instrument held by the Company and categorised as at amortised cost, amounted to € 949 million (31 December 2020: € 942 million), including accrued interest of € 0.2 million and impairment allowance of € 1.5 million (31 December 2020: € 8 million) (12-month ECL). In particular, during the year ended 31 December 2021, the Company recognised in the income statement € 6.8 million gain in relation to the reversal of the aforementioned impairment allowance. The fair value of the said security was determined based on quotes for the related Tier 2 instrument (note 14) and amounted to € 974 million (31 December 2020: € 932 million).

12. Shares in subsidiaries

The following is a listing of the Company's subsidiaries held directly at 31 December 2021:

Name	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

As at 31 December 2021, in line with the Company's accounting policy for the impairment of its investments in subsidiaries, and considering the distribution in kind of 95% of the mezzanine and junior notes of Mexico securitization that was settled in September 2021 (note 6.1), the Company assessed and concluded that no indication of impairment existed regarding its investment in Eurobank S.A.

13. Other assets

As at 31 December 2021, other assets amounting to € 5.1 million (31 December 2020: € 3.7 million) primarily consist of (a) € 1.9 million (31 December 2020: € 2.1 million) prepaid expenses mainly for insurance premiums, (b) € 1 million (31 December 2020: € 1.1 million) receivables for IT services provided to the Group companies and third parties, (c) 1.4 million receivable from withholding taxes (31 December 2020: nil) d) € 0.3 million receivables from Fairfax Group relating to financial consulting services (31 December 2020: €0.1million) and e) € 0.07 million in relation to property and equipment and intangible assets.

14. 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 31 December 2021, amounted to € 947 million (31 December 2020: € 947 million), including € 2.6 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 € 974 million (31 December 2020: € 932 million).

15. Other liabilities

As at 31 December 2021, other liabilities amounting to € 1.8 million (31 December 2020: € 1.6 million) primarily consist of (a) € 0.6 million (31 December 2020: € 0.6 million) accrued expenses, (b) € 0.9 million (31 December 2020: € 0.5 million) current payables to suppliers and (c) € 0.2 million (31 December 2020: € 0.4 million) Standard legal staff retirement indemnity obligations.

Standard legal staff retirement indemnity obligations

The Company provides for staff retirement indemnity obligation for its employees, who are entitled to a lump sum payment based on the number of years of service and the level of remuneration at the date of retirement, if they remain in the employment of the Company until normal retirement age, in accordance with the local labor legislation. The above retirement indemnity obligations typically expose the Company to actuarial risks such as interest rate risk and salary risk. Therefore, a decrease in the discount rate used to calculate the present value of the estimated future cash outflows or an increase in future salaries will increase the staff retirement indemnity obligations of the Company.

The movement of the liability for standard legal staff retirement indemnity obligations is as follows:

	2021 **€ million**	2020 restated € million
Balance at 1 January	**0.2**	46
Restatement due to change in accounting policy related to continued operations	-	(0.16)
Balance at 1 January, as restated	**0.2**	46
Current service and interest cost (1), restated	**0.03**	1
of which continued operations, restated	-	*0.02*
Past service cost and (gains)/losses on settlements	-	2
Remeasurements:		
Actuarial (gains)/losses arising from changes in financial assumptions, restated	**(0)**	0
Actuarial (gains)/losses arising from experience adjustments, restated	**0**	(0)
Benefits paid	-	(2)
Hive down banking sector	-	(47)
Balance at 31 December	**0.2**	0.2

(1) For the year 2020, restated current service cost amounts to € 0.8 million and interest cost amounts € 0.05 million.

In the fourth quarter of 2021, the Company implemented the IFRIC agenda decision – Attributing Benefit to Periods of Service - IAS 19. The said IFRIC decision was accounted for as an accounting policy change (note 2.1.2) and was retrospectively applied for the Company's continued operations. In particular, the impact on the comparative information relating to the Company's continued operations was the net decrease of "Standard legal staff retirement indemnity obligations" by ca. € 0.2 million as at 31 December 2020 against a) € 0.16 million increase in equity as of 1 January 2020, b) € 0.01 million increase of loss for the year ended 31 December 2020 due to revised current service and interest cost and c) € 0.05 million increase of other comprehensive income for the year ended 31 December 2020 due to revised actuarial gains/losses from remeasurements.

