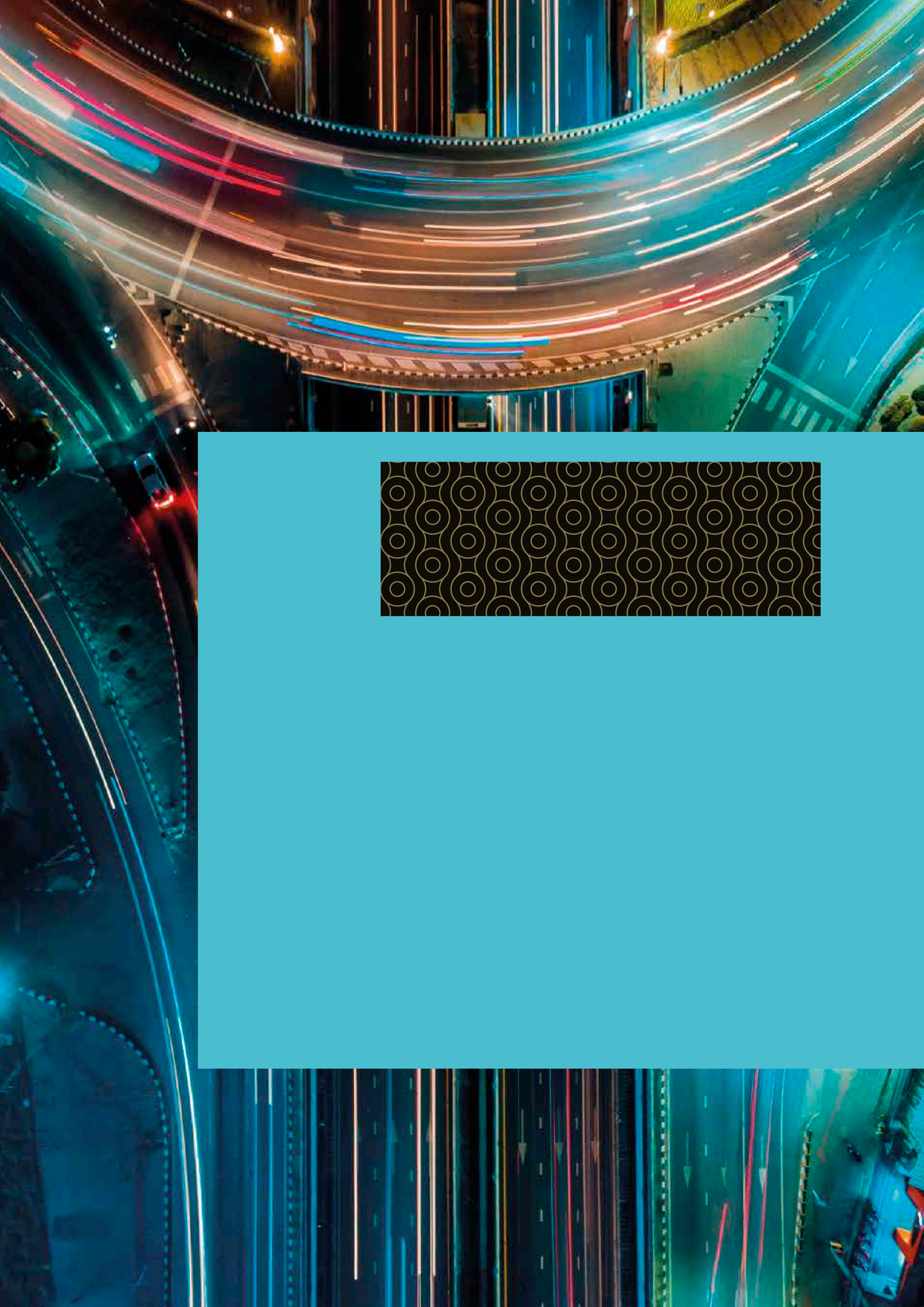
Eurobank
Private Bank Luxembourg

ANNUAL REPORT 2019



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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 2019 our Bank's capital adequacy and liquidity buffers remained very high, with a Liquidity Coverage Ratio (LCR) of 326% (regulatory minimum of 100%) and a strong capital base, as manifested by a Basel II solvency ratio of 30.5% comprised of Tier 1 Equity (well above regulatory minimum of 10.75%) and an asset book of EUR 2.2 billion, as of the end of 2019. 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 four years ago, 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 31 MARCH 2020

Board of Directors

Mr. François **RIES**	Chairman
Mr. George A. **PROVOPOULOS**	Vice Chairman
Mr. Nikolaos **KARAMOUZIS**	Vice Chairman
Mr. Konstantinos **TSIVERIOTIS**	Managing Director, CEO
Mr. Fokion **KARAVIAS**	Director
Mr. Michalis **LOUIS**	Director
Mr. Christos **ADAM**	Director
Mrs. Iasmi **RALLI**	Director
Mrs. Lorraine Sedgeswick **SCARAMANGAS**	Director
Mr. Vincenzo **LOMONACO**	Secretary to the Board and General Manager

Management

Mr. Konstantinos **TSIVERIOTIS**	Managing Director, CEO
Mr. Vincenzo **LOMONACO**	General Manager

Senior Officers

Mr. George **CALLIGAS**	Director
Mr. Christophe **LANGUE**	Director
Mr. Menelaos **MENELAOU**	Director
Mrs. Evangelia **PITTAOULI**	Director
Mrs. Athina **DASKAGIANNI**	Vice President
Mrs. Helen **FOTINEAS**	Vice President
Mr. Markos **FOURMOUZIS**	Vice President
Mr. Ion **KAPPAS**	Vice President
Mrs. Danielle **MARC**	Vice President

DIRECTORS' REPORT

Economic activity in the Eurozone continued to weaken in 2019, with real GDP growth slowing to 1.2% from 1.9% in 2018, as the global trade growth dynamics continued to slow and domestic demand remained at moderate levels. Year 2019 was largely characterized by the extension of the slowdown of the Chinese economy which was further exacerbated by the "Trade-War" with US, leading to a more general decline of the world-wide trade multiplier. Manufacturing in core Eurozone countries was significantly affected by the global 'producer' recession, with the high dependency on external demand weighing on economic activity. Furthermore, widespread social and political tensions (in Italy, Germany, France, Spain and elsewhere), along with persisting uncertainties surrounding "Brexit" - which receded only towards the concluding stages of the year - also contributed negatively to Euro-area's economic performance.

In 2019 Luxembourg remained the third-wealthiest country in the world in terms of GDP per capita (the first in the EU - PPP), having one of the highest current account surpluses as a share of GDP in the euro zone and a healthy budgetary position, with an estimated 2019 surplus of 0.9% of GDP. Luxembourg's economy is characterized by its fiscal strength and a high degree of international openness. The financial sector remains a main driving force behind the Grand Duchy's economy, representing about one-third of the country's GDP, but also making the country vulnerable to external shocks. According to the National Statistics Institute (STATEC) March estimate, Luxembourg's 2019 GDP growth is expected to be 2.3% vs. 1.9% in the overall euro area. Most of the county's growth in 2019 occurred in non-financial services, particularly information and communication, business services and predominately non-commercial activities.

In its March statement, STATEC announced that it will revise its 2020 and 2021 GDP forecasts - both originally at 2.8% - in light of the Covid-19 pandemic. While STATEC will update its own 2020 GDP forecast in June, the IMF has already reduced its forecast for Luxembourg's 2020 GDP growth to -4.9%. Overall, the global risk-off sentiment induced by the pandemic is expected to have a severe negative impact on the country's financial sector along with household consumption, also forecasted to contract due to confinement measures. In response, the country's government has already announced a fiscal package worth EUR1.75bn (2.8% of GDP), in addition to EUR8bn (12.5% of GDP) of liquidity support for affected businesses in the form of tax and social contribution deferrals as well as credit guarantees.

Throughout 2019 our Bank's capital adequacy and liquidity buffers remained very high, with Basel III solvency ratio at 30.53% and liquidity buffers at EUR 0.62 bn, as of the end of 2019. The strong financial position of our Bank, its conservative risk posture, its operational independence and its stable client base have kept it ring-fenced from lingering risks in peripheral Europe and beyond. We are pleased to present our report for the year ending December 31, 2019.

