EUROBANK
Private Bank Luxembourg

# Annual report 2022

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# Introduction

Eurobank Private Bank Luxembourg is an autonomous bank incorporated under Luxembourg law and supervised by the Commission de Surveillance du Secteur Financier in Luxembourg (CSSF), the European Central Bank (ECB) and for our London Branch, the Prudential Regulation Authority in the United Kingdom (PRA). Throughout 2022 our Bank's capital adequacy and liquidity buffers remained very high, with a Liquidity Coverage Ratio (LCR) of 357% (regulatory minimum of 100%) and a strong capital base, and an asset book of EUR 2.8 billion, as of the end of 2022. Furthermore, in the context of our conservative risk approach, interbank exposure to European periphery was kept to a minimum. Our Bank's strong capital, ample liquidity and operational independence, combined with Luxembourg's AAA rating, provide our clients with the necessary peace of mind to pursue their Private Banking and Wealth Management goals. Whether through our headquarters in Luxembourg or our London branch, our highly experienced and dedicated teams offer an array of exclusive services with transparency and discretion.

## Luxembourg

Our bank in Luxembourg, with more than thirty years in operation, focuses on private banking, investment fund services as well as selected corporate banking services. Our comprehensive offering extends beyond traditional wealth management to wealth structuring, alternative investment strategies, and financing of various types of assets, from securities to real estate and yachts. Recognising that our clients have diverse needs and aspirations, we take a highly personalised approach in developing individual solutions and fostering long lasting relationships of trust.

## United Kingdom

Our London branch, acquired in 2015, brings our offering to the center of global finance. Through our UK presence, we are addressing private clients with local and international banking needs, as well as companies with international activities. From residential and commercial property lending to wealth management mandates, our London clients enjoy the same high level of individual attention that our Bank has been known for over the years.

Overall, Luxembourg's ranking as Eurozone's top private banking hub and second biggest center for investment funds worldwide, combined with London's global reach allow our clients to benefit from an ever expanding range of possibilities, while still enjoying the exclusive service that our Bank excels in.

As of 30 June 2023

# Board of Directors

**Mr. François RIES**
Chairman

**Mr. Nikolaos KARAMOUZIS**
Vice Chairman

**Mr. Charalambos HAMBAKIS**
Managing Director, CEO

**Mr. Robert KYPRIANOU**
Director

**Mr. Michalis LOUIS**
Director

**Mr. Christos ADAM**
Director

**Mrs. Lorraine Sedgeswick SCARAMANGAS**
Director

**Mr. Nicholas John TESSEYMAN**
Director

**Mr. Théodore ECONOMOU**
Director

**Mr. Georgios KATSAROS**
Director

**Mrs. Christina MARGELOU**
Director

**Mrs. Helen FOTINEAS**
Secretary to the Board

# Authorised Management

**Mr. Charalambos HAMBAKIS**
Managing Director, CEO

**Mr. Michalis ATHANASIOU**
Senior General Manager

**Mrs. Dimitra SPYROU**
Chief Operating Officer

**Mr. George CALLIGAS**
Head of Global Markets

# Executive Committee

**The Authorised Management and**

**Mr. George HATZINIKOLIS**
Chief Risk Officer

**Mr. George CHANIOTIS**
Chief Financial Officer

**Mr. Christos LOGARIDIS**
Head of Private Banking Operations and Corporate Lending Business

**Mrs. Helen FOTINEAS**
Secretary to the Executive Committee

# **Directors’** Report

2022 was marked by increased volatility and heightened geopolitical tensions. After most indices started the year around all-time-highs, global financial markets were hit by severe waves of uncertainty and volatility. The main driver behind this rout was the unprecedented pace of monetary tightening that central banks had to apply in order to reign in rampant inflation. Furthermore, the war in Ukraine and the resulting spike in energy and food prices, along with fears for an ensuing recessionary episode, created the perfect storm. Both fixed income and equity markets lost double percentage digits and the typical investment portfolio, with a mixed allocation between stocks and bonds - experienced one of its worst years in history. The US dollar surged against all major currencies. Which helped globally diversified EUR-based portfolios weather to some extent the intense market strains. Although leading indicators such as shipping costs and commodity prices began returning towards their long-term averages around mid-year, it was not until the last quarter that investors witnessed signs of notable inflation deceleration. Along with more resilient than expected corporate earnings, solid consumer data and the surprise reopening of China (abolishing its ‘zero-Covid’ policy) at the end of the year, global markets turned optimistic. Equities rebounded strongly, with Europe and EM notably outperforming the US stock markets, with the lack of geopolitical escalation in Ukraine providing an additional tailwind for market sentiment. In the Fixed income markets, markets are expecting monetary conditions to remain tight for at least the first half of 2023. Overall, 2023 started on a much more positive footing for risky assets, with encouraging signs of progress on the fight against inflation, resilient corporate earnings and a robust job market. In parallel, the recent turmoil in the Banking sector, initiated by high profile bank failures, highlighted potential risks for banks and investors. In this context, the executive management has closely reviewed the Bank’s balance sheet and business model. While we continue to be alert to market dynamics and investor sentiment, we are confident that the Bank is not exposed to the same type of risks which have lately caused concerns in the market. Whether the global growth slowdown will result in a mild ‘soft landing’ scenario rather than a more serious recessionary episode remains a topic of market debate.

Luxembourg continues to be the third-wealthiest country in the world in terms of GDP per capita (the first in the EU), having one of the highest current account surpluses as a share of GDP in the Eurozone. Real GDP for 2022 is expected at 2.0%, less than half compared to the strong post-pandemic rebound of 5.1% YoY in 2021. Headline inflation reached a peak of 9.5% YoY in Q2 2022, before gradually easing in the last two quarters of the year, averaging 8.1% for the whole 2022, compared to 3.5% in 2021, mainly on the back of higher energy prices. The labour market remained resilient in 2022, with unemployment rate moving lower for the second consecutive year, reaching 4.6% from 5.3% in 2021.

In 2022 Eurobank Private Bank Luxembourg focused on securing its operations from any risks related to the geopolitical and economic turmoil, tapping market opportunities, and organically growing its client base. Throughout 2022 our Bank’s capital adequacy and liquidity buffers remained very high, with Basel III solvency ratio at 25.21% and unencumbered liquidity buffers at EUR 0.90 bn, as of the end of 2022. The strong financial position of our Bank, its conservative risk posture, its operational independence and resilience, as well as its stable client base, are the basis for the Bank’s strong performance. We are pleased to present our report for the year ending December 31, 2022.

## 2022 Global Overview

In the early months of 2022, after two years dominated by the pandemic, global economic activity was on a path to a notable rebound. However, the Ukraine war-induced supply shock amid sharply higher energy and other commodity prices, persistent bottlenecks in production chains, tightening financial conditions, China’s zero-covid policy and synchronized aggressive monetary policy tightening by major central banks aiming to restore price stability on the back of decades-high inflation and labour market tightness, led to a sharp slowdown in global economic activity. After a brisk rebound by 5.9% in 2021 from the Covid-19 crisis, global GDP growth slowed to 3.4% in 2022, remaining though at an above-trend pace, thanks to labour market strength, improved pre-war fundamentals, supportive fiscal policies to alleviate the cost-of-living pressures, and excess private savings, accumulated during the pandemic.

US growth rebounded in H2 2022 from the technical recession of H1, almost exclusively driven by strengthened inventory investment and a narrowing trade deficit amid declining imports. For the whole year 2022, real GDP expanded by an annualized rate of 2.1%, moderating from a hefty 5.9% in 2021, mostly driven by private consumption on services, and inventory investment,. Inflation soared mostly on the back of higher energy prices, averaging 8.0%YoY in 2022, well above the Fed’s target, after reaching a forty-year high of 9.1%YoY in June, while core CPI climbed to 6.2%YoY, nearly double rate compared to 3.6%YoY a year earlier. Despite the slowing growth momentum, labour market conditions remained positive, with the unemployment rate standing at a near half-century low of 3.6% in 2022, keeping wage growth well above the 3.5% level that is historically consistent with the inflation target. Aiming to tame inflation and prevent a wage-price spiral, the Fed started hiking rates aggressively in March 2022, delivering a sizable 425bps of tightening by the end of the year. On June 1st, the Fed also started quantitative tightening (QT), reducing the size of its balance sheet to near 33% of GDP by end-2022 from over 37% a year earlier.

After a strong rebound of 5.3% in 2021, economic activity in the Eurozone lost momentum in 2022, in a context of elevated inflationary pressures, increased uncertainty, and a weaker external environment. However, the slowdown proved less severe than initially expected, with annual real GDP growth averaging 3.5%, thanks to supportive fiscal policies aimed at shielding households from surging energy prices, as well as the reduced risk of gas rationing this winter, with private consumption and investment being the growth drivers. Despite a challenging environment, the labour market continued to perform strongly, with the unemployment rate dropping to a record low of 6.7%. Price pressures continued to accelerate and broaden, with both average headline and core CPI rising to a record high of 8.4%YoY and 3.9%YoY, respectively. Aiming to restore price stability, the ECB embarked on a forceful tightening cycle in July, delivering a cumulative rate tightening of 250bps by the end of the year. Taking further steps in normalising its monetary policy, the ECB ended net asset purchases under the APP as of July 1st, after discontinuing net asset purchases under the PEPP at the end of March.

The Greek economy demonstrated strong resilience to the energy crisis in 2022. According to first official estimates, real GDP grew by 5.9%, above the Euro Area's 3.5% growth, and surpassing its pre pandemic level by 4.5%, on the back of private consumption (supported by strong employment data, accumulated savings and energy support measures), inventory investment, and the recovery in tourism. The labour market continued to improve in 2022, with the 12-month average unemployment rate decreasing to 12.4% of the labour force, from 14.8% in 2021. The 12-month average inflation rate (based on the HICP) jumped to 9.3% in 2022, from 0.6% in 2021, reflecting the increase in energy, food and transport prices, however latest data show a deceleration to 7.3% in January 2023, from an energy crisis peak of 12.1% in Sep-2022. Parallel to the strong real GDP growth, the current account deficit widened to 9.7% of GDP in 2022, from 6.8% of GDP in 2021). Finally, on the fiscal front, according to the 2023 Budget published in Nov-2022, the primary deficit for 2022 is estimated at 1.6% of GDP turn and the gross public debt is estimated to have declined to 168.9% of GDP in 2022 (vs 194.5% in 2021), due to the steep increase of nominal GDP.

## Key Financials

Review of financial statements 2022

### a) Balance Sheet

The Bank's total assets at year-end 2022 were lower (-1.7%) compared to 2021 and amounted to EUR 2 790.6 mn. In a further breakdown of the total assets, the Loans and advances to customers have decreased by 4.8% to EUR 1 434.1 mn and the Loans to institutions have decreased by 8.6% to EUR 1 047.3 mn. The aforementioned movements were partially offset by the increase in Bonds and other fixed-income transferable securities by 80.4% from EUR 144.3 mn to EUR 260.3 mn. On the other hand customer deposits increased by 0.2% compared to 2021, from EUR 1 839.6 mn to EUR 1 842.6 mn. The total capital base stands at EUR 258.3 mn (all Tier 1).