The significant actuarial assumptions (expressed as weighted averages) were as follows:

	2021 **%**	**2020** %
Discount rate	0.5	0.1
Future salary increases	1.8	2.0

As at 31 December 2021, the average duration of the standard legal staff retirement indemnity obligation was 9 years (31 December 2020: 8 years).

A quantitative sensitivity analysis based on reasonable changes to significant actuarial assumptions as at 31 December 2021 is as follows:

An increase/(decrease) of the discount rate assumed, by 50 bps/(50 bps), would result in a (decrease)/ increase of the standard legal staff retirement obligations by (€ 0.01 million)/ € 0.01 million.

An increase/(decrease) of the future salary growth assumed, by 0.5%/(0.5%), would result in an increase /(decrease) of the standard legal staff retirement obligations by € 0.01 million/ (€ 0.01 million).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated.

The methods and assumptions used in preparing the above sensitivity analysis were consistent with those used to estimate the retirement benefit obligation and did not change compared to the previous year.

16. Share capital and share premium

As at 31 December 2021, the par value of the Company's shares is € 0.22 per share (2020: € 0.22). All shares are fully paid. The movement of share capital, share premium and number of shares issued are as follows:

	Share capital € million	Share premium € million	Number of issued shares
Balance at 1 January 2020	853	8,056	3,709,161,852
Share capital decrease	(57)	-	-
Capitalization of taxed reserves	21	-	-
Balance at 31 December 2020	**816**	**8,056**	**3,709,161,852**
Balance at 31 December 2021	**816**	**8,056**	**3,709,161,852**

Decrease of the share capital in kind in the year 2020

On 7 July 2020, the Board of Directors of the Company proposed to the General Shareholders' Meeting the distribution of Mairanus Ltd (renamed to Cairo Mezz Plc) shares to the Company's shareholders through the decrease in kind of its share capital.

Following the above, on 28 July 2020, the Annual General Meeting of the Shareholders of the Company approved among others:

(a) the decrease of the share capital in kind with the decrease in the nominal value of each ordinary share issued by the Company by € 0.0155 and the distribution to its shareholders of shares issued by Cairo Mezz Plc, with a value corresponding to the value of the share capital decrease, i.e. 309,096,821 common shares issued by Cairo Mezz Plc, each common registered share of nominal value € 0.10, at a ratio of 1 share of Cairo Mezz Plc for every 12 shares of the Company already held and

(b) the capitalization of taxed reserves amounting to € 20,400,390.19 for the purpose of rounding the new nominal value of each ordinary share issued by the Company.

Following the aforementioned decision, the Company's total share capital amounts to € 816,015,607.44 and the total number of shares remains unchanged, i.e. 3,709,161,852 common voting shares of a nominal value of € 0.22 each.

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.

17. Reserves and retained earnings/(losses)

	Corporate law reserves € million	Special reserves € million	Non-taxed reserves € million	Other reserves € million	Retained earnings/(losses) € million	Total € million
Balance at 1 January 2020 [(1)]	6,919	1,004	770	837	(12,584)	(3,054)
Restatement due to change in accounting policy (note 2.1.2)	-	-	-	-	0	0
Net profit	-	-	-	-	(1,512)	(1,512)
Capitalization of taxed reserves [(1)] (note 16)	-	-	-	(7)	(14)	(21)
Debt securities at FVOCI - discontinued operations	-	-	-	(189)	-	(189)
Cash flow hedges - discontinued operations	-	-	-	7	-	7
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	-	(0)	(0)
Hybrid capital's dividend paid and buy back, net of tax	-	-	-	-	(0)	(0)
Hive down banking sector	-	-	-	(239)	239	-
Balance at 31 December 2020 [(1)]	6,919	1,004	770	409	(13,871)	(4,769)
Balance at 1 January 2021 [(1)]	**6,919**	**1,004**	**770**	**409**	**(13,871)**	**(4,769)**
Net profit	-	-	-	-	55	**55**
Actuarial gains/(losses) on post employment benefit obligations, net of tax	-	-	-	-	(0)	**(0)**
Share-based payment:						
- Value of employee services (note 18)	-	-	-	-	2	**2**
Balance at 31 December 2021	**6,919**	**1,004**	**770**	**409**	**(13,814)**	**(4,712)**