2019 GLOBAL OVERVIEW

Global economic expansion slowed from 3.6% in 2018 to 2.9% in 2019, the weakest pace of growth since the global financial crisis. The deceleration was evident across both advanced and emerging-market economies amid rising trade barriers and heightened uncertainty around trade and geopolitics that weighed on demand for capital goods. Hence, there was a sharp, synchronised and broad-based deceleration in global manufacturing and trade, mirroring a divergence between manufacturing and services, with the latter holding up for much of the year. Trade volume growth (goods plus services) stalled at the end of 2018 and has remained subdued in 2019 with higher trade restrictions, weak investment prospects and subdued import demand from China. As a result, global trade grew by a mere 0.5%YoY in December 2019 vs. -1.1%YoY over the same month a year earlier.

US economic growth decelerated to an annual rate of 2.3% in 2019, from 2.9% in 2018, amid slowing business fixed investment (+2.1%YoY from +6.4%YoY in 2018) and exports (0.0%YoY from 3.0%YoY in 2018). Higher tariffs on imported goods have increased trade costs, while elevated trade tensions and trade policy uncertainty have weighed on confidence, investment decisions and industrial production. On the other hand, strong employment growth helped drive down unemployment to rates not been seen since 1969 (3.5% in Q4 2019). Wage growth picked up only modestly, but coupled with strong asset prices has helped support household income and private consumption growth (+2.6%YoY from 3.0%YoY in 2018). Residential investment picked up in H2 2019 following a contraction for six consecutive quarters, with both new and existing home sales edging higher, suggesting that the decline in mortgage rates has started to pass through to the real economy. Concerns about the global outlook and persistent below-target inflation (core PCE at 1.6%YoY in 2019 from 1.9%YoY in 2018) have resulted in the Federal Reserve (i) reducing the federal funds rate by a total of 75pb to a target range of 1.50-1.75% in H2 2019, and (ii) ending the unwinding of its aggregate securities holdings two months earlier than previously indicated. As a result, Fed's total assets increased from USD4.1trn at the end of 2018 to USD4.2trn in December 2019, below its peak of USD4.5 trn in January 2015 but well above the pre-crisis level of USD0.9trn. On the fiscal front, US federal budget deficit as a percent of GDP increased to a seven-year high of -4.6% in 2019, from -3.8% in 2018.

Economic activity in the **Euro area** slowed further in 2019, with annual GDP growth moderating to 1.2% from 1.8% in 2018, following a decade peak of 2.4% in 2017. The slowdown reflected, primarily, continued external headwinds, as persistent global trade tensions (mainly between the US and China), a slowing global economy, lingering Brexit uncertainty, and continuing deterioration in external demand severely hampered world trade flows. Furthermore, country and sector specific factors, in place since 2018, turned out to be longer-lasting, also contributing to slower growth momentum. Private consumption remained the main growth engine, buoyed by a healthy labor market, growing disposable income and favourable financing conditions. In addition, after over a decade of fiscal tightening, 2019 marked the first year of fiscal easing in several member states, mostly focused on supporting domestic demand. Manufacturing was hit hard, while the services sector held up relatively well thanks to strong domestic demand, proving largely immune to spillover effects from manufacturing recession and slowing employment growth. As a result, countries with strong reliance on manufacturing and high propensity to exports, especially to markets outside the euro area, like Germany, were the most affected by the slowdown. On the other hand, countries much less exposed to the external sector, like France, resisted better to the slowdown with robust domestic demand providing a good buffer. On the inflation front, Eurozone headline HICP dropped to 1.2% YoY from 1.8% YoY in 2018, below the ECB's inflation target for the seventh consecutive year. However, core inflation edged up to a three-year peak of 1.1%YoY from 1.0%YoY in the prior year, providing tentative evidence of a stronger pass-through of higher wages. In terms of monetary policy, the ECB loosened further its policy stance in an attempt to counter the Eurozone's economic slowdown and preserve accommodative financial conditions. The deposit facility rate was cut by 10bps to a new record low of -0.50%, a new series of TLTRO III operations with attractive conditions and a tiered reserve system were introduced, while the QE programme was resumed as of November 2019 at a monthly pace of EUR20bn.

In **Greece**, recovery continued for a 3rd year in a row, with the real GDP growth rate accelerating to 1.9% YoY in 2019Q1-2019Q3 from 2.0% YoY in the respective period of 2018. Exports of tourist services and government consumption had the highest contribution to real GDP growth, with private consumption and fixed investment following with a relatively weaker increase. According to EC's winter economic forecasts (February 2020), FY-2019 real GDP growth rate is estimated at 1.9%. In the labour market, the jobless rate remained on a downward path trajectory for a 6th year in a row, registering a value of 16.5% in November 2019, lower by -11.3 ppts compared to its historical high in September 2013. Employment continued to rise with rates close to 2.0%, supporting households' disposable income. Based on the HICP index, average annual inflation decreased to 0.5% in 2019 from 0.8% in 2018, helped by a drop in the VAT rates for some categories of goods and services, and a decrease in oil prices. Finally, in the fiscal front, the agreed fiscal target (in the context of Enhanced Surveillance) for a primary surplus of 3.5% of GDP was met in 2019, with a sizable reduction of the Greek-German 10Y government bond yield spread to 164 basis points in end-December 2019 from 414 basis points in end-December 2018.

KEY FINANCIALS

Review of financial statements 2019

Balance Sheet

The Bank's total assets at year-end 2019 were lower (-7.2%) compared to 2018 and amounted to EUR 2 158.8 mn. In a further breakdown of the total assets, the Loans and advances to customers have decreased by -5.6% to EUR 1 530.3 and the Loans to institutions have decreased by -13.2% to EUR 505.1. On the other hand customer deposits slightly increased by 2.1% compared to 2018, from EUR 1 167.3 mn to EUR 1 191.4 mn. The total capital base stands at EUR 248 million (all Tier 1)

Income Statement

The Bank's net profit after taxation for the financial year 2019 slightly decreased by -2.7% compared to 2018 and amounted to EUR 13.4 mn. The main items contributing to this result are the Net Interest Income which has increased by 10.4% from EUR 26.4 mn in 2018 to EUR 29.1 mn in 2019 and the Net Commission income which has decreased by -6.4% compared to 2018 and amounted to EUR 8.0 mn. The above overall increased core banking profitability has been partially offset by the increase of the General Administrative Expenses by 8.4% from EUR 18.5 mn in 2018 to EUR 20.1 mn in 2019

Distribution of Profits:

The Board of Directors proposes that the 2019 annual accounts are approved, and that the Total Net Profit available for distribution be appropriated as follows:

Profit for the financial year 31/12/2019	EUR	13.436.281
Profit brought forward	EUR	153.286.104
Interim Dividend	EUR	(15.000.000)
Total net profit available for distribution	EUR	151.722.385
Allocation to Legal Reserve	EUR	-
Allocation from Special Reserve	EUR	(2.584.910)
Profit carried forward	EUR	149.137.475

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 the Business Units (Private Banking, Corporate, Funds, Treasury, London Branch, Depositary) that take or acquire risks under predefined controls and limits, and carry out the first level of controls as described in their respective procedures.

- The 2nd line of defence is formed by the Support Functions (Finance/Accounting, IT, Back Office, Loans Administration, Middle Office, Governance & Controls, Information Security, Human Resources), and the Control Functions (Risk, Compliance) which exercise independent controls.

- The 3rd line of defence consists of the Internal Audit Function, which independently, objectively and critically reviews the functions of the first 2 lines of defence.

The aim is to ensure that all risks assumed in the context of the Bank's business are recognized instantaneously and are properly managed. We achieve this by fully integrating risk management into daily business activities and developing our business consistently with a 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 Fund Administration business, Depositary, Treasury and General Banking (Corporate Loan referrals, Shipping Loans and London Branch). 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 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, in direct compliance with Group policies, has adopted an IFRS 9 Impairment methodology as of 01/01/18, 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 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 and 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, that 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 Bank's risk appetite is determined by the Board of Directors which aims for a balance between risk/return and capital. The risk appetite can be described in terms of a number of overall statements. These statements applied and were honoured in 2019, 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, on "Central administration, internal governance and risk management".

The Bank is a member of the 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 Capital, Risk and Liquidity Policy, as well as Credit approval limits and accepted collateral, must first be ratified by the Group and then approved by the Board of Directors.

The degree of control and influence exercised by the headquarter and the group, formally or informally, 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 Risk Management of the Bank is the responsibility of the Chief Risk Officer (CRO), who is aided in this function by a dedicated Risk Department. The Risk Department reports to the CRO, and has a direct reporting line to Group Risk. 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 regard 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, Brexit and European Sovereign debt crisis.