During 2022, the Company has not acquired any of its own shares and has not carried out any activities in the field of research and development.

### b) Income Statement

The Bank's net profit after taxation for the financial year 2022 increased compared to 2021 and amounted to EUR 13.6 mn. The main items contributing to this result are the Net Interest Income which has increased by 28.9%, from EUR 28.1 mn in 2021 to EUR 36.3 mn in 2022, and the Net Commission income which has decreased by 3.1% compared to 2021 and amounted to EUR 7.1 mn. The above increased core banking profitability was partially offset by the increase of the General Administrative Expenses by 9.4% from EUR 22.3 mn in 2021 to EUR 24.4 mn in 2022.

## Distribution of Profits:

The Board of Directors proposes that the 2022 annual accounts are approved, and that the Total Net Profit available for distribution be appropriated as follows:

| | | |
|---|---|---|
| Profit for the financial year 31/12/2022 | EUR | 13 558 394 |
| Profit brought forward | EUR | 148 145 863 |
| Interim Dividend | EUR | - |
| Total net profit available for distribution | EUR | 161 704 257 |
| Allocation to Legal Reserve | EUR | - |
| Allocation from Special Reserve | EUR | 566 584 |
| Profit carried forward | EUR | 162 270 841 |

## Risk Management Overview

The Board of Directors considers Risk Management as an integral part of the Bank's 3-lines-of defence Model that ensures sound and prudent business management, including the risks inherent in them:

- The 1st Line of defence consists of all business units that perform daily operational activities and the support functions needed for the overall operations of the Bank.
- The 2nd Line of defence comprises independent risk management and compliance functions / units that facilitate and monitor independently, the implementation of sound risk management throughout the Bank, based on the risk appetite of the Management Body. The 2nd Line of Defence is independent of the 1st Line of Defence business and support activities affected by the policies they develop and oversee.
- The 3rd Line of Defence consists of the Internal Audit Function that makes an independent, objective and critical assessment of the first two lines of defence and of the internal governance arrangements as a whole.

The aim is to ensure that all risks assumed in the context of the Bank's business are recognised in an appropriate timeframe and are properly managed. This is achieved by fully integrating risk management into daily business activities, developing our business consistently with defined risk appetite, allowing us to achieve sustained growth in a controlled environment.

The strategy of the Bank is based on its core activities: Private Banking, Investment Advisory, Fund Services, Banking (Deposits, Corporate Loans and Shipping Loans), and Global Markets. Our Bank continuously identifies the risks inherent in its operations and has adopted processes for how they are to be managed.

The risk process also provides a clear description of the Bank's risk profile, which serves as the basis for the internal capital and liquidity adequacy assessment process. These processes, in turn, are an evaluation based on capital and liquidity needed to support the Bank's overall risk level and business strategy. The aim is to ensure efficient use of capital and liquidity, and at the same time ensure that the Bank, even in adverse market conditions, will meet the minimum legal capital and liquidity requirements.

The Bank's risk appetite is determined by the Board of Directors which aims for a balance between risk/return and capital. A structured set of policies and procedures supports the Bank's Risk Appetite Statement, which guides the risk and business positioning of the Bank. These statements applied and were honoured in 2022, and guided the risk and business positioning of the Bank.

The Bank has adopted a Risk Management Framework that complies with the provisions of Circular CSSF 12/552, as amended by Circular 22/807, on "Central administration, internal governance and risk management".

The Bank is a fully owned subsidiary of Eurobank S.A. Athens, Greece (hereafter, the Group or Eurobank Group) and to that effect all specific Risk Policies must abide by local regulations, be approved by the Board of Directors, but also be compliant with Group Policies.  As such, and in order to assist the Board of Directors in approving the Bank's risk-taking and associated capital assessment, the Risk Management, Capital Management and Liquidity Risk Management Policies, as well as the credit approval limits and acceptable collateral, must first be ratified by the Group and then approved by the BRC and the Board of Directors.

The degree of control and influence exercised by the Group is effective in identifying and mitigating risks, as there are regular controls of all of the Bank's activities (including Risk Management, Compliance, Finance, Investment Strategy and Products). Group standards are implemented and used in all of the activities (including products and services) of the Bank.

The system for measurement of risks is an essential part of risk management. Market risks are quantified by using Value-at-Risk (VaR) complemented by various types of sensitivity measures. Credit risks are quantified through the internal rating system in combination with assessments based on local competence. The Bank -for Risk Management purposes in direct compliance with Group policies- has adopted an IFRS 9 Impairment methodology, and calculates the Expected Credit Loss of its exposures, and respective Provisions, on an on-going basis. Liquidity risks are monitored on a daily basis by conducting stress tests on the possibility of significant liquidity outflows and the existence of adequate unencumbered liquid assets to service these. Moreover, the Bank calculates on a monthly basis, and abides with, the regulatory Liquidity Coverage Ratio. As all risks, operational risks are evaluated on the basis of the likelihood that an event will occur as well as the financial consequence of such an event. The Board of Directors approves on a yearly basis the Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP and ILAAP) of the Bank, which incorporate, among other, analysis, evaluation and stress testing of the aforementioned risks, so as to ensure the continuous maintenance of adequate Capital and Liquidity.

The Risk Management of the Bank is the responsibility of the Chief Risk Officer (CRO), who is supported by a dedicated risk management team. The Risk Management Department reports to the CRO. The CRO reports functionally to the Board Risk Committee and administratively to the Chief Executive Officer and has direct access to the Chairman of the Board Risk Committee whenever the CRO deems necessary. In addition, the CRO reports to the Group Chief Risk Officer.

The remuneration of the Department's staff is not linked to the performance of the activities monitored and controlled.

The Bank's risk management function covers the measures for early identification of risk, risk control and risk monitoring with regards to banking risks.

The Bank has in place a contingency plan, where all strategies and actions are in place in order to be able to respond to any extreme adverse scenario coming from a financial turmoil.

## Global Economic Outlook for 2023

Broadly encouraging economic indicators for the first two months of 2023 provide an encouraging signal that the global economy is regaining steam. Earlier expectations of a more pronounced slowdown this year may prove overly pessimistic, thanks to Eurozone's improved near-term growth prospects amid lower energy prices and China's firm reopening in late 2022. Barring a renewed uptrend in commodity prices or another severe shock, global GDP is now expected to slow to 2.4% in 2023, some 0.4ppt higher than predicted in late 2022. However, risks to our baseline scenario remain skewed to the downside. The Ukraine war continues with no signs of resolution in the imminent future, gas shortages remain a key risk for Europe, especially if the next winter is unusually cold, and major central banks are likely to push rates further into restrictive territory in response to persistently high price pressures and labour market tightness.

An array of US economic data pertaining to early Q1 2023 has surprised to the upside, reflecting persistent resilience to the Fed's aggressive tightening cycle. Nevertheless, the near-term outlook remains challenging. Rapidly rising interest rates squeeze real incomes and weigh on investments, while tighter financial conditions continue to act as a drag on the interest-rate-sensitive sectors of the economy. The US economy is seen remaining below trend in 2023, with real GDP increasing by 0.8%. Meanwhile, headline inflation appears to have peaked and is expected to continue moving lower throughout this year, though still standing well above the Fed's target, while core inflation is likely to be stickier amid persistent labour market tightness. The Fed is expected to continue hiking rates in the coming months, amid elevated price pressures and a resilient labour market, likely keeping rates high for longer, though recent financial stability concerns raise substantial uncertainty about its policy stance ahead.

In Eurozone, Q1 2023 data point to an economic activity stronger than earlier expected, supported by lower energy prices and reduced concerns over gas shortages. However, although an earlier expected technical recession this winter will likely be avoided, economic growth is expected to remain subdued, with real GDP projected to expand by a lackluster 0.9% this year, due to the lagged impact of the ECB rate tightening, a moderate fading in labour market resilience, and spillover effects from US deceleration. Headline inflation is expected to continue declining throughout the year mainly on the back of energy prices base effects, broad stabilization in commodity prices, reduced demand and a further easing in supply chain bottlenecks. Yet, it will still remain well above the ECB's target, while core inflation is likely to prove stickier due to labour market tightness. Consequently, ECB policy rates are expected to move further higher, accompanied by quantitative tightening starting in March through a gradual reduction of the APP portfolio at an initial monthly pace of €15bn until end Q2 2023.

In Luxembourg, real GDP is anticipated to slow down to 1.7% in 2023, supported by lower commodity prices, improving business climate, additional government measures aiming to mitigate the impact of high energy prices, and two wage indexations of 2.5% each. Nevertheless, tighter financial conditions and higher interest rates , as well as a slowing demand in Luxembourg's main trading partners should be a drag on growth. With respect to inflation, headline HICP is projected to move lower amid a deceleration in energy price inflation, averaging 3.1% YoY in 2023, while unemployment is projected to rise to 5.1% due to the economic slowdown.

According to European Commission's winter forecasts (Feb-23) for Greece, real GDP growth is estimated at 1.2% and 2.2% in 2023 and 2024 respectively. The inflation rate is expected at 4.5% and 2.4% in 2023 and 2024 respectively. According to the 2023 Budget, the primary balance is forecasted to turn into a surplus of 0.7% in 2023..

## Business Outlook 2023

### 1. Eurobank Group

The Eurobank Group is a universal banking group offering services and products across all activities: Household lending, Business Lending, Transactional Banking and Payments, Global Markets and Investment Banking, Wealth Management and Bancassurance.

With a balance sheet of €81bn, Eurobank Group has a diversified business model, which includes Greek banking operations, Real estate Investment property operations and presence outside Greece in Bulgaria, Cyprus, Serbia and Luxembourg. 61% of core operating profit is coming from Greek banking operations, 33% from non-Greek and 6% from the Greek investment property portfolio. Following the agreement to divest the banking operations in Serbia, the Group will explore opportunities to enhance further its presence in Greece, Bulgaria and Cyprus, with Eurobank Private Bank Luxembourg remaining the centre of Wealth Management & Private Banking services.

Eurobank Group's vision is to be the leading Bank in creating prosperity for its customers, employees, shareholders and society by offering pioneering solutions in the communities we serve.

Eurobank Group, the first Greek bank to complete its Clean-up strategy, is in a pole position and concentrates its efforts on financing the growth cycle of the Greek economy, including an instrumental participation in the Recovery and Resilience Facility funds. In tandem, it aims at preserving its leading position in fee business, leverage digital & data capabilities, generate sustainable returns, and embed ESG principles.

