



EUROBANK CYPRUS LTD

Condensed Interim Financial Statements

**For the nine months ended
30 September 2022**

Eurobank Cyprus Ltd

Condensed interim financial statements for the nine months ended 30 September 2022

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**INDEPENDENT AUDITORS' REPORT ON REVIEW OF CONDENSED
INTERIM FINANCIAL STATEMENTS**

To the Board of Directors of Eurobank Cyprus Limited

Introduction

We have reviewed the accompanying interim balance sheet of Eurobank Cyprus Limited as at 30 September 2022, the interim income statement and the interim statement of comprehensive income for the three-month and nine-month period then ended, the interim statements of changes in equity and cash flows for the nine-month period then ended, and notes to the interim financial statements ('the condensed interim financial statements'). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

Scope of Review

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

Conclusion

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



Other matter

The comparative information in the interim income statement and the interim statement of comprehensive income for the three-month and nine-month period ended 30 September 2021, and the interim statements of changes in equity and cash flows for the nine-month period ended 30 September 2021 and any related notes for the same period included in the accompanied condensed interim financial statements of the Bank were not subject to our review.

KPMG Limited
KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia, Cyprus

31 October 2022

Eurobank Cyprus Ltd

Interim Income Statement

	Note	Nine months ended 30 September	
		2022 €'000	2021 €'000
Interest income calculated using the effective interest method	5	83.528	63.322
Other interest income	5	10.225	4.508
Interest expense calculated using the effective interest method	5	(8.997)	(7.776)
Other interest expense	5	(3.309)	(584)
Net interest income		81.447	59.470
Banking fee and commission income	6	31.476	25.995
Banking fee and commission expense	6	(5.346)	(4.358)
Net banking fee and commission income		26.130	21.637
Net trading income	7	96	34
Net gains from other financial instruments	8	165	542
Other income		7	7
Net other operating income		268	583
Operating income		107.845	81.690
Operating expenses	9	(34.522)	(32.179)
Profit from operations before impairments and provisions		73.323	49.511
Impairment allowance on loans and advances	10	(3.162)	(4.086)
Reversal of other impairment allowances and provisions	11	371	843
Profit before income tax and government levies		70.532	46.268
Government levy on customer deposits	24	(4.258)	(3.705)
Income tax expense	12	(8.970)	(6.084)
Net profit		57.304	36.479

The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

Interim Income Statement

	Three months ended	
	30 September	
	2022	2021
	€'000	€'000
Interest income calculated using the effective interest method	33.371	21.419
Other interest income	4.350	1.654
Interest expense calculated using the effective interest method	(4.804)	(2.456)
Other interest expense	(1.571)	(172)
Net interest income	31.346	20.445
Banking fee and commission income	10.200	8.487
Banking fee and commission expense	(1.717)	(1.251)
Net banking fee and commission income	8.483	7.236
Net trading (loss)/income	(631)	17
Net (losses)/gains from other financial instruments	(13)	418
Other income	2	7
Net other operating (loss)/income	(642)	442
Operating income	39.187	28.123
Operating expenses	(12.511)	(10.873)
Profit from operations before impairments and provisions	26.676	17.250
Impairment allowance on loans and advances	(1.402)	(1.121)
Reversal of other impairment allowances and provisions	(39)	(5)
Profit before income tax and government levies	25.235	16.124
Government levy on customer deposits	(1.783)	(1.642)
Income tax expense	(3.354)	(2.053)
Net profit	20.098	12.429

The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

Interim Statement of Comprehensive Income

	Nine months ended 30 September	
	2022	2021
	€'000	€'000
Net profit	<u>57.304</u>	<u>36.479</u>
Other comprehensive income/(loss): Items that are or may be subsequently reclassified to income statement:		
Debt securities at FVOCI		
- net changes in fair value, net of tax	(33.768)	(2.996)
- reclassified to income statement, net of tax	<u>(129)</u>	<u>(656)</u>
	<u>(33.897)</u>	<u>(3.652)</u>
Other comprehensive loss for the period, net of tax	<u>(33.897)</u>	<u>(3.652)</u>
Total comprehensive income for the period	<u>23.407</u>	<u>32.827</u>