GLOBAL ECONOMIC OUTLOOK FOR 2020

The coronavirus outbreak is severely damaging the global economy, with economic forecasts being repeatedly revised downwards amid the explosive spread of the contagion. The world is undoubtedly experiencing a sharp economic recession, expected to last about two quarters. Overall, 2020 **global** GDP is projected to decline by ca. 2.5%, with the intensity of the H1 contraction expected to be one of the worst in a century. Our forecasts are based on the assumption that the growth of global new confirmed cases continues to slow with its peak sometime in April/May allowing social distancing and lockdowns to end and GDP to return to positive growth by the fourth quarter of this year reducing the net decline in GDP for 2020. The timely implementation and the effectiveness of the policy response are of vital importance so that unconventional measures by central banks and massive fiscal stimulus by governments prevent the private sector's collapse.

US: Recent high frequency indicators point to a sharp deterioration in service expenditures and the labor market on the back of social distancing measures and shelter-in-place orders issued by certain states. The implied drop-off in activity in late March is severe enough to drag the entire quarter into negative territory, with real GDP growth expected at -2.5% QoQ seasonally adjusted annual rate in Q1 before experiencing a sharper contraction in Q2 (of ca. -40.0% QoQ seasonally adjusted annual rate) and a rise in the unemployment rate above 10% from 4.4% in March. Our baseline scenario places the outbreak peak around late April, with social distancing measures expected to start receding in June and the economic activity gradually normalizing in H2 2020. Given the powerful fiscal and monetary policy responses so far in order to counterbalance the economic contraction, we expect real GDP to contract by about -5.5% for the whole year.

Euro area: As Covid-19 has spread broadly across the continent, governments have adopted strict containment measures to flatten the epidemic curve and diminish the risk of the virus overwhelming healthcare systems. A difficult tradeoff has been brought to the fore between public health and economic costs of the pandemic, with much of Europe introducing travel bans, regional or country-wide lockdowns, and internal border controls over the last month or so. As such measures weigh much more heavily on the services sector, our economists have sharply downgraded their 2020 growth forecast for the region, taking into account that several euro area economies (e.g. France, Spain) are more services-intensive than China, where sectors like catering and accommodation, tourism, household services, and entertainment still remain in contractionary territory. GDP growth is expected to record its trough in Q2, assuming that the Covid-19 outbreak peaks by mid-April, and a de-escalation of containment measures at the end of April paves the way for a gradual recovery from early May. Personal consumption expenditures and inventories will likely be severely hit as long as the lockdown persists, but are expected to rebound strongly in Q3 with the free movement of people. Overall, real GDP growth is expected at -6.5% in 2020, as governments are expected to respond with extra fiscal stimulus, supported by ECB's flexible pandemic emergency asset purchase facility (EUR750 bn PEPP), additional TLTRO capacity (EUR1.2 trn), and easier collateral and bank capital rules.

According to EC's winter economic forecasts (Feb-20) and the 5th enhanced surveillance report (Feb-20), **Greece's** real GDP growth rate was projected to accelerate to 2.4% in 2020 (1.9% in 2019) and then decline to 2.0% in 2021. Due to the coronavirus (Covid-19) pandemic, the short-term prospects of the Greek economy have deteriorated sharply. The relative high dependence of domestic economic activity in sectors such as tourism, transport and trade (25.5% and 33.5% direct contribution to total GVA and employment respectively) make Greece's economy more vulnerable to the current crisis than its Eurozone peers. The measures implemented so far at the domestic and the Eurozone level, including among others, the fiscal action taken by the government (taking into account its dynamic budget constraint) and the monetary measures adopted by the ECB, are expected to have a positive effect on the disposable income of households, employment and liquidity. Nevertheless, due to the magnitude and the uncertainty regarding the duration of the shock, the aforementioned cannot divert the trajectory of the economy from a serious depression episode in 2020. The IMF (World Economic Outlook, Apr-20) estimates a 10.0% drop of real GDP in Greece in 2020 in the adverse scenario, followed by a 5.1% recovery. The unemployment rate is projected to increase to 22.3% in 2020 (17.3% in 2019) and then decrease to 19.0% in 2021. The estimates of the Bank of Greece are on the milder side, placing the 2020 recession in a range of 4% to 8%.

BUSINESS OUTLOOK 2020

Eurobank Group

Eurobank group is active in six countries, with total assets of EUR65 billion and over 13,000 employees, offering a comprehensive range of financial products and services to its retail and corporate customers. Eurobank is one of the four systemic banks in Greece and has a regional presence in Bulgaria, Serbia, Cyprus, Luxembourg and London. 2019 was a landmark year for Eurobank. The transformation plan to accelerate the balance-sheet clean-up has been successfully executed and profitability becomes the main priority for 2020.

On 20.03.2020 Eurobank Ergasias S.A. announced that, following the decision of the Extraordinary General Meeting of its shareholders held on 31.01.2020 and after obtaining the necessary approvals by the competent Authorities, its demerger through sector's hive down and establishment of a new company-credit institution ("Demerger") under the corporate name "Eurobank S.A." ("Eurobank") was completed. Furthermore, on 23.03.2020 the amendment of its Articles of Association was announced, according to which its corporate name of Eurobank Ergasias S.A. was amended to "Eurobank Ergasias Services and Holdings S.A." ("Eurobank Holdings").

Following the above, Eurobank substitutes Eurobank Holdings, by way of universal succession, to all the transferred assets and liabilities, as set out in the transformation balance sheet of the hived down sector (as at 30.06.2019) and formed up to Demerger's completion on 20.03.2020.

Eurobank Holdings, Eurobank's sole shareholder, ceases to be a credit institution and maintains activities and assets and liabilities that are not related to main banking activities, but are mainly related to the strategic planning of the administration of non-performing loans and the provision of services to the Group companies and third parties. Eurobank Holdings continues to be listed on the Athens Stock Exchange with its shares trading under its new name starting from 24.03.2020.

Covid-19 outbreak

Within 2020, the world economies have been significantly affected by the Covid-19 crisis, with significant downward revisions of GDP targets, increase in unemployment, significant downturn in Capital markets (both Equity and Bonds) and structural changes in business operating procedures, with significant increase of Work-from-Home. At the same time, the Governments and Central Banks of all developed countries (mainly USA, EU, UK and Japan) have announced significant fiscal and monetary stimulus packages, exceeding EUR3trn in size as of Mar/20, aiming to minimize the impact of the crisis on the real economy and fuel a V-shaped rebound in economic activity.

To this effect, the Bank has considered the high level impact of Covid-19 , in the following risk areas, and considers that it is in a position to maintain adequate Capital and Liquidity throughout this period, significantly exceeding regulatory minimums (>2x) and in line with the Bank's risk appetite:

1. Capital
   The Bank does not plan to distribute any dividend up until Oct/20, as per CSSF guidelines, while this date may be extended. As a result, there will be no negative impact on Equity in 2020 from dividend distributions (unlike 2019, when EUR15mn dividends were distributed).

2. Credit
   a. Macroeconomic Impact: The performance of the Bank's Credit portfolio, as measured by the respective Probability of Default (PD) of its clientele, does not directly depend on Macroeconomic variables (given that the Own-risk clientele of the Bank are high net worth individuals, with wealth in multiple jurisdictions), but on the Pluto Tasche model. Moreover, the Bank's Own-Risk Business model is not centered on financing a specific economy (in the form of Corporate, Commercial or SME Working Capital facilities) but in financing the investment needs of its Private Banking clientele. Macroeconomic variables do affect the collateral prices and respective recovery rates that ultimately affect the Loss Given Default (LGD); this is analyzed in the following points (Lombard, Real Estate, Shipping).

   b. Relief measures: The Bank will examine granting relief measures to performing clients as of Mar/20, that are impacted by the current crisis. These relief measures will entail up to 9-month capital grace periods, with respective extension of loan maturities. As per EBA guidelines, these measures are not considered to trigger Staging shifts under IFRS9 and/or increase the probability of default of clients in the long term (i.e. mean reversion will apply in the long term), as such, will not have any effect in the Provisions calculations of the Bank. This is also reinforced by the historical high Stage 1 allocations, exceeding 98%. The Bank considers that the impacted clients will mainly originate from the Eurobank referred and guaranteed loans business. Given the historical good performance of this portfolio and the guarantee-execution modus-operandi, the Bank does not foresee any negative Capital impact from this clientele.