### 2. The Bank

Luxembourg is the premier private banking centre in the Eurozone and the second largest fund centre in the world. The success of the financial centre is founded on the social and political stability of the Grand Duchy, its AAA rating, and a modern legal and regulatory framework that is continuously updated, through regular consultation among the government, the legislator and the private sector. The centre's multilingual and multicultural specialist teams have a long tradition of financial expertise and extensive knowledge of the needs of international clients. Furthermore, the country's broader financial sector operates under a strong culture of investor protection and rigorous anti money-laundering policies. These strengths, combined with Luxembourg's openness to the world and strategic location, have attracted international banks, insurance companies, investment fund promoters and specialist service providers. As the post-Brexit reality for financial services continues to evolve, Luxembourg's role in the global financial industry, especially as it relates to accessing the EU economy and markets, is growing further.

In this context, Eurobank Private Bank Luxembourg S.A. acts as the centre of Eurobank Group wealth management and private banking activities. In addition, through its presence in London and Athens, the Bank can better service the Greek and UK markets.

Overall, our Bank is entering 2023 in a strong position. In particular:

1. We are an autonomous organization incorporated under Luxembourg law and regulated by the European Central Bank (ECB) and the Commission de Surveillance du Secteur Financier (CSSF), armoured with an exceptionally strong capital position, ample excess liquidity, and a self-sufficient operating model.
2. Through our experienced bankers, expert teams and robust infrastructure, we offer a comprehensive and up-to-date range of products and services in Private Banking, Wealth Structuring and Management, and Funds Administration, as well as selected Corporate Banking services. Over our thirty seven years of history we have remained committed to our client-centric model, mastering how to convert our offering to tailored solutions that create strong value for our clients and trust in our Bank.
3. Being part of our Eurobank Group enhances our client access and market insight, especially in the markets where the Group has a strong presence.
4. Our presence in Luxembourg and London, two major international financial centers, provides our clients a broad realm of possibilities
5. Our London Branch, will continue to act as a center-pillar in servicing the UK business needs of clientele from Eurobank Group's subsidiaries, of UK-based Greeks and Cypriots and of the shipping community
6. Through our Athens Branch, expected to be established in 2023, we will be able to service our clients locally, thereby enhancing our presence in the Greek market.
7. Finally, the extensive upgrade cycle of the Bank's systems and technology landscape, is already underway. This substantial investment and related transformation, will significantly enhance the Bank's strategic position in terms of operational efficiency, digital channels and services, and superior overall client experience.

The Bank is set to enhance its business in 2023, leveraging on its strengths: its premium and client oriented offering, and its robust and risk averse business model:

(i) We intend to continue to grow our client base and funds under management through our Private Banking and Fund Services platforms, leveraging our exclusive client service and innovative offering, our broad geographical footprint, and our expanding relationship and referral networks. Our Group's strong commitment to Private Banking and Asset Management will remain an additional strategic advantage in this effort.

(ii) We will continue to evolve our broad offering in Investment advisory and structuring, through timely and innovative new products and services. In parallel, our open architecture approach to investing will ensure transparency and great flexibility and choice for our clients.

(iii) Lending will also remain a key pillar of growth, where bespoke investment portfolio and real estate loans, as well as selected shipping loans will deepen our client relationships and increase and diversify our assets profitability. As in past years, conservative lending standards will guide this activity, as per the detailed metrics set in our Risk Policy, and our insights from our (and our Group's) local presence in various markets.

(iv) We will stay focused in executing our strategic bank-wide transformation project towards a new state-of-the art core banking system, complemented with the most advanced multi-channel technology. In parallel, and until that effort concludes, we will continue delivering targeted enhancements to our current systems and platforms to ensure superior client service and operational efficiency.

(v) We will continue on our strong track record of regulatory compliance, transparency towards our clients, and adherence to the highest ethical standards. At the same time, both our investment offering and lending will continue to increase their focus to ESG compliant sectors.

On behalf of the Board of Directors, we would like to express to our customers our deep appreciation for their loyalty to the Bank and to the management and personnel our gratitude for their enthusiasm, consistency, and dedication.

04 April 2023

| | |
|---|---|
| **François Ries** | **Haris Hambakis** |
| Chairman | CEO |

# Report on the audit of the annual accounts

## Opinion

We have audited the annual accounts of Eurobank Private Bank Luxembourg S.A. (the “Bank”), which comprise the balance sheet as at 31 December 2022, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Bank as at 31 December 2022 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

## Basis for opinion

We conducted our audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 on the audit profession (“Law of 23 July 2016”) and with International Standards on Auditing (“ISAs”) as adopted for Luxembourg by the Commission de Surveillance du Secteur Financier (“CSSF”). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of “réviseur d’entreprises agréé” for the audit of the annual accounts » section of our report. We are also independent of the Bank in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants (“IESBA Code”) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. 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 annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Valuation of loans and advances to customers (value adjustment process)

### Description

Loans and advances to customers are one of the significant items on the Bank’s balance sheet representing 51% of total assets. The Bank’s customer lending operations primarily consist of corporate loans that are focused on companies, which are already customers of the Eurobank Group and loans to Private Banking clients which are granted internationally and supported by mortgages and/or financial securities. 47% of loans to customers is guaranteed, in total or partially, by Letter of Guarantee (LG) and/or Pledge on Funding (PF) by Eurobank Ergasias Services and Holdings S.A. (the “Parent Bank”) and its subsidiaries, 53% of the Bank’s loan portfolio is therefore retained at the Bank’s own credit risk.

The majority of the Bank’s borrowers are exposed to the Greek and UK specific sector conditions. Adverse market conditions in those aforementioned countries may substantially worsen the quality of credit and in particular those not covered by LG or PF.

The identification of an impairment event and the determination of specific valuation allowances involve estimation uncertainty and discretionary power resulting from the borrower’s financial position and performance, as well as from the valuation of collateral and the amount and timing of expected future payments.

For this reason, we identified the determination of impairment on loans to corporate customers and institutional clients as a particularly significant topic in the Bank’s annual accounts.

The Bank’s disclosures on the accounting policy for value adjustments in respect of loans and advances are provided in Note 2.3 within the notes to the annual accounts.

**How our audit addressed the area of focus**

Our audit approach included audit procedures relating to the Bank's internal control system for identifying and quantifying a need for value adjustment, as well as substantive audit procedures on impaired and unimpaired loans and advances to customers.

Our audit procedures relating to the Bank's internal control system focused on key controls within the framework of the credit approval and credit monitoring process, as well as the identification of impaired assets and the determination of the necessary value adjustment requirements, which were tested for their design, implementation and effectiveness.

Regarding substantive testing, the following audit procedures were performed:

- For loans guaranteed in total or partially, by LG and/or PF by the parent Bank and its subsidiaries, obtaining evidence on the existence and accuracy of respective collaterals (e.g. pledged funding, letter of guarantees, etc.) provided by the Parent Bank and assessing the creditworthiness of the Parent Bank to honour its commitments towards the Bank.
- Credit risk assessment for a sample of own credit risk loan portfolio, reviewing the clients' files, the late payment reports, the relevant agreements, and independent valuations of the underlying collaterals.
- Assessing the impairment allowances for all individually impaired loans and advances.
- Considering the adequacy of disclosures in the annual accounts of the Bank with reference to the requirements of the prevailing accounting standards.

## Other information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the annual report including the Directors' report but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts, 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 this fact. We have nothing to report in this regard.

## Responsibilities of the Board of Directors and Those Charged with Governance for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

## Responsibilities of the réviseur d'entreprises agréé for the audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF 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 annual accounts.

As part of an audit in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the annual accounts 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 report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

## Report on other legal and regulatory requirements

We have been appointed as "réviseur d'entreprises agréé" by the Board of Directors on 2nd May 2022 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is five years.

The Directors' report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

We confirm that the prohibited non-audit services referred to in the EU Regulation N°537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 5 April 2023

KPMG Audit S.à r.l. Cabinet de révision agréé

**M. Weber**
Partner

# **Balance** sheet
# as at December 31, 2022

(expressed in euro)

| ASSETS | Note(s) | 2022<br>EUR | 2021<br>EUR |
|---|---|---|---|
| Cash in hand, balances with central banks and post office banks | 3.2, 4 | 629.904.013 | 687.737.655 |
| Loans and advances to credit institutions | | | |
| - repayable on demand | 2.3, 3.2, 6 | 28.430.583 | 81.894.967 |
| - other loans and advances | 2.3, 3.2, 5.3, 6 | 389.001.575 | 376.645.021 |
| | | **417.432.158** | **458.539.988** |
| Loans and advances to customers | 2.3, 3.2, 5.3, 6 | 1.434.094.717 | 1.506.594.589 |
| Bonds and other fixed-income transferable securities: | | | |
| - issued by public bodies | 2.4, 3.2, 5.1 | 77.419.128 | - |
| - issued by other borrowers | 2.4, 3.2, 5.1, 7 | 182.829.170 | 144.256.154 |
| | | **260.248.298** | **144.256.154** |
| Participating interests | 2.5, 3.2, 5.2, 7 | 4.958 | 4.958 |
| Shares in affiliated undertakings | 2.5, 3.2, 5.2, 7 | 8.741.739 | 8.741.742 |
| Intangible assets | 2.7, 7 | 9.642.266 | 7.578.734 |
| Tangible assets | 2.7, 7 | 1.596.559 | 2.023.949 |
| Other assets | 6 | 45.839 | 110.147 |
| Prepayments and accrued income | 6 | 28.895.415 | 22.682.564 |
| **Total assets** | | **2.790.605.962** | **2.838.270.480** |

The accompanying notes form an integral part of these annual accounts.

| LIABILITIES | Note(s) | 2022<br>EUR | 2021<br>EUR |
|---|---|---|---|
| Amounts owed to credit institutions: | | | |
| - repayable on demand | 3.2, 6 | 1.065.827 | 1.370.006 |
| - with agreed maturity dates or periods of notice | 3.2, 4, 6 | 650.130.353 | 721.402.578 |
| | | **651.196.180** | **722.772.584** |
| Amounts owed to customers: | | | |
| - other debts | | | |
| • repayable on demand | 3.2, 6 | 1.012.695.770 | 1.309.761.026 |
| • with agreed maturity dates or periods of notice | 3.2, 6 | 829.894.315 | 529.888.355 |
| | | **1.842.590.085** | **1.839.649.381** |
| Other liabilities | 6 | 1.797.649 | 1.597.494 |
| Accruals and deferred income | 6 | 4.872.078 | 2.216.034 |
| Provisions: | | | |
| - provisions for taxation | 13,9 | 13.714.183 | 11.186.467 |
| - other provisions | 2,9 | 4.499.746 | 2.470.873 |
| | | **18.213.929** | **13.657.340** |
| Subscribed capital | 8, 10 | 70.000.000 | 70.000.000 |
| Reserves | 9, 10 | 40.231.784 | 40.924.990 |
| Profit brought forward | 10 | 148.145.863 | 138.604.017 |
| Profit for the financial year | | 13.558.394 | 8.848.640 |
| **Total liabilities** | | **2.790.605.962** | **2.838.270.480** |

The accompanying notes form an integral part of these annual accounts.