	Three months ended 30 September	
	2022	2021
	€'000	€'000
Net profit	<u>20.098</u>	<u>12.429</u>
Other comprehensive income/(loss): Items that are or may be subsequently reclassified to income statement:		
Debt securities at FVOCI		
- net changes in fair value, net of tax	(3.532)	(364)
- reclassified to income statement, net of tax	<u>25</u>	<u>(438)</u>
	<u>(3.507)</u>	<u>(802)</u>
Other comprehensive loss for the period, net of tax	<u>(3.507)</u>	<u>(802)</u>
Total comprehensive income for the period	<u>16.591</u>	<u>11.627</u>

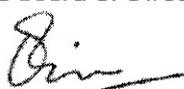
The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

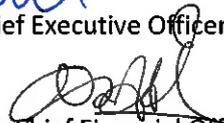
Interim Balance Sheet

		30 September 2022	31 December 2021
	Note	€'000	€'000
Assets			
Cash and balances with central banks	13	3.266.595	2.843.751
Due from credit institutions	14	1.548.821	1.626.798
Derivative financial instruments	15	34.082	18.539
Loans and advances to customers	16	2.726.045	2.600.550
Investment securities	17	1.368.814	1.016.938
Investments in subsidiaries	18	10	10
Property and equipment	19	25.241	27.728
Intangible assets	20	22.049	18.851
Deferred tax assets	12	2.243	1.779
Other assets	21	1.633	1.922
Total assets		8.995.533	8.156.866
Liabilities			
Due to central banks	22	603.280	607.747
Due to credit institutions	23	423.351	268.465
Derivative financial instruments	15	5.289	9.265
Due to customers	24	7.281.479	6.619.640
Current tax liabilities		6.667	2.424
Deferred tax liabilities	12	1.429	363
Other liabilities	25	79.158	77.489
Total liabilities		8.400.653	7.585.393
Equity			
Share capital	26	12.010	12.010
Share premium	26	245.384	245.384
Other reserves		(34.023)	(126)
Retained earnings		371.509	314.205
Total equity		594.880	571.473
Total equity and liabilities		8.995.533	8.156.866

On 31 October 2022 the Board of Directors of Eurobank Cyprus Ltd authorised the issuance of these financial statements.


Oliver Ellingham, Chairman of the Board of Directors


Michalis Louis, Chief Executive Officer


Demetris Shacallis, Chief Financial Officer

The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

Interim Statement of Changes in Equity

	Share capital €'000	Share premium €'000	Fair value reserve €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2022	12.010	245.384	(126)	314.205	571.473
Net profit	-	-	-	57.304	57.304
Other comprehensive loss	-	-	(33.897)	-	(33.897)
Total comprehensive income for the period	-	-	(33.897)	57.304	23.407
Balance at 30 September 2022	12.010	245.384	(34.023)	371.509	594.880
Balance at 1 January 2021	12.010	245.384	7.380	261.928	526.702
Net profit	-	-	-	36.479	36.479
Other comprehensive loss	-	-	(3.652)	-	(3.652)
Total comprehensive income for the period	-	-	(3.652)	36.479	32.827
Balance at 30 September 2021	12.010	245.384	3.728	298.407	559.529