   c. Lombard Loans and Triggering of Margin Calls: The Bank monitors on a daily basis all collateral coverages of loans secured with tradable securities. Margin Calls are exercised in case of collateral shortfalls, and clients are obliged to honor them within 3 days; such Margin calls were exercised within Mar/20 and all clients honored them. The Bank does not consider that there will be any impact on its Capital from these loans, given both its conservative security eligibility criteria and haircuts applied.

d. Real Estate Financing: The Bank is mainly active in 2 jurisdictions, Greece and UK. The clientele of the Bank are High Net Worth Individuals, with multiple sources of income, that are expected to continue honoring their obligations. In case of any cash flow shortfalls due to the crisis, the Bank will apply the aforementioned relief Measures, although not more than 10% of the Real Estate Portfolio is expected to be affected. Moreover, the Bank has a conservative Loan-to-Value policy, as such, does not expect any collateral shortfalls from a possible decline in real estate valuations (current average LTVs, for both Greece and UK, are lower than 50%).

e. Shipping Financing: The Shipping portfolio is relatively small, and adequately diversified both client wise (12 clients) and collateral wise (29 ships, in 4 sub-sectors of shipping (tanker, dry, product, container), with top sub-sector accounting for 51% of loans. LTVs are also conservative, while all borrowers are established ship-owners with experience in managing crises. The Bank considers that the Stress Tests parameters (as dictated by the Group) adequately cover the current crisis and possible rebound.

f. The Bank is sending on a weekly basis (as of 25/03/20), a report to CSSF, with analysis on portfolio performance (Days past due, Margin calls, etc) and client applications for relief measures

3. Liquidity
   a. The Bank does not expect a negative impact from the Covid19-crisis, as it maintains adequate liquidity buffers and LCR ratios significantly above the regulatory minimum (>2x). The Bank plans to maintain this ratio above 200% for the next 3 years.

   b. As of Mar/20, the Bank has witnessed an increase in Client deposits by +9.2% compared to Feb/20, as both the Bank and the Luxembourgish jurisdiction are considered safe havens for client's assets in case of crisis.

   c. As of Mar/20, the Client Loans to Client Deposit ratio of the Bank has decreased to 73.6%, compared to 77.4% in Feb/20. The Bank has not witnessed abnormal usage of Liquidity lines by clients, and even if this materializes, it is in place to manage this, as all these committed lines are conditional on the clients maintaining either respective cash collateral with the Bank or liquid tradeable securities that can be easily sold or refinanced in the markets.

   d. The Bank is sending on a weekly basis (as of 25/03/20), a report to CSSF, with projection on the Liquidity position over the next 30 days (as per LCR framework) as well as any abnormal deposit outflows, margin calls exchanged with interbank counterparties and any abnormal utilization of liquidity facilities.

4. Market Risk:
   a. The Bank does not have a trading book, and maintains minimal FX open positions, as such there is no impact form the current crisis

   b. The Bank exchanges, on a daily basis, Margin calls with Interbank counterparties concerning ISDA and GMRA agreements that it maintains with them

   c. Any adverse effect on Equity and Bond prices, for positions held by clients and used as collateral for Lombard lending, is managed as per Analysis in the previous Lombard section

5. Interest Rate Risk for Banking Book

   a. The current Stress Tests examine 6 scenarios of rate shifts.

   b. The current policy responses by Central Banks, and yield curve shifts, are well within the aforementioned Stress Tests, as such the Bank does not consider that the current crisis is beyond the boundaries of its current Stress Tests

6. Operational
   a. A daily Crisis Committee meeting has been set up. The Crisis Committee establishes and monitors the implementation of the contingency plan, and includes the Senior Management and Managers of the Luxembourg Bank, the London Branch and the Athens Representative Office. Decisions and measures implemented are adapted to each entity specificities;

   b. Guidelines from national authorities, regulators, and the Group are taken into consideration;

   c. Split office - each department team has been split and each part of the department is located in two separate locations: in the new building in Neudorf and in the previous building in Kirchberg. People are assigned only to one location and cannot visit the other location. There is no exchange of physical documents between the locations, only exchange of emails with PDF, exchange/accessibility of electronic documents through the systems and network

   d. Spaced office - Occupied office spaces are sparsely occupied to allow for staff distancing;

   e. Work from Home - 87% of the Bank is enrolled to the remote access infrastructure and 82% is already working from home;

   f. BCP update - In case any of the Bank's premises are not accessible due to contamination, two priority groups are defined for executing all business from home;

   g. The CEO and CRO are in permanent contact with Group Headquarters, through weekly and ad hoc calls; the Chief Governance and Controls Officer participates to the Group Covid 19 weekly calls. Ad hoc documentations/communications are received from and shared with the Group;

   h. Communication – Messages (website, "out of office", in case of BCP is triggered) have been prepared;

   i. The evolution of the situation is monitored every day and the action plan is adapted and refined when and where needed;

   j. Based on the above actions, and the significant Operational Risk Capital charge (vs materialized historical Operational Losses), that is adequate to also cover Pillar II Capital charges, we consider that the Operational Risk from Covid-19 is adequately assessed within the current ICAAP.

BUSINESS OUTLOOK

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. 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. The Luxembourg financial centre is characterised by a strong culture of investor protection and rigorous anti money-laundering policies. Its specialist teams are multilingual and multicultural, with a long tradition of financial expertise and extensive knowledge of the needs of an international clientele. The Luxembourg financial centre is an ideal hub for private and institutional investors from all over the world.

On the UK front, the next two years will be challenging, as the Brexit transition period negotiations and implementation will have a significant impact on the country and especially London as a global financial center. The Bank is directly impacted by the UK's withdrawal from the EU as of 31/01/20, given its UK presence via the London Branch. To this effect, the Branch has entered into the UK's Temporary Permissions Regime as of 11 March 2019, thus allowing it to extend its current licenses granted under the EU Passporting regime, for a period of up to 3 years (starting from the date that the transition period ends; currently 31/12/20), while in the meantime seeking permanent authorization by UK regulators. The Branch is within the PRA's risk appetite, and there is no need to turn it into a subsidiary. Moreover, the Bank has been granted a Third Country Branch License by SSM/CSSF. The Branch is projected to maintain the simple nature of its operations that centers mostly on financing UK properties and attracting deposits, thus requiring limited to no restructuring. As per 2019 SREP letter, no exposures with EU clients, with no UK nexus, will be booked in the Branch. The current staffing of the Branch is deemed adequate, already complying with regulatory expectations. The Branch is expected to remain profitable throughout the projected 3-year period.

Overall, our Bank is entering 2020 maintaining a strong position. In particular:

1. Our Bank, an autonomous organization incorporated under Luxembourg law and regulated by the European Central Bank (ECB) and the "Commission de Surveillance du Secteur Financier" (CSSF), is armoured with an exceptionally strong capital position, ample excess liquidity, a self-sufficient operating model and an asset book of EUR 2.2bn.

2. Through our thirty four years of experience and a focused business model, we offer a comprehensive range of world class products and personalized services in Private Banking, Wealth Structuring and Management, and Funds Administration, as well as selected corporate banking services.

3. With locations in Luxembourg and London, and presence in Greece, our Bank is positioned to cover clients in a wide geographical area, especially in Southeast Europe, the UK and Luxembourg. Luxembourg's strength as Eurozone's top Private Banking centre, combined with London's global reach, afford our clients access to an especially broad realm of possibilities.

While Covid-19's extraordinary and unforeseen challenges have overwhelmed social and economic activity globally in the first half of 2020, a significant recovery will inevitably start in the second half of the year. For most European Banks, managing the pandemic's effects and legacy will add to the existing challenges of increased regulation, diminishing margins and persisting negative EUR interest rates. In that backdrop, our plan for 2020 builds on our particular strengths and niche advantages to defend and grow our business and profitability, while staying highly vigilant with respect to Covid-19. More specifically, our efforts for the current year will focus in seven main directions:

(i) We will continue adapting and strengthening our pandemic contingency operational set up, so that we ensure (a) the safety of our staff and our communities, (b) uninterrupted and full service to our clients, and (c) the continuing financial strength of our Bank.

(ii) We intend to attract more clients and funds under management in our Wealth Management and Fund Services platforms, through our exclusive and innovative offering, our broad geographical footprint and our expanding relationship and referral networks.