# **Off balance** sheet
# as at December 31, 2022

| | Note(s) | 2022<br>EUR | 2021<br>EUR |
|---|---|---|---|
| **Contingent Liabilities** | **12,1** | **26.645.964** | **13.025.123** |
| of which: | | | |
| - guarantees and assets pledged as collateral security | | 26.645.964 | 13.025.123 |
| **Commitments** | **12,2** | **535.638.195** | **479.758.994** |
| of which: | | | |
| - commitments arising from sale and repurchase transactions | | 281.428.917 | 354.991.251 |
| **Fiduciary Transactions** | **12,2** | **324.785.248** | **283.702.864** |

The accompanying notes form an integral part of these annual accounts.

# **Profit** and **loss** account for the year ended December 31, 2022

| | Note(s) | 2022<br>EUR | 2021<br>EUR |
|---|---|---|---|
| Interest receivable and similar income | 13.1, 13.2 | 52.255.898 | 36.582.770 |
| of which: | | | |
| arising from fixed-income transferable securities | | 3.632.578 | 1.094.129 |
| Interest payable and similar charges | 13,3 | (15.997.418) | (8.456.283) |
| Commissions receivable | 13.1, 13.4 | 13.398.649 | 13.180.995 |
| Commissions payable | 13,5 | (6.276.307) | (5.830.785) |
| Net profit on financial operations | 13,6 | 709.627 | 672.252 |
| Other operating income | 13,7 | 318.935 | 247.593 |
| General administrative expenses | | | |
| - staff costs | 15 | (13.085.942) | (12.770.176) |
| of which: | | | |
| • wages and salaries | | (10.719.579) | (10.484.066) |
| • social security costs | | (1.782.271) | (1.754.365) |
| of which: pension costs | | (1.288.233) | (1.288.233) |
| - other administrative expenses | | (11.330.581) | (9.546.624) |
| Value adjustments in respect of intangible and tangible assets | 7 | (1.269.834) | (1.383.950) |
| Other operating charges | 13,8 | (456.022) | (1.355.731) |
| Value adjustments in respect of financial assets and of investments held as current assets | 5,1 | (372.540) | (80.280) |
| Value adjustments in respect of loans and advances and provisions for contingent liabilities and commitments | | (15.007) | (18.473) |
| Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and commitments | | 19.211 | 290.274 |
| Tax on profit on ordinary activities | 13,9 | (4.340.275) | (2.682.942) |
| **Profit on ordinary activities after tax** | | **13.558.394** | **8.848.640** |
| **Profit for the financial year** | | **13.558.394** | **8.848.640** |

The accompanying notes form an integral part of these annual accounts.

# Notes
to the annual accounts

## Note 1
## General

Eurobank Private Bank Luxembourg S.A. (the "Bank") was incorporated in Luxembourg on August 26, 1986, as a "Société Anonyme" under the name of Banque de Dépôts (Luxembourg) S.A.. The Extraordinary General Meeting of Shareholders held on August 6, 1997 resolved to change the name of the Bank to EFG Private Bank (Luxembourg) S.A. with effect from September 10, 1997.

The Extraordinary General Meeting of Shareholders held on September 17, 2008 resolved to change the name of the Bank to Eurobank EFG Private Bank Luxembourg S.A. with effect from October 1, 2008.

As part of the rebranding project of the Group, the new coordinated status dated September 18, 2012 resolved to change the name of the Bank to Eurobank Private Bank Luxembourg S.A. with immediate effect.

The Bank is engaged in the business of providing private banking, investment and advisory services for corporate and private clients as well as administrative and custody services for investment funds. The Bank is active in the money markets, deposit taking and lending and engages in spot and forward foreign exchange business as well as undertaking transactions in securities and off balance sheet instruments, both for its own account and on behalf of customers.

At the beginning of June 2015, the Bank acquired the former Eurobank Ergasias S.A. London Branch in the United Kingdom, Eurobank Private Bank Luxembourg -

London Branch ("Eurobank London"). Eurobank London provides an array of services to companies with international activities, especially in Central and South-Eastern Europe and to individual clients with local and international banking needs. Furthermore, Eurobank London serves as an extension of the Bank's Private Banking platform to London based clients.

Eurobank Private Bank Luxembourg S.A. is included in the consolidated financial statements of Eurobank Ergasias Services and Holdings S.A., whose registered office is in Athens (8 Othonos Street, 10557 Athens, Greece) where the consolidated financial statements are available.

Eurobank Ergasias Services and Holdings S.A. prepares the consolidated financial statements for the largest body of undertakings of which the Bank forms part as a subsidiary undertaking.

## Note 2
## Summary of significant accounting policies

### 2.1 Basis of presentation

These annual accounts have been prepared in conformity with accounting principles generally accepted in the banking sector in the Grand Duchy of Luxembourg. The accounting policies and the principles of valuation are determined and applied by the Board of Directors, except those which are defined by Luxembourg law and regulations.

On the basis of the criteria set out by the Luxembourg law, the Bank is exempted from preparing consolidated annual accounts. In accordance with the amended law of June 17, 1992, the present annual accounts are consequently prepared on an unconsolidated basis for approval by the Annual General Meeting of Shareholders.

### 2.2 Foreign currencies

The Bank has adopted a multicurrency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they have occurred. For the preparation of the annual accounts, amounts in foreign currencies are translated into euro (EUR) on the following basis:

#### 2.2.1 Spot transactions

Assets and liabilities in foreign currencies (apart from fixed assets) are translated into euro at exchange rates applicable at the balance sheet date.

Income, charges and purchases of fixed assets are recorded in the currency in which they are collected or disbursed and are translated into euro at rates approximating those ruling at the time of the transaction.

Exchange gains and losses arising from the Bank's net open currency spot position are taken to the profit and loss account in the caption 'Net profit on financial operations' in the current year.

Unsettled spot foreign exchange transactions are translated into euro at the spot rate of exchange prevailing on the balance sheet date.

Foreign exchange gains and losses resulting from spot transactions hedged by forward transactions are neutralised through "prepayments and accrued income" and "accruals and deferred income" accounts. Premiums or discounts arising due to the difference between spot and forward exchange rates are amortised in the profit and loss account on a pro-rata basis.

### 2.2.2 Forward transactions

Unsettled forward exchange transactions are translated into euro at the forward rate prevailing on the balance sheet date for the remaining maturity.

Unrealised exchange losses on un-hedged forward exchange contracts are recognised in the profit and loss account, in the caption 'Net profit on financial operations', at the forward rate prevailing on the balance sheet date for the remaining term of the contract. Unrealised exchange gains on forward exchange contracts are not included, and are only recognised in the caption 'Net profit on financial operations', when ultimately realised, except when such contracts form an economic unit with offsetting foreign exchange transactions.

### 2.2.3 Swaps transactions

Interest income and expense generated from currency swap transactions are accrued on a straight-line basis over the period of the swap contract and are included in interest receivable or payable in the profit and loss account, as appropriate.

## 2.3 Loans and advances

Loans and advances are stated at disbursement value less repayment made and any value adjustments required. Accrued interests is recorded in the balance sheet caption "Prepayments and accrued income".

The policy of the Bank is to establish specific value adjustments for doubtful debts in accordance with the circumstances and for amounts specified by the Board of Directors. These value adjustments are deducted from the appropriate asset account balances.

## 2.4 Valuations of bonds and other fixed income transferable securities

The Bank has divided its portfolio of bonds and other fixed-income transferable securities into three categories for valuation purposes:

### 2.4.1 Investment portfolio of financial fixed assets

This portfolio comprises bonds and other fixed-income transferable securities, which are intended to be held on a continuing basis in the normal course of the Bank's activities.

*Principle of valuation at acquisition cost*

Bonds and other fixed-income transferable securities are recorded at historical acquisition cost. The acquisition cost includes the costs to purchase the asset.

A value adjustment is made where the market value at the balance sheet date is lower than the acquisition cost and when the Board of Directors considers the depreciation to be permanent.

The premium/discount resulting from the acquisition of bonds and other fixed-income transferable securities having the characteristics of financial fixed assets at a price more/less than the amount repayable at maturity, is amortised against profit and loss account, in the caption 'Interest receivable and similar income arising from fixed-income transferable securities', on a straight line basis over the period remaining until final repayment.

### 2.4.2 Trading portfolio

This portfolio comprises bonds and other fixed-income transferable securities purchased with the intention of selling them in the short term. These securities are traded on a market whose liquidity can be assumed to be certain and their market price is at all times available to third parties. These securities are valued at the lower of their acquisition cost and their market value.

During the year, the Bank did not hold any trading portfolio.

### 2.4.3 Structural portfolio

This portfolio comprises bonds and other fixed-income transferable securities and asset swaps purchased for their investment return or yield or held to establish a particular asset structure or a secondary source of liquidity. It also includes bonds and other fixed-income transferable securities not contained in the other two categories.

Securities in this portfolio are valued at the lower of their amortised acquisition cost and their market value. The value adjustment is recorded in the profit and loss account in Value adjustments in respect of financial assets and of investments held as current assets respectively.

Premiums / discounts included in the acquisition cost and resulting from the purchase of bonds and other fixed-income transferable securities included in this portfolio at a price exceeding / lower than the amount repayable at maturity are amortised in the profit and loss account on a straight line basis over the period remaining until final repayment.

Asset swaps held in this portfolio are packaged deals made of a bond or other fixed-income transferable security and an interest rate swap, swapping the respective interest rates (floating/fixed) received and paid. Consequently, asset swaps held in the structural portfolio are booked at their par and subsequently measured at the lower of cost or Market value.

## 2.5 Valuation of variable yield transferable securities

Companies in which the Bank directly and indirectly exercises a significant influence are considered to be affiliated undertakings. Participating interests comprise rights in the capital of other undertakings, the purpose of which is to contribute to the activity of the company through a durable link.

Participating interests and shares in affiliated undertakings are recorded in the balance sheet at their acquisition cost in their original currency. The acquisition cost includes the costs to purchase the assets.

By nature, participating interests belong to the investment portfolio of financial fixed assets. As at December 31, 2022, shares in affiliated undertakings also belong to the investment portfolio.

A value adjustment is made if the Board of Directors considers that a permanent impairment exists in their carrying value at the balance sheet date.

## 2.6 Sale and repurchase agreements

In case of sale and repurchase agreements, the assets transferred are clients' assets and therefore are shown in the off balance sheet position of the Bank.

## 2.7 Intangible and tangible fixed assets

Fixed assets other than financial fixed assets are valued at historical acquisition cost. The acquisition cost includes the costs to purchase the assets. The acquisition cost of intangible and tangible assets, of which the use is limited in time, are depreciated on a straight-line basis over the estimated useful life or at the rates specified in notes 2.7.1 and 2.7.2.

In case of permanent reduction in value, intangible and tangible assets are subject to value adjustments, regardless of whether their useful life is limited. The valuation at the inferior value is not maintained if the reasons for which the value adjustments were made no longer exist.

### 2.7.1 Intangible assets

The core banking system is amortized on a straight line basis over 10 years whereas the remaining intangible assets over 4 years.