(1) *Change in the presentation of the comparative information (see below).*

As of 31 December 2021, the Company has proceeded to the change in the presentation of certain types of reserves after taking into account their nature and purpose in accordance with the applicable legal framework. In particular, a) reserves of € 6,705.7 million, which were previously included within other reserves, are presented in the separate category "Corporate law reserves" (see below analysis), b) reserves of € 1,004 million relating to dividends from participations, which were previously included within retained earnings are presented in the separate category "Special reserves", c) other reserves of € 49 million (debit balance), which were previously included within retained earnings are presented in category "Other reserves", and d) reserves of € 117 million, which were previously included within "Non-taxed reserves" are presented in category "Other reserves". In addition, a) the fair value reserve (applicable in 2020 till the hive down of banking sector) is presented within category "Other reserves" and b) the actuarial gains/losses on post employment benefit obligations that were previously included in other reserves are presented in retained earnings. Comparative information has been adjusted in order to align with the aforementioned changes in the presentation of reserves and retained earnings.

At the end of 2021 and 2020, corporate law reserves comprise a) statutory reserves of € 213.7 million, which are not distributable and b) other corporate law reserves of € 6,705.7 million, pursuant to the provisions of the corporate law in force (of which € 5,579 million according to article 31 of law 4548/2018).

Dividends

Based on the 2021 accounts, pursuant to the Company Law 4548/2018, the distribution of dividends is not permitted. Furthermore, under the provisions of the Tripartite Relationship Agreement between Eurobank Holdings, the Bank and the HFSF (signed on 23 March 2020 as amended on 3 February 2022) and article 10 par.3 of Law 3864/2010 for the "establishment of a Hellenic Financial Stability Fund", for as long the HFSF participates in the share capital of Eurobank Holdings, the amount of dividends that may be distributed to shareholders of either Eurobank Holdings or the Bank cannot exceed 35% of the profits as provided in article 161 par. 2 of Company Law 4548/2018.

18. Share options

The Annual General Meeting of the shareholders of Eurobank Holdings held on 28 July 2020 approved the establishment of a five year shares award plan, starting from 2021, in the form of share options rights by issuing new shares with a corresponding share capital increase, in accordance with the provisions of article 113 of law 4548/2018, awarded to executives and personnel of Eurobank Holdings and its affiliated companies according to article 32 of law 4308/2014. The maximum number of rights that can be approved was set at 55,637,000 rights, each of which would correspond to one new share (1.5% of the current paid share capital). The exercise price of each new share would be equal to its nominal value i.e. € 0.23. The Annual General Meeting authorized the Board of Directors of Eurobank Holdings to define the eligible staff and determine the remaining terms and conditions of the plan.

In June and July 2021, the Board of Directors approved the final terms and the implementation of the share options plan, which is a forward-looking long-term incentive aiming at the retention of key executives. In this respect, 12,374,561 stock options were allocated to key executives at an exercise price of € 0.23, with grant date in July 2021. The options are exercisable in portions, annually during the period from 2022 to 2025. Each portion may be exercised wholly or partly and converted into shares at the employees' option, provided that they remain employed by the Group until the first available exercise date. A retention period of 1 year applies to the first portion of the share options vesting 1 year after the grant date. The corporate actions that adjust the number and the price of shares also adjust accordingly the share options. In addition, the exercise of 6,844,524 of the aforementioned share options allocated to certain key executives who are subject to variable and/or accumulated annual remuneration restrictions of Law 3864/2010 is conditional on the amendment of the specific provisions of the law during the exercise period, so that the respective restrictions are lifted, or the exit of the HFSF from the share capital of the Company.

The share options outstanding at the end of the period have the following expiry dates:

	Share options
Expiry date	31 December 2021
2022	3,607,200
2023	3,607,200
2024	4,634,321
2025	525,840
Weighted average remaining contractual life of share options outstanding at the end of the period	1.6

In accordance with the Company's accounting policy on employees' share based payments, the grant date fair value of the options is recognized as an expense with a corresponding increase in equity over the vesting period. The share options granted by the Company to employees of group entities during the year 2021, were 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.

The fair value at grant date is determined using an adjusted form of the Black-Scholes model for Bermudan equity options which takes into account the exercise price, the exercise dates, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

Furthermore, the aforementioned additional condition on certain share options granted to key executives subject to the remuneration restrictions of Law 3864/2010, is treated as a non-vesting condition. Accordingly, the fair value measurement at grant date of such share options takes into consideration the probability that the relevant restrictions will be lifted, based on Management judgement, and is not subsequently revised regardless of whether the condition is eventually satisfied.