(iii) Lending will also remain a key area of growth, where bespoke investment and real estate loans in private and commercial banking, as well as selected shipping loans will deepen our client relationships and increase and diversify our asset profitability. As in past years, conservative collateral standards will be applied throughout this activity, as per the detailed metrics set in our Risk Policy.

(iv) We will expand the user base of our new transactional Ebanking, while improving it further, based on a broader client feedback. This will significantly enhance our current digital platform, upgrading – for the medium term – the overall service and communication experience for our clients, while further optimising the Bank's operations.

(v) We will launch a bank-wide transformation project to a new state-of-the-art core banking system, complete with the most advanced multi-channel technology. That strategic transition will bring the bank to the forefront of banking technology and greatly advance its operational efficiency and our clients service and experience for the long term.

(vi) We will follow through with our plans for a smooth transition of our London Branch to the post-Brexit era.

(vii) Finally, we will continue with the implementation of all new regulatory requirements becoming effective throughout 2020, while thoroughly addressing their impact on our business, systems and operations.

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.

14 May 2020

François Ries
Chairman

Konstantinos Tsiveriotis
CEO & Managing Director

To the Board of Directors
of Eurobank Private Bank
Luxembourg S.A.

534, rue de Neudorf
L-2220 Luxembourg
Luxembourg

AUDIT REPORT

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

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 2019, 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 2019 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 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

1. 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 71% 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. 58% of loans to customers is guaranteed, in total or partially, by Letter of Guarantee (LG) and/or Pledge on Funding (PF) by Eurobank Ergasias S.A. (the "Parent Bank"), 42% 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 significant 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 issue in the Bank's financial statements.

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 receivables.

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.

We analysed the Bank's lending and monitoring process by conducting interviews with the responsible employees and inspected and analysed the internal guidelines and examined whether they were suitable for identifying the inherent risks and deriving appropriate risk provisions in the form of value adjustments.

Regarding substantive testing, the following audit procedures were performed:

— Overall analytical procedures of the portfolio of loans and advances to customers by comparison to prior years to identify trends and areas of particular risk.

— For a sample of referred loans, 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 management report but does not include the annual accounts and our report of "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 "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 General Meeting of the Shareholders on 6 June 2019 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is two years.

The management 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 No 537/2014 were not provided and that we remained independent of the Bank in conducting the audit.

Luxembourg, 14 May 2020

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

M. Weber

Partner

BALANCE SHEET
AS AT DECEMBER 31, 2019

(expressed in euro)

ASSETS	Note(s)	2019 EUR	2018 EUR
Cash in hand, balances with central banks and post office banks	3.2, 4	178,351,795	116,473,012
Loans and advances to credit institutions			
- repayable on demand	2.3, 3.2, 6	27,626,906	66,968,571
- other loans and advances	2.3, 3.2, 6	299,148,642	398,398,198
		326,775,548	**465,366,769**
Loans and advances to customers	2.3, 3.2,6	1,530,394,156	1,621,156,990
Bonds and other fixed-income transferable securities:			
- issued by other borrowers	2.4, 3.2, 5.1, 7	91,500,000	91,500,000
Participating interests	2.5, 3.2, 5.2, 7	4,958	4,958
Shares in affiliated undertakings	2.5, 3.2, 5.2, 7	8,741,743	8,741,743
Intangible assets	2.7,7	1,737,042	1,602,919
Tangible assets	2.7,7	1,877,611	795,923
Other assets	6	251,624	159,238
Prepayments and accrued income	6	19,208,497	21,366,122
Total assets		**2,158,842,974**	**2,327,167,674**

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

LIABILITIES	Note(s)	2019 EUR	2018 EUR
Amounts owed to credit institutions:			
- repayable on demand	3.2,6	10,260,966	957,860
- with agreed maturity dates or periods of notice	3.2,6	681,082,839	880,325,407
		691,343,805	**881,283,267**
Amounts owed to customers:			
- other debts			
• repayable on demand	3.2,6	754,865,063	769,690,442
• with agreed maturity dates or periods of notice	3.2,6	436,526,008	397,561,136
		1,191,391,071	**1,167,251,578**
Other liabilities		1,276,659	1,590,856
Accruals and deferred income	6	4,284,126	3,882,086
Provisions:			
- provisions for taxation	13,9	7,988,228	9,017,457
- other provisions		1,882,385	1,902,012
		9,870,613	**10,919,469**
Subscribed capital	8,10	70,000,000	70,000,000
Reserves	9,10	38,954,315	38,402,515
Profit brought forward	10	138,286,104	140,028,009
Profit for the financial year		**13,436,281**	**13,809,894**
Total liabilities		**2,158,842,974**	**2,327,167,674**

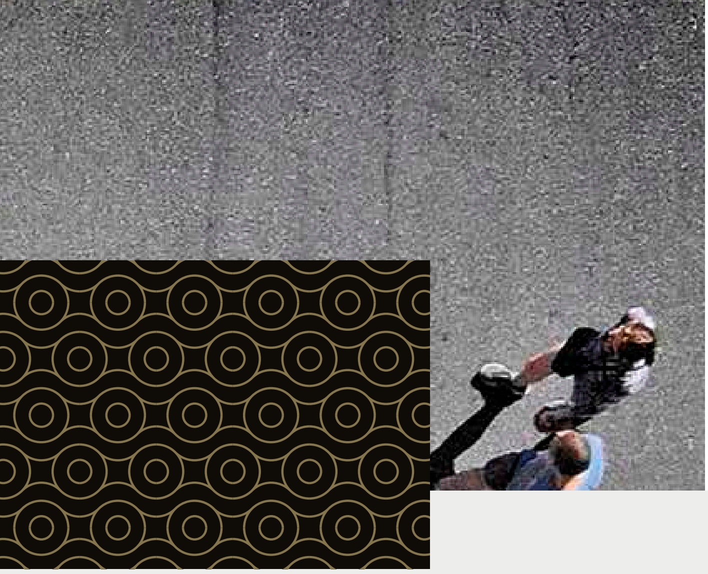
The accompanying notes form an integral part of these annual accounts.

OFF BALANCE SHEET AS AT DECEMBER 31, 2019

(expressed in euro)

	Note(s)	2019 EUR	2018 EUR
Contingent Liabilities of which:	12.1	**9,657,444**	**15,018,784**
- guarantees and assets pledged as collateral security		9,657,444	15,018,784
Commitments of which:	12.2	**535,505,026**	**707,101,481**
- commitments arising from sale and repurchase transactions		355,973,242	456,926,762
Fiduciary Transactions	12.2	**366,888,201**	**259,228,986**

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



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED DECEMBER 31, 2019

(expressed in euro)

	Note(s)	2019 EUR	2018 EUR
Interest receivable and similar income	13.1, 13.2	54,228,446	55,627,438
of which:			
arising from fixed-income transferable securities		569,563	574,573
Interest payable and similar charges	13.3	(25,135,671)	(29,277,194)
Commissions receivable	13.1, 13.4	11,840,423	12,019,653
Commissions payable	13.5	(3,806,000)	(3,439,426)
Net profit on financial operations	13.6	661,256	1,017,382
Other operating income	13.7	822,475	645,437
General administrative expenses			
- staff costs	15	(11,473,904)	(11,064,497)
of which:			
• wages and salaries		(9,437,363)	(9,146,924)
• social security costs		(1,702,091)	(1,616,818)
of which: pension costs		(1,255,965)	(1,123,645)
- other administrative expenses		(8,584,232)	(7,442,424)
Value adjustments in respect of intangible and tangible assets	7	(1,002,515)	(804,734)
Other operating charges	13.8	(1,133,736)	(829,730)
Value adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		(32,778)	(651,268)
Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and commitments		218,401	375,937
Tax on profit on ordinary activities	13.9	(3,165,884)	(2,366,680)
Profit on ordinary activities after tax		**13,436,281**	**13,809,894**
Profit for the financial year		**13,436,281**	**13,809,894**

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

NOTES TO THE ANNUAL ACCOUNTS AS AT DECEMBER 31, 2019

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 S.A., whose registered office is in Athens (8 Othonos Street, 10557 Athens, Greece) where the consolidated financial statements are available.

Eurobank Ergasias 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 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 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 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 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 are recorded in 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 in their original currency. 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 resulting from the purchase of fixed-income transferable securities having the characteristics of financial fixed assets, at a price exceeding the amount repayable at maturity, is amortised in the profit and loss account on a straight line basis over the period remaining until final repayment.