During 2020, the Group initiated the "Salamis Project", which comprises the implementation of a new core system and overall IT architecture landscape, in more than one country. This implementation will allow the Bank to proceed with its growth business plan:

- Reducing operating risks: automations, control mechanisms, etc.
- Increasing efficiencies and freeing FTE capacity for business development
- Standardized, high quality service
- State of the art digital offering

The external costs related to this project as well as the Bank's internal efforts are capitalized during the implementation period and will be amortized over the useful life when the asset is ready for use.

### 2.7.2 Tangible assets

Tangible assets are used by the Bank for its own operations. Tangible assets are valued at cost less depreciation to date. Depreciation is calculated on a straight-line basis over the life of the assets concerned. The rates used for this purpose are:

| | 2022<br>% | 2021<br>% |
|---|---|---|
| Furniture | 18 | 18 |
| Machinery and equipment | 25 | 25 |
| Vehicles | 20 | 20 |
| Hardware and software | 25 | 25 |
| Premises fixtures | 10 | 10 |
| Core banking system | 10 | 10 |

Premises fixtures in leased offices are amortized over the lower of their useful life or the remaining lease period.

## 2.8 Derivative instruments

### 2.8.1 Interest rate swaps

Interest on interest rate swaps is included in the balance sheet captions “prepayments and accrued income” and “accruals and deferred income”. It is credited or charged to interest receivable or payable in the profit and loss account.

Interest rate swaps, which are not held for hedging purposes, are marked-to-market. Provisions are made for unrealised valuation losses whereas unrealised valuation gains are not taken into account until maturity. Interest rate swaps entered into for hedging purposes are subject to the principle of symmetry with the hedged item. Hedging inefficiencies are recognised in profit or loss when they result in a net unrealised loss. They are ignored when they result in a net unrealised gain.

### 2.8.2 Forward exchange transactions

Valuation rules for forward exchange contracts are explained in note 2.2.2.

### 2.8.3 Options

For the options traded over the counter and unallocated to given assets or liabilities, the premiums received or paid appear on the balance sheet until the exercise or the expiration date of the option, if the option is not exercised before that date. Commitments on written options are booked off-balance sheet.

Options not used for hedging purposes are marked-to-market. The unrealised losses are booked in the profit and loss account whereas unrealised gains are ignored.

Option contracts entered into for hedging of a balance sheet item (asset or liability) are booked as follows: unrealised result on the premiums is accounted for in the profit or loss account in “Net profit or net loss on financial operations”. Unrealised results arising from the revaluation of the hedged item (asset or liability) is accounted for in the profit or loss in “Net profit or net loss on financial operations”. These bookings are presented net in profit or loss.

Option contracts traded on a regulated market and entered into for the purpose of hedging identical reverse options also traded on a regulated market are booked as follows: as the position on these instruments is closed, the result arising from premiums received and paid is accounted for in the profit and loss account. These bookings are presented net in profit or loss.

## 2.9 Lump sum provision

A general reserve for potential risks arising from on-balance sheet and off-balance sheet items has been booked. This tax-deductible provision is deducted from the corresponding assets. The lump-sum provision calculated on off balance sheet items is booked under line “Provision: other provisions”.

## Note 3 Analysis of financial instruments

### 3.1 Strategy in using financial instruments

The Bank’s treasury activities are primarily related to the use of financial instruments including derivatives. Since the end of the year 2012 all treasury activities of the Bank are carried out internally in Luxembourg.

Asset/Liability Management of the Bank is taking into account other banking activities including private banking client accounts, investment funds and inter-bank activity mainly with Eurobank Ergasias Services and Holdings S.A.

The Bank aims to use funds from customer operations, investment funds operations and other market deposits that have been raised at fixed and floating rates and for various periods seeking to earn profitable margins by investing these funds in high quality assets. Such operations are only executed following the limits, as well as defined products determined with the approval of the Board of Directors. Limits are currently set in such a way that restricts the Treasury and Foreign Exchange department of the Bank from taking large exposures and/or holding a Trading Book.

Related issues and decisions are taken by the Asset and Liability Committee (ALCO) of the Bank.

The monitoring of limits is carried out by the Risk department of the Bank on the basis of the daily positions provided by the Finance department or downloaded directly from the Bank’s operating system. These reports are communicated daily amongst others to Local Management and the Head of Group Treasury in Athens.

In the event of any breaches in limits or margins, Local Management as well as ALCO are informed for immediate action. The excesses are also reported to Group Risk on a monthly basis and the Bank’s Risk Committee on a quarterly basis.

The Bank may hedge part of its existing interest rate risk resulting from any potential decrease in the fair value of fixed rate assets denominated both in local and foreign currencies using interest rate swaps.

The Bank may hedge a proportion of foreign exchange risk it expects to assume as a result of cash flows from debt securities using forward exchange transactions.

### 3.2 Analysis of financial instruments

#### 3.2.1 Information on primary financial instruments

The table below analyses the level of primary financial instruments (primary non-trading instruments) of the Bank, in terms of carrying amounts, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. Additional indication of aggregate fair values of trading instruments is disclosed where they differ materially from the amounts at which they are included in the accounts.

“Fair value” is understood as being the amount at which an asset could be exchanged or a liability settled as part of an ordinary transaction entered into under normal terms and conditions between independent, informed and willing parties, other than in a forced or liquidation sale.

**Analysis of financial instruments – Primary non-trading instruments (at carrying amount – EUR)**

| Figures as at December 31, 2022 | Less than 3 months | > 3 months to 1 year | > 1 year to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Instrument class (financial assets) | | | | | |
| Cash in hand, balances with central banks and post office banks | 629.904.013 | - | - | - | 629.904.013 |
| Loans & advances to credit institutions | 414.279.158 | 3.153.000 | - | - | 417.432.158 |
| Loans & advances to customers | 507.148.861 | 120.287.258 | 380.028.261 | 426.630.337 | 1.434.094.717 |
| Bonds and other fixed-income transferable securities | - | - | 159.684.103 | 100.564.195 | 260.248.298 |
| Shares in affiliated undertaking and participating interests | 8.746.697 | - | - | - | 8.746.697 |
| **Total financial assets** | **1.560.078.729** | **123.440.258** | **539.712.364** | **527.194.532** | **2.750.425.883** |
| **Non financial assets** | **40.180.079** | **-** | **-** | **-** | **40.180.079** |
| **Total Assets** | **1.600.258.808** | **123.440.258** | **539.712.364** | **527.194.532** | **2.790.605.962** |
| Instrument class (financial liabilities) | | | | | |
| Amounts owed to credit institutions: | | | | | |
| - Repayable on demand | 1.065.827 | - | - | - | 1.065.827 |
| - With agreed maturity dates or periods of notice | 285.034.795 | 231.565.479 | 40.701.191 | 92.828.888 | 650.130.353 |
| Amounts owed to customers: | | | | | |
| - Repayable on demand | 1.012.695.770 | - | - | - | 1.012.695.770 |
| - Repayable at term or with notice | 608.321.356 | 221.406.959 | 166.000 | - | 829.894.315 |
| **Total financial liabilities** | **1.907.117.748** | **452.972.438** | **40.867.191** | **92.828.888** | **2.493.786.265** |
| **Non financial liabilities** | **296.819.697** | **-** | **-** | **-** | **296.819.697** |
| **Total Liabilities** | **2.203.937.445** | **452.972.438** | **40.867.191** | **92.828.888** | **2.790.605.962** |

As at December 31, 2022, the Bank held no primary trading financial instruments.

| Figures as at December 31, 2021 | Less than 3 months | > 3 months to 1 year | > 1 year to 5 years | > 5 years | Total |
|---|---|---|---|---|---|
| Instrument class (financial assets) | | | | | |
| Cash in hand, balances with central banks and post office banks | 687.737.655 | - | - | - | 687.737.655 |
| Loans & advances to credit institutions | 458.539.988 | - | - | - | 458.539.988 |
| Loans & advances to customers | 416.710.447 | 270.947.260 | 463.956.352 | 354.980.530 | 1.506.594.589 |
| Bonds and other fixed-income transferable securities | - | - | 91.500.000 | 52.756.154 | 144.256.154 |
| Shares in affiliated undertaking and participating interests | 8.746.700 | - | - | - | 8.746.700 |
| **Total financial assets** | **1.571.734.790** | **270.947.260** | **555.456.352** | **407.736.684** | **2.805.875.086** |
| **Non financial assets** | **32.395.394** | **-** | **-** | **-** | **32.395.394** |
| **Total Assets** | **1.604.130.184** | **270.947.260** | **555.456.352** | **407.736.684** | **2.838.270.480** |
| Instrument class (financial liabilities) | | | | | |
| Amounts owed to credit institutions: | | | | | |
| - Repayable on demand | 1.370.006 | - | - | - | 1.370.006 |
| - With agreed maturity dates or periods of notice | 225.035.021 | 128.419.672 | 278.129.717 | 89.818.168 | 721.402.578 |
| Amounts owed to customers: | | | | | |
| - Repayable on demand | 1.309.761.026 | - | - | - | 1.309.761.026 |
| - Repayable at term or with notice | 403.843.596 | 125.853.759 | 191.000 | - | 529.888.355 |
| **Total financial liabilities** | **1.940.009.649** | **254.273.431** | **278.320.717** | **89.818.168** | **2.562.421.965** |
| **Non financial liabilities** | **275.848.515** | **-** | **-** | **-** | **275.848.515** |
| **Total Liabilities** | **2.215.858.164** | **254.273.431** | **278.320.717** | **89.818.168** | **2.838.270.480** |

As at December 31, 2021, the Bank held no primary trading financial instruments.

**Description of derivative financial instruments**

The Bank may enter into the following derivative financial instruments:

- **Forward exchange transactions** represent commitments to purchase foreign and domestic currency, including undelivered spot transactions.
- **Interest rate swaps** are commitments to exchange one set of cash flows for another. Swaps result in an economic exchange of interest rates (for example, fixed rate for floating rate).
- **Options** are financial derivatives representing a contract sold by one party (option writer) to another party (option holder). The contract offers the buyer the right, but not the obligation, to buy (call) or sell (put) a security or other financial asset at an agreed-upon price (the strike price) during a certain period of time or on a specific date (exercise date).

**Analysis of derivative financial instruments**

The table below analyses the level of derivative financial instruments of the Bank, broken down in terms of notional amount, into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The Bank held only OTC derivative financial instruments as at December 31, 2022.

The notional amounts of certain types of financial instruments provide a basis for comparison with instruments recognised 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, do not indicate the Bank's exposure to credit or price risks. The derivative instruments become favourable or unfavourable as a result of fluctuations in market interest rates or foreign exchange rates relative to their terms. The aggregate contractual or notional amount of derivative financial instruments on hand, the extent to which instruments are favourable or unfavourable and, thus the aggregate fair values of derivative financial assets and liabilities can fluctuate significantly from time to time.