The weighted average fair value of the share options granted in July 2021 was € 0.42. The significant inputs into the model were the share price of € 0.7823 at the grant date, exercise price of € 0.23, annualized dividend yield of 3%, expected average annualized volatility of 68%, the expected option life ranging from 1 to 4 years, and the risk-free interest rate corresponding to the options' maturities, based on the EUR swap yield curve. The expected volatility is measured at the grant date of the options and is based on the average historical volatility of the share price over the last one and a half year.

19. 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 31 December 2021, amount to € 62 million (31 December 2020: € 14 million):

20. Post balance sheet events

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

Note 2.1 - Basis of preparation
Note 17- Reserves and retained earnings/(losses)
Note 21-Related parties

21. Related parties

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. ("Demerged Entity") through its banking sector's hive down that was completed in March 2020 (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 31 December 2021, 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, as 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 is considered to have significant influence over the Company. In July 2021, Eurolife FFH Insurance Group Holdings S.A. became a subsidiary of Fairfax and the percentage of Eurobank Holdings voting rights held by Fairfax Group increased from 31.27% to 33%. As at 31 December 2021, the Company's outstanding balances of the transactions with Fairfax group refer to receivables of € 0.33 million related to financial consulting services.

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: (a) the subsidiaries, (b) the KMP and the entities controlled or jointly controlled by KMP and (c) the associates and joint ventures, as well as the relating income and expenses from continuing and discontinued (for the comparative period) operations are as follows:

	31 December 2021	31 December 2020		
	Subsidiaries [(1)] € million	Subsidiaries € million	KMP and Entities controlled or jointly controlled by KMP € million	Associates and joint ventures € million
Due from credit institutions	**62.39**	14.39	-	-
Investment securities	**948.63**	941.85	-	-
Other assets	**1.01**	0.74	-	-
Other liabilities	**0.29**	0.37	-	-
Net interest income	**60.87**	34.32	-	(1.10)
Net banking fee and commission income	**-**	(3.52)	-	4.02
Net trading income	**-**	0.50	-	-
Other operating income/(expense) (note 6.1)	**56.29**	1.41	(3.12)	(4.84)
Other Impairment losses	**6.78**	(8.32)	-	-
Impairment losses relating to loans and advances and collectors' fees	**-**	(3.63)	-	(0.17)

[(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.

Key management compensation

In the year ended 31 December 2021, the Company recognized Key management compensation amounting to € 0.2 million that is referring mainly to KMP services provided by Eurobank S.A. in accordance with the relevant agreement (31 December 2020, mainly referring to the pre-hive down period: € 1.51 million for short term employee benefits, € 0.24 million for long term employee benefits and € 0.02 million cost recognised in the income statement relating to the defined benefit obligation for the KMP).

22. External Auditors

The Company has adopted a Policy on External Auditors' Independence which provides amongst others, for the definition of the permitted and non-permitted services the Company's auditors may provide further to the statutory audit. For any such services to be assigned to the Company's auditors there are specific controlling mechanisms in order for the Company's Audit Committee to ensure that a) the non-audit services assigned to "KPMG Certified Auditors S.A.", along with the KPMG network (KPMG), have been reviewed and approved as required and b) there is proper balance between audit and permitted non-audit work.

The total fees of the Company's independent auditor KPMG for audit and other services provided are analyzed as follows:

	2021 € million	2020 € million
Statutory audit [1]	**(0.2)**	(0.2)
Tax certificate	**(0.0)**	(0.0)
Other audit related assignments	**(0.3)**	(0.4)
Total	**(0.5)**	(0.6)

[1] Includes fees for statutory audit of the Company's annual financial statements.

It is noted that there are no non-audit assignment fees of "KPMG Certified Auditors S.A." Greece, statutory auditor of the Company.

23. 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 April 2022

Georgios P. Zanias	**Fokion C. Karavias**	**Harris V. Kokologiannis**
I.D. No AI - 414343	I.D. No AI - 677962	I.D. No AN - 582334
CHAIRMAN OF THE BOARD OF DIRECTORS	CHIEF EXECUTIVE OFFICER	GENERAL MANAGER OF GROUP FINANCE CHIEF FINANCIAL OFFICER

VII. Website Address for Information on consolidated non-listed companies of the Company

The website address, where the annual financial statements for the year ended 31.12.2021 are uploaded, as well as the independent Auditors' reports and the Board of Directors' Reports of the entities, which are consolidated and not listed and which represent accumulatively more than 5% of the consolidated turnover or of the assets of the consolidated balance sheet or of the consolidated results after subtracting the proportion of minority shares, is: www.eurobankholdings.gr