The discount resulting from the acquisition of bonds and other fixed-income transferable securities having the characteristics of financial fixed assets, at a price less than the amount repayable at maturity, is accrued against profit and loss account 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 adjustments, corresponding to the negative difference between the market value and the amortised acquisition cost, are not maintained if the reasons for which the value adjustments were made no longer exist.

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, 2019, 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 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 which use is limited in time are depreciated on a straight-line basis over the estimated useful life or at the rates specified below.

In case of permanent reduction in value, intangible and tangible assets are subject to value adjustments, regardless of whether their utilisation 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.

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:

	2019
	%
Furniture	18
Machinery and equipment	25
Vehicles	20
Hardware and software	25
Premises fixtures	10
Core banking system	10

Premises fixtures in leased offices are amortised over the lower of 10 years 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 above.

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 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 evaluation 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 in net by compensation profit or loss effects.

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 in net by compensation profit or loss effects.

2.9 Lump sum provision

A general reserve for potential risks 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 the item "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 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.

During periods of falling interest rates, the Bank seeks to increase its margins by favouring short-term funding and lending for longer periods at higher rates whilst maintaining sufficient liquidity to meet all claims that might fall due. During periods of increasing interest rates, the Bank aims to increase these margins by lending and borrowing in the short term and by hedging its assets and liabilities.

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

The Bank also raises its interest margin by obtaining profitable margins through lending to wholesale and retail borrowers with a good credit standing. Loans are given when adequate collateral exists and after the approval of the Credit Committee of the Bank. The Bank also enters into guarantees and other commitments such as letters of credit and letters of guarantee.

The monitoring of limits and margins is carried out by the Risk department of the Bank on the basis of the daily positions provided by the IT department. These reports are communicated daily amongst others to Local Management and the Head of Group Treasury in Athens.

When limits are exceeded and margins not respected, Local Management as well as the responsible Manager are informed for immediate action. The excesses are also reported to the Board of Directors on a quarterly basis.

The Bank hedges 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 hedges 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 here after 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.

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

Figures as at December 31, 2019	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	178,351,795	-	-	-	178,351,795
Loans & advances to credit institutions	326,775,548	-	-	-	326,775,548
Loans & advances to customers	470,422,905	363,424,995	413,455,245	283,091,011	1,530,394,156
Bonds and other fixed-income transferable securities	-	-	-	91,500,000	91,500,000
Shares in affiliated undertaking and participating interests	8,746,701	-	-	-	8,746,701
Total financial assets	**984,296,949**	**363,424,995**	**413,455,245**	**374,591,011**	**2,135,768,200**
Non financial assets	**23,074,774**	**-**	**-**	**-**	**23,074,774**
Total Assets	**1,007,371,723**	**363,424,995**	**413,455,245**	**374,591,011**	**2,158,842,974**
Instrument class (financial liabilities)					
Amounts owed to credit institutions:					
- Repayable on demand	10,260,966	-	-	-	10,260,966
- With agreed maturity dates or periods of notice	293,999,069	268,576,035	52,676,561	65,831,174	681,082,839
Amounts owed to customers:					
- Repayable on demand	754,865,063	-	-	-	754,865,063
- Repayable at term or with notice	361,021,544	75,504,464	-	-	436,526,008
Total financial liabilities	**1,420,146,642**	**344,080,499**	**52,676,561**	**65,831,174**	**1,882,734,876**
Non financial liabilities	**276,108,098**	**-**	**-**	**-**	**276,108,098**
Total liabilities	**1,696,254,740**	**344,080,499**	**52,676,561**	**65,831,174**	**2,158,842,974**

As at December 31, 2019, the Bank held no primary trading financial instruments.

Figures as at December 31, 2018	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	116,473,012	-	-	-	116,473,012
Loans & advances to credit institutions	465,366,769	-	-	-	465,366,769
Loans & advances to customers	535,494,761	368,094,827	471,453,085	246,114,317	1,621,156,990
Bonds and other fixed-income transferable securities	-	-	-	91,500,000	91,500,000
Shares in affiliated undertaking and participating interests	8,746,701	-	-	-	8,746,701
Total financial assets	1,126,081,243	368,094,827	471,453,085	337,614,317	2,303,243,472
Non financial assets	**23,924,202**	**-**	**-**	**-**	**23,924,202**
Total Assets	**1,150,005,445**	**368,094,827**	**471,453,085**	**337,614,317**	**2,327,167,674**
Instrument class (financial liabilities)					
Amounts owed to credit institutions:					
- Repayable on demand	957,860	-	-	-	957,860
- With agreed maturity dates or periods of notice	365,480,855	299,573,837	136,701,988	78,568,727	880,325,407
Amounts owed to customers:					
- Repayable on demand	769,690,442	-	-	-	769,690,442
- Repayable at term or with notice	304,150,164	93,410,972	-	-	397,561,136
Total financial liabilities	1,440,279,321	392,984,809	136,701,988	78,568,727	2,048,534,845
Non financial liabilities	**278,632,829**	**-**	**-**	**-**	**278,632,829**
Total liabilities	**1,718,912,150**	**392,984,809**	**136,701,988**	**78,568,727**	**2,327,167,674**

As at December 31, 2018, the Bank held no primary trading financial instruments.

3.2.1.2 Description of derivative financial instruments

The Bank enters 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).

3.2.1.3 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, 2019.

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 non-trading instruments OTC as at December 31, 2019 (in EUR)

	Nominal amounts					Net fair value
Figures as at December 31, 2019	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	293,431,401	1,242,988	-	-	294,674,389	**439,950**
Options:						
- Options	1,216,066	-	-	-	1,216,066	**(9,407)**
Total	**294,647,467**	**1,242,988**	**-**	**-**	**295,890,455**	**430,543**

Derivatives non-trading instruments OTC as at December 31, 2018 (in EUR)

	Nominal amounts					Net fair value
Figures as at December 31, 2018	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	330,133,769	587,642	-	-	330,721,411	**(357,273)**
Options:						
- Options	4,336,980	-	-	-	4,336,980	**(17,004)**
Total	**334,470,749**	**587,642**	**-**	**-**	**335,058,391**	**(374,277)**

The Bank held no exchange-traded derivative financial instrument as at December 31, 2019.

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. Limits are approved by the Board of Directors and reviewed at least annually. Under delegation of the Board of Directors, Management has the possibility to approve country limits up to a predetermined level. The Board of Directors also determines who has the authority to approve excesses and up to what level. The exceeding amounts and tenor defined within Group Risk Guidelines are immediately reported to Local Management and the Group Risk Unit in Greece.

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 more strict collateral rules than those set by the group 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, 2019 (in EUR)

Counterparty solvency (based on external/ internal ratings)	Notional amount	Current Replacement cost	Potential future replacement cost	Overall replacement cost	Collateral	Net risk exposure
	(1)	(2)	(3)	(4) = (2) + (3) -Provision	(5)	(6) = (4) - (5)
External rating (Fitch):						
A	184,011,221	1,781,204	1,840,112	3,621,316	-	3,621,316
C	-	-	-	-	-	-
					Sub - total 1	**3,621,316**
Internal Rating:						
- Customer & Fund						
2	100,000	828	1,000	1,828	-	1,828
4	128,874,281	273,931	1,288,743	1,562,674	-	1,562,674
					Sub - total 2	**1,564,502**
					TOTAL	**5,185,818**

Credit Risk Exposure on OTC derivative instruments (use of market risk method) as at December 31, 2018 (in EUR)

Counterparty solvency (based on external/ internal ratings)	Notional amount	Current Replacement cost	Potential future replacement cost	Overall replacement cost	Collateral	Net risk exposure
	(1)	(2)	(3)	(4) = (2) + (3) -Provision	(5)	(6) = (4) - (5)
External rating (Fitch):						
A	186,095,896	245,867	1,860,959	2,106,826	-	2,106,826
C	39,276,216	-	392,762	392,762	-	392,762
					Sub - total 1	**2,499,588**
Internal Rating:						
- Customer & Fund						
2	-	-	-	-	-	-
4	105,012,618	186,655	1,050,126	1,236,781	-	1,236,781
					Sub - total 2	**1,236,781**
					TOTAL	**3,736,369**

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 shows credit risk concentration as it 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 extend the comparative figures have been adjusted accordingly.