**Derivatives instruments OTC as at December 31, 2022 (in EUR)**

| | Nominal amounts | | | | | Net fair value |
|---|---|---|---|---|---|---|
| Figures as at December 31, 2022 | Less than 3 months | > 3 months to 1 year | > 1 year to 5 years | > 5 years | Total | Total |
| Interest rate: | | | | | | |
| - Swaps | - | - | - | 20.000.000 | 20.000.000 | 966.935 |
| Foreign exchange: | | | | | | |
| - Forwards, Spots, Swaps | 116.480.336 | 42.566.675 | - | - | 159.047.011 | 1.336.398 |
| Options: | | | | | | |
| - Options | 137.000 | - | - | - | 137.000 | (415) |
| **Total** | **116.617.336** | **42.566.675** | **-** | **20.000.000** | **179.184.011** | **2.302.918** |

The Bank held no exchange-traded derivative financial instruments as at December 31, 2022.

**Derivatives instruments OTC as at December 31, 2021 (in EUR)**

| | Nominal amounts | | | | | Net fair value |
|---|---|---|---|---|---|---|
| Figures as at December 31, 2021 | Less than 3 months | > 3 months to 1 year | > 1 year to 5 years | > 5 years | Total | Total |
| Interest rate: | | | | | | |
| - Swaps | - | - | - | - | - | - |
| Foreign exchange: | | | | | | |
| - Forwards, Spots, Swaps | 151.709.471 | 40.697.123 | - | - | 192.406.594 | (414.432) |
| Options: | | | | | | |
| - Options | 631.510 | - | - | - | 631.510 | (2.261) |
| **Total** | **152.340.981** | **40.697.123** | **-** | **-** | **193.038.104** | **(416.693)** |

The Bank held no exchange-traded derivative financial instruments as at December 31, 2021.

## 3.3 Credit risk

### 3.3.1 Description of credit risk

The Bank takes on exposure to credit risk. The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower or groups of borrowers, and to geographical segments. Such risks are monitored on a revolving basis and subject to monthly reviews.

- Country and Counterparty Limits are approved by Group Risk and the Board of Directors and reviewed at least annually.
- Client Limits are approved by specific Committees, as per approval limits set by Group Risk and the Board of Directors. Client limits are reviewed at least annually. There are four levels of approval of credit facilities: Local Credit Committee 1 (LCC1), Local Credit Committee 2 (LCC2), Board of Directors (BoD) and jointly Eurobank Central Credit Committee or Regional Credit Committee with respective Local Committees. Depending on the amount, tenor and type of the requested credit facility, the proposal is submitted for approval at the appropriate level.

The exposure to any borrower including banks and brokers is further restricted by sub-limits covering on and off-balance sheet exposures. Actual exposures against limits are monitored daily.

Exposure to credit risk is managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate. Exposure to credit risk is primarily managed by obtaining collateral and corporate and personal guarantees.

The Group Risk Unit is setting types of collateral as well as minimum margins. The Bank imposes strict collateral rules based on careful analysis, internal policies and the market environment. The Bank has a clear procedure to approve “eligible” collateral and it periodically reviews approved collateral.

On currency and interest rate swaps, the Bank’s credit risk represents the potential cost to replace the swap contracts if counterparties fail to perform their obligation. This risk is monitored on an ongoing basis with reference to the current fair value and the liquidity of the market. To control the level of credit risk taken, the Bank assesses counterparties using the same techniques as for its lending activities.

### 3.3.2 Measures of credit risk exposure

Information on credit risk as it relates to financial instruments is disclosed on the basis of the carrying amount that best represents the maximum credit risk exposure at the balance sheet date without taking account of any collateral.

With respect to derivative instruments not dealt on a recognised, regulated market (OTC), the carrying amount (principal or notional amount) does not reflect the maximum risk exposure. The maximum exposure to credit risk is determined by the value of the overall replacement cost.

The table below discloses the level of credit exposure on OTC derivative instruments in terms of notional amounts, replacement cost, potential future credit exposure and net risk exposure adjusted for any collateral, broken down by the degree of creditworthiness of the counterparty based on internal or external ratings.

**Credit Risk Exposure on OTC derivative instruments (use of market risk method) as at December 31, 2022 (in EUR)**

| Counterparty solvency (based on external/ internal ratings) | Notional amount (1) | Current Replacement cost (2) | Potential future replacement cost (3) | Overall replacement cost (4) = (2) + (3) | Collateral (5) | Net risk exposure (6) = (4) - (5) |
|---|---|---|---|---|---|---|
| External rating (Fitch): | | | | | | |
| A | 130.548.434 | 1.606.034 | 1.305.484 | 2.911.518 | - | 2.911.518 |
| B+ | 20.000.000 | 985.002 | - | 985.002 | - | 985 002 |
| | | | | | **Sub - total 1** | **3.896.520** |
| Internal Rating: | | | | | | |
| - Customer & Fund | | | | | | |
| 2 | 728.602 | 2.603 | 7.286 | 9.889 | - | 9.889 |
| 2,2 | 920.349 | - | 9.203 | 9.203 | - | 9.203 |
| 2,5 | 7.657.144 | 5.825 | 76.571 | 82.396 | - | 82.396 |
| 2,7 | 158.977 | 10.151 | 1.590 | 11.741 | - | 11.741 |
| 3 | 19.887.634 | - | 198.876 | 198.876 | - | 198.876 |
| 3,8 | 91.941 | - | 919 | 919 | - | 919 |
| 5,1 | 313.028 | - | 3.130 | 3.130 | - | 3.130 |
| | | | | | **Sub - total 2** | **316.154** |
| | | | | | **TOTAL** | **4.212.674** |

**Credit Risk Exposure on OTC derivative instruments (use of market risk method)**
**as at December 31, 2021 (in EUR)**

| Counterparty solvency (based on external/ internal ratings) | Notional amount (1) | Current Replacement cost (2) | Potential future replacement cost (3) | Overall replacement cost (4) = (2) + (3) | Collateral (5) | Net risk exposure (6) = (4) - (5) |
|---|---|---|---|---|---|---|
| External rating (Fitch): | | | | | | |
| A | 126.463.489 | 183.121 | 1.264.635 | 1.447.756 | - | 1.447.756 |
| C | - | - | - | - | - | - |
| | | | | | **Sub - total 1** | **1.447.756** |
| Internal Rating: | | | | | | |
| - Customer & Fund | | | | | | |
| 2,5 | 281.471 | 2.273 | 2.815 | 5.088 | - | 5.088 |
| 3 | 43.903.616 | - | 439.036 | 439.036 | - | 439.036 |
| 3,5 | 764.906 | - | 7.649 | 7.649 | - | 7.649 |
| 4 | 20.577.796 | 769 | 205.778 | 206.547 | - | 206.547 |
| | | | | | **Sub - total 2** | **658.320** |
| | | | | | **TOTAL** | **2.106.076** |

The internal credit rating for “Customer & Fund” goes from 1 (best rating) to 10 (worst rating)

### 3.3.3 Concentration of credit risk

The tables below show credit risk concentration which relates to financial instruments from on- and off balance sheet exposures by geographic location and economic sector. In order to enhance the true and fair view of the financial position the tables present the OTC derivatives by the value of the overall replacement cost and to that extent the comparative figures have been adjusted accordingly.

**Geographic credit risk concentrations (in EUR)**

| Geographical zone (by country or zone) | Credits and other balance sheet items | | OTC derivatives | | Commitments | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Luxembourg | 403.341.931 | 231.839.648 | 198.876 | 638.590 | 3.965.282 | 3.487.698 |
| Other European Monetary Union (EMU) countries | 843.077.416 | 1.106.549.143 | 1.089.262 | 12.080 | 98.036.002 | 74.349.954 |
| Other countries | 881.618.192 | 782.865.094 | 2.924.536 | 1.455.406 | 152.207.994 | 46.930.091 |
| **Total** | **2.128.037.539** | **2.121.253.885** | **4.212.674** | **2.106.076** | **254.209.278** | **124.767.743** |

As the Bank is mainly active on the European markets, it has a significant concentration of credit risk with other European financial institutions. In total, credit risk exposure is estimated to EUR 2 386 459 491 at December 31, 2022 (2021: EUR 2 248 127 704) of which EUR 4 212 674 (2021: EUR 2 106 076) consisted of derivative financial instruments.

**Economic sector credit risk concentrations (in EUR)**

The table below discloses the concentration of the credit risk linked to financial instruments, for both on and off balance sheet exposures, by economic sector.

| Economic sector | Credits and other balance sheet items | | OTC derivatives | | Commitments | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Credit institutions | 704.054.502 | 598.773.305 | 3.896.519 | 1.447.756 | - | - |
| Households | 126.759.992 | 90.257.409 | 117.279 | 15.712 | 42.057.317 | 23.799.052 |
| Investment funds | 54.377.193 | 62.906.730 | 198.876 | 638.590 | 2.000.000 | 3.000.000 |
| Activity ancillary to financial intermediation and insurance | 239.331.019 | 223.074.765 | - | - | 86.562.787 | 49.744.045 |
| Non financial corporations | 799.562.059 | 764.512.313 | - | - | 52.473.528 | 25.988.606 |
| Governments | - | - | - | - | - | - |
| Central banks | - | - | - | - | - | - |
| Financial holding companies | 190.850.881 | 224.167.820 | - | - | 52.520.000 | 884.591 |
| Others | 13.101.893 | 157.561.543 | 0 | 4.018 | 18.595.646 | 21.351.449 |
| **Total** | **2.128.037.539** | **2.121.253.885** | **4.212.674** | **2.106.076** | **254.209.278** | **124.767.743** |

### 3.4 Market risk

The Bank does not enter into Equity or FX Trading. Thus, any FX risk exists solely due to the execution of client deals. The existing FX limits for the Bank, as per Board decision 015/2014 are:

1. FX Overall limit EUR 1.0mn,
2. Limit per Currency :
    (i) Majors (USD, GBP, CHF, JPY) EUR 0.5mn,
    (ii) Minors (any other) EUR 0.2mn,
3. The VaR limit is EUR 0.25mn.

The Risk Department prepares and monitors on a daily basis the FX position, which is compared against set limits. Any Excesses are escalated to Senior Management and Eurobank Group Market Risk and Counterparty Sector (GMR&CS). The Risk Department uploads on a weekly basis, to Eurobank GMR&CS Market Risk intranet, the FX report, that includes the daily exposures per currency vs. the approved limits. On a monthly basis, the Bank applies a “Value at Risk” (VaR) methodology to estimate the market risk of positions held and the maximum losses expected, based on a number of assumptions for various changes in market conditions. The Board of Directors sets limits on the value of risk that may be accepted, which is monitored closely. VaR is calculated with a 99% confidence interval and a 10 day holding period.