The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

Interim Cash Flow Statement

	Note	Nine months ended 30 September	
		2022 €'000	2021 €'000
Cash flows from operating activities			
Profit before income tax and government levies		70.532	46.268
Adjustments for:			
Amortisation of intangible assets	9	705	893
Depreciation of property and equipment	9	3.209	3.231
Impairment allowance on loans and advances to customers	10	1.728	2.572
Impairment allowance/(reversal of impairment allowance) on investment securities		10.820	(423)
Reversal of impairment allowance on balances with central banks	11	(9)	(12)
Reversal of impairment allowance on due from credit institutions	11	(30)	(21)
Impairment allowance on credit related commitments and contingent liabilities	10	1.434	1.514
Interest income on investment securities	5	(14.925)	(11.522)
Foreign exchange differences on investing activities		(104.033)	(16.259)
Foreign exchange differences on impairment allowance on loans and advances to customers		55	(55)
Foreign exchange differences on right-of-use assets		(14)	(3)
Net gains on disposal of investments in subsidiaries		-	(6)
Net gains on disposal of investment securities at FVOCI	8	(122)	(481)
Net gains on fair value hedging discontinuance of investment securities at FVOCI	8	(157)	-
Net gains on disposal of investment securities mandatorily at FVTPL	8	-	(154)
Net losses on revaluation of investment securities mandatorily at FVTPL	8	114	47
Net losses on revaluation of loans and advances to customers mandatorily at FVTPL	8	-	46
		(30.693)	25.635
Changes in operating assets and liabilities			
Net increase in cash and balances with central banks	13	(8.137)	(3.915)
Net decrease in due from credit institutions	14	30	21
Net increase in derivative financial instruments	15	(19.519)	(68.726)
Net increase in loans and advances to customers	16	(127.278)	(185.855)
Disposals, write-offs and adjustments to right-of-use assets		24	(166)
Net decrease in other assets	21	289	192
Net (decrease)/increase in due to central banks	22	(4.467)	59.992
Net increase in due to credit institutions	23	154.886	37.033
Net increase in due to customers	24	661.839	502.282
Net increase in other liabilities	25	2.085	5.695
		659.752	346.553
Government levy on customer deposits paid	24	(2.475)	(3.705)
Income tax paid	12	(5.908)	(3.768)
Net cash flows from operating activities		620.676	364.715
Cash flows from investing activities			
Disposal of investments in subsidiaries		-	7
Purchases of intangible assets		(3.903)	(3.051)
Purchases of property and equipment		(732)	(721)
Proceeds from disposals, maturities and redemptions of investment securities		187.310	414.084
Payments for acquisition of investment securities		(481.762)	(336.721)
Interest received on investment securities		16.982	18.668
Net cash flows from investing activities		(282.105)	92.266
Cash flows from financing activities			
Payment of lease liabilities		(1.850)	(1.819)
Net cash flows used in financing activities		(1.850)	(1.819)
Net increase in cash and cash equivalents		336.721	455.162
Cash and cash equivalents at beginning of period	31	4.408.819	3.525.701
Cash and cash equivalents at end of period	31	4.745.540	3.980.863

The notes on pages 11 to 55 form an integral part of these interim financial statements.

Eurobank Cyprus Ltd

Notes to the interim financial statements

1 General information

Eurobank Cyprus Ltd (“the Bank”) is a company domiciled and incorporated in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office and business address is at 41 Arch. Makariou III Avenue, 5th floor, 1065 Nicosia, Cyprus.

The principal activity of the Bank, which is unchanged from last year, is the provision of banking and financial services.

These interim financial statements were approved by the Board of Directors on 31 October 2022.

2 Basis of preparation and principal accounting policies

These interim condensed financial statements have been prepared in accordance with the International Accounting Standard (IAS) 34 “Interim Financial Reporting” as endorsed by the European Union (EU). The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements for the year ended 31 December 2021. Where necessary, comparative figures have been adjusted to conform to changes in the presentation in the current period or to reflect changes in the accounting policies that were applied in the year ended 31 December 2021 (note 2.1.1 of the financial statements for the year ended 31 December 2021). Unless indicated otherwise, financial information presented in Euro has been rounded to the nearest thousand.

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

Going concern considerations

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

a) *Position of the Group*

After a year of strong economic recovery from the pandemic-induced recession, Greece and the other countries, in which the Group has a substantial presence, were ready to embark on a cycle of sustained growth. However, the ongoing geopolitical upheaval caused by the Russian invasion in Ukraine has resulted in the deterioration of the macroeconomic outlook for the European and Greek economy, which are now confronted with a slowdown in growth and an increase in inflation. The Greek economy exhibited notable resilience in the first half of 2022, growing by 2,9% and 1,2% on a quarterly basis (or by 8,0% and 7,7% on an annual basis) in the first and second quarter respectively, while the seasonally adjusted unemployment rate stood at 12,2% in August 2022 (August 2021: 13,7%). A significant boost to growth is expected in Greece and in other countries of presence from the European Union (“EU”) funding mainly under the EC’s Next Generation EU (“NGEU”) and the EU’s Multiannual Financial Framework (“MFF”).