3.3.3.1 Geographic credit risk concentrations (in EUR)

Geographic credit risk concentrations (in EUR)

Geographical zone (by country or zone)	*Credits and other balance sheet items*		*OTC derivatives*		*Commitments*	
	2019	2018	2019	2018	2019	2018
Luxembourg	204,620,297	214,620,509	1,225,127	1,221,868	34,916,201	79,932,890
Other European Monetary Union (EMU) countries	932,401,650	1,066,895,880	8,523	398,173	76,185,610	119,743,470
Other countries	823,378,623	909,348,947	3,642,997	2,116,328	68,429,973	50,498,360
Total	**1,960,400,570**	**2,190,865,336**	**4,876,647**	**3,736,369**	**179,531,784**	**250,174,719**

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 2 144 809 001 at December 31, 2019 (2018: EUR 2 444 776 424) of which EUR 4 876 647 (2018: EUR 3 736 369) consisted of derivative financial instruments.

3.3.3.2 Economic sector credit risk concentrations (in EUR)

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

Economic sector	*Credits and other balance sheet items*		*OTC derivatives*		*Commitments*	
	2019	2018	2019	2018	2019	2018
Credit institutions	435,806,592	570,510,230	3,621,316	2,499,588	-	-
Households	80,700,499	48,354,861	30,204	14,913	7,598,743	7,430,631
Investment funds	79,229,968	70,820,020	1,225,127	1,221,868	75,000,000	71,000,000
Activity ancillary to financial intermediation and insurance	395,564,430	551,209,176	-	-	57,275,000	42,373,231
Non financial corporations	707,600,633	609,134,311	-	-	31,946,044	114,946,176
Governments	-	-	-	-	-	-
Central banks	-	-	-	-	-	-
Financial holding companies	134,484,689	133,877,429	-	-	1,240,905	1,342,400
Others	127,013,759	206,959,309	-	-	6,471,092	13,082,281
Total	**1,960,400,570**	**2,190,865,336**	**4,876,647**	**3,736,369**	**179,531,784**	**250,174,719**

3.4 Market risk

The Bank takes on exposure to market risks. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

Interest rate risk is monitored daily and reported to local management and the Head of Group Treasury.

On a monthly basis, the Bank applies a "value at risk" (VAR) methodology to estimate the market risk of positions held and the potential maximum losses expected. The Board of Directors sets limits on the value of risk that may be accepted, which is monitored as deemed appropriate.

The Bank's market risk reporting and the limit structure is based on a measure of potential loss under normal market conditions. The parameters used are:

- A 99% one tailed confidence level. This means that the potential loss amount is the maximum amount that could be lost, on average, on 99% of trading days. Conversely it is the minimum loss that should be expected on 1% of trading days;

- A 10-day holding period. This means that the Bank measures risk assuming that exposures could not be hedged or unwound in less than 10 working days; and

- A 180-day time series of changes in market variables. This means that a 6-month history of market movements is used to estimate likely changes in market risk factors (volatilities and correlations).

Since VAR constitutes an integral part of the Bank's market risk control system, VAR limits are established by the Board of Directors on all portfolio operations including interest rate, foreign exchange rate and equities.

Foreign exchange rate risk is calculated against local base currency, its measurement incorporates factors corresponding to individual foreign currencies in which the Bank has material positions.

Interest rate risk measurement includes a set of risk factors corresponding to interest rates in each of the currencies in which the Bank has material interest rate sensitive positions. For each currency, the yield curve is divided into a number of maturity segments in order to capture the variation in volatility of interest rates at different points on the yield curve.

Equity prices risk measurement includes risk factors corresponding to each of the national markets in which the Bank has a material position, irrespectively, in listed or unlisted securities. A market index captures market-wide movement in equity prices.

NOTE 4 CASH IN HAND, BALANCES WITH CENTRAL BANKS AND POST OFFICE BANKS

	2019 EUR	2018 EUR
Cash in Hand	118,443	131,880
Mandatory Minimum Reserve	10,719,865	11,341,132
Other cash balances	167,513,487	105,000,000
Total	**178,351,795**	**116,473,012**

In accordance with the requirements of the European Central Bank, Central Bank of Luxembourg 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, 2019 held by the Bank with the Luxembourg Central Bank amounted to EUR 10 719 865 (2018: EUR 11 341 132).

NOTE 5 TRANSFERABLE SECURITIES

5.1 Listed securities

Bonds and other fixed-income transferable securities	2019 EUR	2018 EUR
- other issues	91,500,000	91,500,000
Total	**91,500,000**	**91,500,000**

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 95 685 710 (2018: EUR 94 942 950).

The Bank does not hold any Greek Government Bonds, neither in the investment nor in the structural portfolio as at December 31, 2019.

As at December 31, 2019, all transferable securities belong to the investment portfolio of the Bank.

5.2 Unlisted securities

	2019 EUR	2018 EUR
Participating interests	4,958	4,958
Shares in affiliated undertakings	8,741,743	8,741,743
Total	**8,746,701**	**8,746,701**

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, 2019, the unaudited shareholder's equity is EUR 2 236 174 (2018: EUR 2 079 190) and the result of the financial year is EUR 156 984 (2018: EUR 189 850).

5.3 Sale and Repurchase transactions

As at December 31, 2019, the Bank is committed in reverse repurchase agreements for a total amount of EUR 321 583 742 (2018: EUR 395 339 714).

NOTE 6 ASSETS AND LIABILITIES BALANCES WITH AFFILIATED UNDERTAKINGS

	2019 EUR	2018 EUR
Assets		
Loans and advances to credit institutions	302,739,289	401,349,658
Loans and advances to customers	479,666,242	606,715,203
Prepayments and Accrued Income	936,941	956,418
Other Assets	140,478	1,560
	783,482,950	**1,009,022,839**
Liabilities		
Amounts owed to credit institutions	689,660,201	881,181,901
Amounts owed to customers	20,303,748	23,103,176
Accruals and Deferred Income	592,156	853,440
Other Liabilities	254,564	195,506
	710,810,669	**905,334,023**

NOTE 7 MOVEMENTS IN FIXED ASSETS

2019 Movement	Cost				Value adjustments				Net
Amounts (in EUR)	Gross value at the beginning of the financial year 2019	Additions	Disposals	Gross value at the end of the financial year 2019	Cumulative value adjustments at the beginning of the financial year 2019	Value adjustments	Reversal of value of adjustments	Cumulative value adjustments at the end of the financial year 2019	Net book value at the end of the financial year 2019
Debt Securities including fixed income transferable securities	91,500,000	-	-	91,500,000	-	-	-	-	91,500,000
	91,500,000	**-**	**-**	**91,500,000**	**-**	**-**	**-**	**-**	**91,500,000**
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)	-	-	(306)	8,741,743
	8,750,107	-	**-**	**8,750,107**	**(3,406)**	**-**	**-**	**(3,406)**	**8,746,701**
Intangible fixed assets									
Software and Consultancy	7,017,114	758,185	-	7,775,299	(5,414,195)	(624,062)	-	(6,038,257)	1,737,042
	7,017,114	**758,185**	**-**	**7,775,299**	**(5,414,195)**	**(624,062)**	**-**	**(6,038,257)**	**1,737,042**
Tangible fixed assets including:									
Other fixtures and fittings, tools and equipment	6,724,997	207,719	-	6,932,716	(6,145,094)	(206,009)	-	(6,351,103)	581,613
Technical equipment and machinery	1,225,484	1,252,421	-	2,477,905	(1,009,464)	(172,443)	-	(1,181,907)	1,295,998
	7,950,481	**1,460,140**	-	**9,410,621**	**(7,154,558)**	**(378,452)**	**-**	**(7,533,010)**	**1,877,611**

2018 Movement	Cost				Value adjustments				Net
Amounts (in EUR)	Gross value at the beginning of the financial year 2018	Additions	Disposals	Gross value at the end of the financial year 2018	Cumulative value adjustments at the beginning of the financial year 2018	Value adjustments	Reversal of value of adjustments	Cumulative value adjustments at the end of the financial year 2018	Net book value at the end of the financial year 2018
Debt Securities including fixed income transferable securities held as financial fixed assets	91,500,000	-	-	91,500,000	-	-	-	-	91,500,000
	91,500,000	**-**	**-**	**91,500,000**	**-**	**-**	**-**	**-**	**91,500,000**
Long term investments including:									
Participating interests	8,058	-	-	8,058	(3,100)	-	-	(3,100)	4,958
Shares in affiliated undertaking	410	8,741,639	-	8,742,049	(306)	-	-	(306)	8,741,743
	8,468	**8,741,639**	**-**	**8,750,107**	**(3,406)**	**-**	**-**	**(3,406)**	**8,746,701**
Intangible fixed assets									
Software and Consultancy	5,905,627	1,111,487	-	7,017,114	(4,871,013)	(543,182)	-	(5,414,195)	1,602,919
	5,905,627	**1,111,487**	**-**	**7,017,114**	**(4,871,013)**	**(543,182)**	**-**	**(5,414,195)**	**1,602,919**
Tangible fixed assets including:									
Other fixtures and fittings, tools and equipment	6,600,418	124,579	-	6,724,997	(5,947,933)	(197,161)	-	(6,145,094)	579,903
Technical equipment and machinery	1,134,591	90,893	-	1,225,484	(945,074)	(64,390)	-	(1,009,464)	216,020
	7,735,009	**215,472**	-	**7,950,481**	**(6,893,007)**	**(261,551)**	**-**	**(7,154,558)**	**795,923**

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 by 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

In accordance with article 20 of the Articles of Association of the Bank, the meeting of the Board of Directors dated November 29, 2019 approved the distribution of an interim dividend amounting to EUR 15 000 000 which was paid on December 16, 2019.