## Note 4 Cash in hand, balances with central banks and post office banks

| | 2022<br>EUR | 2021<br>EUR |
|---|---:|---:|
| Cash in Hand | 88.060 | 97.623 |
| Mandatory Minimum Reserve | 17.815.953 | 17.383.857 |
| Balances with central banks and post office banks | 612.000.000 | 670.256.175 |
| | **629.904.013** | **687.737.655** |

In accordance with the requirements of the European Central Bank, Luxembourg Central Bank has implemented, effective January 1, 1999, a system of mandatory minimum reserves which applies to all Luxembourg credit institutions. The minimum reserve balance as at December 31, 2022 held by the Bank with the Luxembourg Central Bank amounted to EUR 17 815 953 (2021: EUR 17 383 857).

The Bank entered in June 2020 to the third series of the targeted longer-term refinancing operation (TLTRO-III) and the respective outstanding borrowing with Luxembourg Central Bank as at December 31, 2022 amounts to EUR 245 000 000. This balance is recorded in the caption ‘Amounts owed to credit institutions with agreed maturity dates or periods of notice’.

## Note 5 Transferable securities

### 5.1 Listed securities

| Bonds and other fixed-income transferable securities: | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Investments portfolio | | |
| - issued by public bodies | 77.419.128 | - |
| - issued by other borrowers | 173.298.600 | 141.336.434 |
| | **250.717.728** | **141.336.434** |
| Structural portfolio | | |
| - issued by public bodies | - | - |
| - issued by other borrowers | 9.983.390 | 3.000.000 |
| - value adjustment | (452.820) | (80.280) |
| | 9.530.570 | 2.919.720 |
| | **260.248.298** | **144.256.154** |

The market value of bonds eligible for refinancing with a central bank of the Euro zone included in the heading "bonds and other fixed-income transferable securities" is EUR 151 022 247 (2021: EUR 96 828 770).

### 5.2 Unlisted securities

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Participating interests | 4.958 | 4.958 |
| Shares in affiliated undertakings | 8.741.739 | 8.741.742 |
| | **8.746.697** | **8.746.700** |

On January 30, 2018, the Bank acquired 100% of the shares (EUR 8 741 639) of BHF Lux Immo S.A., whose registered office is in 534 rue de Neudorf, 2220 Luxembourg, Luxembourg and was subsequently renamed to ERB Lux Immo S.A. As at December 31, 2022, the unaudited Shareholders' equity is EUR 3 409 804 (2021: EUR 2 853 135) and the result of the financial year is EUR 556 669 (2021: EUR 423 808).

### 5.3 Sale and Repurchase transactions

As at December 31, 2022, the Bank is committed in reverse repurchase agreements for a total amount of EUR 254 119 039 (2021: EUR 325 498 197).

## Note 6 Assets and Liabilities balances with Affiliated Undertakings and Key Management Personnel

| | Eurobank Group Companies | | Key Management Personnel | |
|---|---|---|---|---|
| | 2022 EUR | 2021 EUR | 2022 EUR | 2021 EUR |
| **Assets** | | | | |
| Loans and advances to credit institutions | 248.959.696 | 337.786.946 | - | - |
| Loans and advances to customers | 215.141.215 | 288.464.041 | 820.540 | 820.534 |
| Prepayments and Accrued Income | 724.512 | 376.695 | 459 | 37 |
| Other Assets | - | - | - | - |
| | **464.825.423** | **626.627.682** | **820.999** | **820.571** |
| **Liabilities** | | | | |
| Amounts owed to credit institutions | 375.435.682 | 476.834.126 | - | - |
| Amounts owed to customers | 26.985.368 | 48.154.686 | 540.923 | 2.855.069 |
| Accruals and Deferred Income | 535.032 | 130.265 | 152 | - |
| Other Liabilities | 359.709 | 298.772 | - | - |
| | **403.315.791** | **525.417.849** | **541.075** | **2.855.069** |
| **Off Balance Sheet** | | | | |
| Contingent Liabilities | 6.450 | 6.450 | 51.110 | 29.760 |
| Commitments | 285.856.494 | 281.524.861 | - | - |
| Fiduciary Transactions | - | 4.800.000 | - | - |
| | **285.862.944** | **286.331.311** | **51.110** | **29.760** |
| **Profit and Loss** | | | | |
| Interest receivable and similar income | 6.250.270 | 4.832.425 | 4.529 | 3.557 |
| Interest payable and similar charges | (5.730.073) | (5.021.177) | (703) | (295) |
| Commissions receivable | 366.709 | 374.387 | 1.893 | 9.223 |
| Commissions payable | (5.467.692) | (4.876.893) | (853) | - |
| Net profit on financial operations | | | 128 | - |
| Other Operating Income | 96.244 | 132.990 | - | - |
| General administrative expenses | (1.058.001) | (948.093) | - | - |
| | **(5.542.543)** | **(5.506.361)** | **4.994** | **12.485** |

Key management personnel include the Members of the Board of Directors, the Members of the Management Committee and the Chief of Internal Audit.

## Note 7 Movements in fixed assets

| 2022 Movement | Cost | | | | Value adjustments | | | | Net |
|---|---|---|---|---|---|---|---|---|---|
| Amounts in EUR | Gross value at the beginning of the financial year 2022 | Additions | Disposals | Gross value at the end of the financial year 2022 | Cumulative value adjustments at the beginning of the financial year 2022 | Value adjustments | Reversal of value of adjustments | Cumulative value adjustments at the end of the financial year 2022 | Net book value at the end of the financial year 2022 |
| Debt Securities including fixed income transferable securities | 144.256.154 | 115.992.144 | - | 260.248.298 | - | - | - | - | 260.248.298 |
| | **144.256.154** | **115 992 144** | **-** | **260 248 298** | **-** | **-** | **-** | **-** | **260 248 298** |
| Long term investments including: | | | | | | | | | |
| Participating interests | 8.058 | - | - | 8.058 | (3.100) | - | - | (3.100) | 4.958 |
| Shares in affiliated undertaking | 8.742.049 | - | (310) | 8.741.739 | (307) | - | 307 | - | 8.741.739 |
| | **8.750.107** | **-** | **(310)** | **8.749.797** | **(3.407)** | **-** | **307** | **(3.100)** | **8.746.697** |
| Intangible fixed assets | | | | | | | | | |
| Software and Consultancy | 9.135.171 | 591.731 | - | 9.726.902 | (7.605.614) | (724.435) | - | (8.330.049) | 1.396.853 |
| Salamis Project | 6.049.177 | 2.196.236 | - | 8.245.413 | - | - | - | - | 8.245.413 |
| | **15.184.348** | **2.787.967** | **-** | **17.972.315** | **(7.605.614)** | **(724.435)** | **-** | **(8.330.049)** | **9.642.266** |
| Tangible fixed assets including: | | | | | | | | | |
| Other fixtures and fittings, tools and equipment | 7.666.079 | 77.294 | (383.175) | 7.360.198 | (6.992.242) | (319.150) | 383.175 | (6.928.217) | 431.981 |
| Technical equipment and machinery | 2.941.874 | 40.715 | (516.704) | 2.465.885 | (1.591.762) | (226.249) | 516.704 | (1.301.307) | 1.164.578 |
| | **10.607.953** | **118.009** | **(899.879)** | **9.826.083** | **(8.584.004)** | **(545.399)** | **899.879** | **(8.229.524)** | **1.596.559** |

| 2021 Movement | Cost | | | | Value adjustments | | | | Net |
|---|---|---|---|---|---|---|---|---|---|
| Amounts in EUR | Gross value at the beginning of the financial year 2021 | Additions | Disposals | Gross value at the end of the financial year 2021 | Cumulative value adjustments at the beginning of the financial year 2021 | Value adjustments | Reversal of value of adjustments | Cumulative value adjustments at the end of the financial year 2021 | Net book value at the end of the financial year 2021 |
| Debt Securities including fixed income transferable securities | 91.500.000 | 52.756.154 | - | 144.256.154 | - | - | - | - | 144.256.154 |
| | **91.500.000** | **52.756.154** | **-** | **144.256.154** | **-** | **-** | **-** | **-** | **144.256.154** |
| Long term investments including: | | | | | | | | | |
| Participating interests | 8.058 | - | - | 8.058 | (3.100) | - | - | (3.100) | 4.958 |
| Shares in affiliated undertaking | 8.742.049 | - | - | 8.742.049 | (306) | (1) | - | (307) | 8.741.742 |
| | **8.750.107** | **-** | **-** | **8.750.107** | **(3.406)** | **(1)** | **-** | **(3.407)** | **8.746.700** |
| Intangible fixed assets | | | | | | | | | |
| Software and Consultancy | 8.416.942 | 718.229 | - | 9.135.171 | (6.782.394) | (823.220) | - | (7.605.614) | 1.529.557 |
| Salamis Project | 2.410.536 | 3.638.641 | - | 6.049.177 | - | - | - | - | 6.049.177 |
| | **10.827.478** | **4.356.870** | **-** | **15.184.348** | **(6.782.394)** | **(823.220)** | **-** | **(7.605.614)** | **7.578.734** |
| Tangible fixed assets including: | | | | | | | | | |
| Other fixtures and fittings, tools and equipment | 7.496.656 | 169.423 | - | 7.666.079 | (6.645.542) | (346.700) | - | (6.992.242) | 673.837 |
| Technical equipment and machinery | 2.790.248 | 151.626 | - | 2.941.874 | (1.377.732) | (214.030) | - | (1.591.762) | 1.350.112 |
| | **10.286.904** | **321.049** | **-** | **10.607.953** | **(8.023.274)** | **(560.730)** | **-** | **(8.584.004)** | **2.023.949** |

## Note 8 Subscribed capital

The authorised and paid-up share capital of the Bank amounts to EUR 70 000 000. The Bank's capital is comprised of 500 000 shares with Nominal value EUR 140 at the end of the year.

## Note 9 Reserves

### 9.1 Legal reserve

In accordance with Luxembourg law, the Bank is required to transfer at least 5% of its annual profit to the legal reserve until this equals 10% of subscribed capital. The legal reserve is not available for distribution to shareholders.

### 9.2 Special reserve

In accordance with the tax law, the Bank reduces the Net Wealth Tax liability by deducting it from itself. In order to comply with the tax law, the Bank allocates under

non-distributable reserves (item "special reserve") an amount that corresponds to five times the amount of reduction of the Net Wealth Tax. This reserve is non-distributable for a period of five years from the year following the one during which the Net Wealth Tax was reduced.

### 9.3 Interim dividend

No Interim dividend has been distributed during the financial year 2022.

## Note 10 Changes in Shareholders' equity

The movements of shareholders' equity of the Bank may be summarized as follows:

| | Subscribed Capital EUR | Reserves | | | Profit brought forward EUR | Total EUR |
|---|---|---|---|---|---|---|
| | | Legal Reserve EUR | Special Reserve EUR | Total Reseve EUR | | |
| **Balance at December 31, 2021** | **70.000.000** | **7.000.000** | **33.924.990** | **40.924.990** | **138.604.017** | **249.529.007** |
| Profit for the year ended December 31, 2021 | - | - | - | - | 8.848.640 | 8.848.640 |
| **Appropriation of profit** | - | - | - | - | - | - |
| Interim Dividend | - | - | - | - | - | - |
| Transfer to legal reserve | - | - | - | - | - | - |
| Transfer from special reserve | - | - | (693.206) | (693.206) | 693.206 | - |
| Current year Profit | - | - | - | - | 13.558.394 | 13.558.394 |
| **Balance at December 31, 2022** | **70.000.000** | **7.000.000** | **33.231.784** | **40.231.784** | **161.704.257** | **271.936.041** |

The appropriation of the 2021 result was approved by the Annual General Meeting of Shareholders on May 2, 2022.

## Note 11 Assets and liabilities denominated in foreign currencies

| | 2022 EUR | 2021 EUR |
|---|---|---|
| Total assets in foreign currencies | 565.651.952 | 456.707.696 |
| **Total liabilities in foreign currencies** | **480.225.434** | **398.840.456** |

## Note 12 Contingent liabilities and commitments

### 12.1 Contingent liabilities

As at December 31, 2022 the contingent liabilities include guarantees and other direct substitutes for credit and amount to EUR 26 645 964 (2021: EUR 13 025 123).

### 12.2 Other off balance sheet commitments

| | 2022 EUR | 2021 EUR |
|---|---|---|
| Assets held on behalf of third parties | 3.890.714.976 | 3.700.276.630 |
| Credits confirmed but not used | 254.209.278 | 124.767.743 |
| Repurchase agreements | 281.428.917 | 354.991.251 |
| Interest rate swaps | 20.000.000 | - |
| Forward foreign exchange transactions | 159.047.011 | 192.406.594 |
| Fiduciary transactions | 324.785.248 | 283.702.864 |
| Options | 137.000 | 631.510 |
| | **4.930.322.430** | **4.656.776.592** |

### 12.3 Deposit Guarantee Scheme

The law related to the resolution, reorganisation and winding-up measures of credit institutions and certain investment firms and on deposit guarantee and investor compensation schemes (“the Law”), transposing into Luxembourgish law the directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms and the directive 2014/49/EU related to deposit guarantee and investor compensation schemes, was passed on 18 December 2015.

The deposit guarantee and investor compensation scheme through the “Association pour la Garantie des Dépôts Luxembourg” (AGDL) was replaced by a new contribution based system of deposit guarantee and investor compensation scheme. This new system covers eligible deposits of each deposit up to an amount of EUR 100 000 and investments up to an amount of EUR 20 000. The Law also provides that deposits resulting from specific transactions or fulfilling a specific social or other purpose are covered for an amount above EUR 100 000 for a period of 12 months.

The funded amount of the “Fonds de résolution Luxembourg” (FRL) shall reach by the end of 2024 at least 1% of covered deposits, as defined in article 1 number 36 of the Law, of all authorized credit institutions in all participating Member States. This amount is collected from the credit institutions through annual contributions during the years 2015 to 2024.

The target level of funding of the “Fonds de Garantie des Dépôts Luxembourg” (FGDL) is set at 0.8% of covered deposits, as defined in article 163 number 8 of the Law, of the relevant credit institutions and was reached by the end of 2018 through annual contributions. The contributions were made in the form of annual payments during the years 2016 to 2018. After the level of 0.8% was reached, the Luxembourgish credit institutions continue to contribute for 8 additional years in order to constitute an additional safety buffer of 0.8% of covered deposits as defined in article 163 number 8 of the Law.

The law of 23 December 2016 on the tax reform 2017 has introduced a tax neutral reversal of the existing AGDL provisions in successive annual tranches from 2016 to 2026, under the condition that each annual tranche is at least equal to the contributions to the FGDL and FRL for that fiscal year. Any remaining balance of the AGDL provision not yet reversed at the end of this transitional period will have to be reversed and added to the taxable income of the year 2026.

On 18 January 2017, CSSF issued a circular letter relating to the abrogation of the AGDL and to the consequent accounting treatment of the AGDL reversal to enable the banks to follow from an accounting point view the tax treatment foreseen in the law of 23 December 2016.

The cash contribution amounts to EUR 163 052 (2021: EUR 476 458) and recorded in the caption 'General administrative expenses'. Additionally, the 2022 FRL contribution for an amount of EUR 701 575 (2021: EUR 372 563) was paid by the Bank and recorded in the caption 'General administrative expenses'.

### 12.4 Management and fiduciary services

The Bank has provided the following management and fiduciary services to third parties in the course of the financial year:

- Investment management and advice;
- Safekeeping and administration of securities;
- Fiduciary services;
- Agency services.

## Note 13 Profit and loss account

### 13.1 Sources of income by geographical region

By application of Article 69 of the amended law of June 17, 1992 on the annual accounts of credit institutions, sources of income have not been analyzed by geographical region.

Nevertheless the break down between the Bank and its United Kingdom branch is the following:

| | 2022 EUR | 2021 EUR |
|---|---:|---:|
| **Interest income** | | |
| Luxembourg entity | 47.949.293 | 34.895.850 |
| United Kingdom branch | 4.306.605 | 1.686.920 |
| | **52.255.898** | **36.582.770** |
| | | |
| **Commission income** | | |
| Luxembourg entity | 13.015.063 | 12.952.291 |
| United Kingdom branch | 383.586 | 228.704 |
| | | |
| | **13.398.649** | **13.180.995** |

### 13.2 Interest receivable and similar income

| | 2022<br>EUR | 2021<br>EUR |
|---|---:|---:|
| Interest receivable on loans and advances to credit institutions | 3.672.358 | 35.475 |
| of which: affiliated credit institutions | 1.236.005 | 55.627 |
| | | |
| Interest receivable on balances with central banks | 2.213.318 | - |
| Interest receivable on loans and advances to clients | 42.737.644 | 35.453.166 |
| of which: affiliated customers | 5.014.265 | 4.776.798 |
| Interest receivable on debt securities and other | 3.632.578 | 1.094.129 |
| | | |
| | **52.255.898** | **36.582.770** |

The above amounts are presented based on the nature of the original transaction. Thus, they also include transactions with negative interest rates.

### 13.3 Interest payable and similar charges

| | 2022<br>EUR | 2021<br>EUR |
|---|---:|---:|
| Interest payable on amounts owed to credit institutions | 8.526.517 | 6.155.114 |
| of which: affiliated credit institutions | 5.676.226 | 5.012.548 |
| | | |
| Interest payable on amounts owed to customers | 7.076.842 | 3.132.733 |
| of which: affiliated customers | 53.847 | 8.629 |
| of which: liabilities with agreed maturity dates or period of notice | 7.049.242 | 3.124.617 |
| | | |
| Interest payable on balances with central banks | 394.059 | (831.564) |
| | | |
| | **15.997.418** | **8.456.283** |

The above amounts are presented based on the nature of the original transaction. Thus, they also include transactions with negative interest rates.

### 13.4 Commissions receivable

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Fiduciary operations | 91.955 | 131.424 |
| Asset Management | 2.360.615 | 2.662.558 |
| Foreign exchange, precious metals and securities transactions on behalf of third parties | 2.624.480 | 1.831.236 |
| Safekeeping of assets belonging to third parties | 844.271 | 1.045.063 |
| Other commission receivable | 7.477.328 | 7.510.714 |
| Of which: Funds Fees | 3.840.928 | 4.088.562 |
| Of which: Distribution Ageement Fees | 922.975 | 1.145.978 |
| Of which: Loans Fees | 380.684 | 588.366 |
| | **13.398.649** | **13.180.995** |

### 13.5 Commissions payable

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Asset Management Fees | 1.277.674 | 1.067.255 |
| Safekeeping Fees | 2.021.641 | 1.912.004 |
| Loan Fees | 2.917.330 | 2.778.655 |
| Other commission payable | 59.662 | 72.871 |
| | **6.276.307** | **5.830.785** |

### 13.6 Net profit on financial operations

Net profit on financial operations for the year ended December 31, 2022 mainly includes gain and loss on foreign exchange transactions.

### 13.7 Other operating income

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Income from affiliated undertakings | 96.244 | 132.990 |
| Tax previous year | 128.072 | - |
| Other income | 60.537 | 30.517 |
| United Kingdom branch other operating income | 34.082 | 84.086 |
| | **318.935** | **247.593** |

### 13.8 Other operating charges

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Withholding taxes | 311.627 | 528.769 |
| Leasehold Dilapidation Cost | - | 550 000 |
| Tax previous year | - | 159 710 |
| Other expenses | 144 347 | 117 252 |
| United Kingdom branch other expenses | 48 | - |
| | **456.022** | **1.355.731** |

### 13.9 Tax charge

The Bank is liable to taxes on income, capital and net assets. The Luxembourg tax authorities have issued assessments for the years up to and including 2018. Tax liabilities, net of tax advances, are recorded under “provisions for taxation” in the balance sheet.

### 13.10 Return on assets

The return on assets of the Bank for the year ended December 31, 2022 stands to 0.49% (2021: 0.31%) and is calculated as the net profit divided by the total assets.

## Note 14 Independent Auditor’s fees

For the year ended December 31, independent auditor’s fees are as follows:

| | 2022<br>EUR | 2021<br>EUR |
|---|---|---|
| Audit fees | 145.000 | 138.500 |
| Audit related fees | 96.965 | 143.745 |
| | **241.965** | **282.245** |

## Note 15 Staff and directors

### 15.1 Staff

The number of the Bank's employees (including London Branch) as of 31 December is as follows:

| | 2022 | 2021 |
|---|---|---|
| Senior Management and Management | 16 | 14 |
| Employees | 89 | 100 |
| | **105** | **114** |

### 15.2 Information relating to Management Body

The emoluments, in respect of their duties, received by Senior Management and Management are totaling to EUR 2 423 245 (2021: EUR 2 422 623) and by the Board members to EUR 449 478 (2021: EUR 378 454).

As at December 31, 2022, loans totaling EUR 820 540 were granted to 3 members of the Senior Management and Management (2021: EUR 820 534) and EUR 0 (2021: EUR 850 000) were granted to the Board members and their close relatives.

Guarantees (EUR 51 110) for the rent of apartments have been given on behalf of the Bank to 8 members of the Management and Senior Management (2021: EUR 29 760).

## Note 16 War in Ukraine

During 2022, following Russia/Ukraine conflict and the related increased sanctions on Russia, the Management of the Bank closely monitored the developments and assessed the impact on the Bank's operations.

No material impacts were identified considering that:

- The Bank has no operations and no business presence in Ukraine, nor any neighboring countries and therefore there is no immediate impact to the Bank's activities and employees;
- The economic sanctions imposed seem to have had no impact on the Bank's clients, suppliers, and investor relationships;
- No impact is expected to the carrying amount of both assets and liabilities, no restrictions on assets have occurred due to sanctions imposed;
- No impact is expected on borrowing covenants, liquidity and solvency;
- No cyber-attacks have occurred so far; the Management stays alert on the increased risk of such attacks

## Note 17 Post-balance sheet events

The Bank is not aware of any other significant events after reporting date which would have a material impact on the 2022 financial statements.

EUROBANK

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