NOTE 10 CHANGES IN SHAREHOLDER'S EQUITY

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

		Reserves				
	Subscribed Capital EUR	Legal Reserve EUR	Special Reserve EUR	Total Reserve EUR	Profit brought forward EUR	Total EUR
Balance at December 31, 2018	70,000,000	7,000,000	31,402,515	38,402,515	140,028,009	248,430,524
Profit for the year ended December 31, 2018	-	-	-	-	13,809,894	13,809,894
Appropriation of profit	-	-	-	-	-	-
Interim Dividend	-	-	-	-	(15,000,000)	(15,000,000)
Transfer to legal reserve	-	-	-	-	-	-
Transfer to special reserve	-	-	551,800	551,800	(551,800)	-
Current year Profit	-	-	-	-	13,436,281	13,436,281
Balance at December 31, 2019	70,000,000	7,000,000	31,954,315	38,954,315	151,722,385	260,676,700

The appropriation of the 2018 result was approved by the Annual General Meeting of Shareholders on June 6, 2019.

NOTE 11 ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

	2019 EUR	2018 EUR
Total assets in foreign currencies	379,335,453	374.513.015
Total liabilities in foreign currencies	378,640,258	385,626,702

NOTE 12 CONTINGENT LIABILITIES AND COMMITMENTS

12.1 Contingent liabilities

As at December 31, 2019 the contingent liabilities include guarantees and other direct substitutes for credit and amount to EUR 9 657 444 (2018: EUR 15 018 784).

12.2 Other off balance sheet commitments

	2019 EUR	2018 EUR
Assets held on behalf of third parties	2,643,958,764	3,293,790,383
Credits confirmed but not used	179,531,784	250,174,719
Repurchase agreements	355,973,242	456,926,762
Forward foreign exchange transactions	294,674,389	330,721,411
Fiduciary operations	366,888,201	259,228,986
Options	1,216,066	4,336,980
	3,842,242,446	**4,595,179,241**

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 depositor 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 is to be reached by the end of 2018 through annual contributions. The contributions are to be made in the form of annual payments during the years 2016 to 2018. When the level of 0.8% is reached, the Luxembourgish credit institutions are to 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 271 838 (2018: EUR 561 170) and recorded in the caption ‘General administrative expenses’. Additionally, the 2019 FRL contribution for an amount of EUR 219 614 (2018: EUR 237 309) 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:

	2019 EUR	2018 EUR
Interest income		
Luxembourg entity	51,737,594	52,153,879
United Kingdom branch	2,490,852	3,473,559
	54,228,446	**55,627,438**
Commission income		
Luxembourg entity	11,644,155	11,807,197
United Kingdom branch	196,268	212,456
	11,840,423	**12,019,653**

13.2 Interest receivable and similar income

	2019 EUR	2018 EUR
Interest receivable on loans and advances to credit institutions	3,602,088	7,998,851
of which: affiliated credit institutions	*2,409,864*	*3,232,283*
Interest receivable on balances with central banks	(218,681)	(245,167)
Interest receivable on loans and advances to clients	50,275,476	47,299,181
of which: affiliated customers	*11,076,002*	*12,782,661*
Interest receivable on debt securities and other	569,563	574,573
	54,228,446	**55,627,438**

13.3 Interest payable and similar charges

	2019 EUR	2018 EUR
Interest payable on amounts owed to credit institutions	17,333,796	20,218,202
of which: affiliated credit institutions	*13,212,382*	*15,306,997*
Interest payable on amounts owed to customers	7,801,303	9,057,983
of which: liabilities with agreed maturity dates or period of notice	*7,542,523*	*8,997,122*
Interest payable on balances with central banks	572	1,009
	25,135,671	**29,277,194**

13.4 Commissions receivable

	2019 EUR	2018 EUR
Fiduciary operations	444,677	325,444
Asset Management	2,210,308	1,509,409
Foreign exchange, precious metals and securities transactions on behalf of third parties	1,376,475	1,773,001
Safekeeping of assets belonging to third parties	1,215,549	1,373,817
Other commission receivable	6,593,414	7,037,982
Of which: Loans Fees	*989,735*	*1,454,348*
Of which: Distribution Ageement Fees	*1,186,738*	*1,299,267*
Of which: Funds Fees	*2,854,100*	*2,584,670*
	11,840,423	**12,019,653**

13.5 Commissions payable

	2019 EUR	2018 EUR
Asset Management Fees	760,901	722,317
Safekeeping Fees	1,516,750	1,540,424
Loan Fees	1,331,689	1,025,612
Other commission payable	196,660	151,073
	3,806,000	**3,439,426**

13.6 Net profit on financial operations

Net profit on financial operations at December 31, 2019 mainly includes gain and loss on foreign exchange transactions.

13.7 Other operating income

	2019 EUR	2018 EUR
Income from affiliated undertakings	205,767	211,558
VAT settlement	455,972	163,785
Other income	160,736	223,365
United Kingdom branch other operating income	-	46,729
	822,475	**645,437**

13.8 Other operating charges

	2019 EUR	2018 EUR
Withholding taxes	1,125,732	730,556
United Kingdom branch other expense	828	84,186
Tax previous year	7,176	14 988
	1,133,736	**829,730**

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 2014. 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, 2019 stands to 0.62% (2018: 0.59%). The return on assets is calculated as being the net profit divided by the total balance sheet.

NOTE 14 INDEPENDENT AUDITOR'S FEES

For the year ending December 31, 2019, independent auditor's fees are as follows:

	2019 EUR	2018* EUR
Audit fees	138,500	138,500
Tax related fees	92,500	132,500
	231,000	**271,000**

** Certain prior year figures have been amended to conform to the current financial year`s presentation for comparability purposes*

NOTE 15 STAFF AND DIRECTORS

15.1 Staff

Number of Bank's average employees (including London Branch) at the end of the financial year 2019:

	2019 EUR	2018 EUR
Senior Management and Management	16	12
Employees	93	86
	109	**98**

15.2 Information relating to Management

Senior Management and Management received emoluments in respect of their duties totaling to EUR 2 183 268 (2018: EUR 1 814 216).

Board members received emoluments in respect of their duties totaling to EUR 207 675 (2018: EUR 163 804).

As at December 31, 2019, loans totaling EUR 1 303 267 were granted to 3 members of Senior Management and Management (2018: EUR 1 401 201).

Guarantees (EUR 43 550) for the rent of apartments have been given on behalf of the Bank to 7 members of the Management and Senior Management (2018: EUR 29 450).

NOTE 16 POST-BALANCE SHEET EVENTS

Within 2020, the world economies have been significantly affected by the Covid-19 crisis. The Bank has considered the risk impact of Covid-19, and considers that it is in a position to maintain adequate Capital and Liquidity throughout this period. More details regarding the Covid-19 outbreak and how this affects the Bank's main risk areas can be found in the relevant passage in the Directors' report. The financial impact, currently cannot be estimated since the pandemic outbreak impacted euro area in March 2020 and is still ongoing.

Apart from the Covid-19 outbreak, no event took place after closing of the reporting period which would impact the financial position of the Bank as of December 31, 2019 or require disclosure.

Eurobank
Private Bank Luxembourg

Annual accounts
for the year
ended December 31, 2019
(with the report of the Réviseur
d'Entreprises agréé thereon)

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