Eurobank Cyprus Ltd

Notes to the interim financial statements

2 Basis of preparation and principal accounting policies (continued)

Going concern considerations (continued)

a) *Position of the Group (continued)*

On the monetary policy front, although net bond purchases under the temporary Pandemic Emergency Purchase Programme (“PEPP”) ended in March 2022, as scheduled, the European Central Bank (“ECB”) will continue to reinvest principal from maturing securities at least until the end of 2024, including purchases of Greek Government Bonds (“GGBs”) over and above rollovers of redemptions. Furthermore, the Governing Council of ECB, in line with its strong commitment to its price stability mandate, has proceeded with two rounds of interest rate hikes (in July and September), raising the three key ECB interest rates by 125 basis points. Moreover, it has approved a new instrument (the “Transmission Protection Instrument” – TPI) aimed at preventing fragmentation in the sovereign bonds market.

Regarding the outlook for the next 12 months the major macroeconomic risks and uncertainties in Greece and our region are as follows: (a) the ongoing war Russia against Ukraine, and its ramifications on regional and global stability and security, the European and Greek economy; in particular the supply problems caused in the natural gas market that create uncertainty regarding the availability and cost of energy in Europe in the forthcoming winter and raise concerns about a slowdown or recession in European economies in 2023, (b) a prolongation and/or exacerbation of the ongoing inflationary wave, and its impact on economic growth, employment, public finances, household budgets, firms’ production costs, and banks’ asset quality, (c) the ongoing and potential upcoming increases in the interest rates worldwide, and in the Euro Area in particular, that may exert upwards pressures on sovereign and private borrowing costs, especially those of highly indebted borrowers, deter investments and lead economies to slow down or recession, (d) the prospect of the upcoming national elections in Greece resulting in a hung parliament and leading to a fresh election, prolonging thus political uncertainty and delaying the implementation of planned reforms, projects and the budget’s fiscal agenda due to a caretaker government taking over during that period, (e) the evolution of the Covid-19 pandemic and the probability of emergence of new Covid-19 variants that could further impact economic growth, (f) the absorption capacity of the NGEU and MFF funds and the attraction of new investments in the country, and (g) the geopolitical developments in the near region.

Materialisation of the above risks including those related to inflation, would have potentially adverse effects on the fiscal planning of the Greek government, as it could decelerate the pace of expected growth and on the liquidity, asset quality, solvency and profitability of the Greek banking sector. The Russian invasion in Ukraine poses uncertainties in global economy and international trade with far-reaching and long-term consequences. However, the risks coming from the geopolitical upheaval could be potentially mitigated with coordinated measures at the European level, as per the pandemic precedent.

In this context, the Group holds non-significant exposure in Russian or Ukrainian assets, is continuously monitoring the developments on the macroeconomic and geopolitical fronts as well as the evolution of its asset quality KPIs and has increased its level of readiness, so as to accommodate decisions, initiatives and policies to protect its capital and liquidity standing as well as the fulfilment, to the maximum possible degree, of its strategic and business goals in accordance with the business plan for 2022-2024.

Eurobank Cyprus Ltd

Notes to the interim financial statements

2 Basis of preparation and principal accounting policies (continued)

Going concern considerations (continued)

b) *The Cyprus economy*

Despite international uncertainty and challenges, the Cypriot economy shows remarkable resilience on the back of its robust post-pandemic recovery and improving government finances.

Real GDP growth rate during the second quarter of 2022 is estimated at 5,8% (in accordance with Cystat) over the corresponding quarter of 2021. The positive GDP growth rate is mainly attributed to the sectors: "Hotels and Restaurants", "Transport and Storage", "Information and Communication", "Wholesale and Retail Trade, Repair of Motor Vehicles", "Arts, Entertainment and Recreation", "Other Service Activities".

For the remaining 2022, economic activity is expected to be supported by domestic demand, the ongoing recovery in the tourism sector and the disbursements from the EU Resilience and Recovery Facility. However, challenges and risks remain, such as the deteriorating outlook for Eurozone growth and the geopolitical environment.

In its recent macroeconomic forecasts, the Central Bank of Cyprus ("CBC") projects that the Cypriot economy will grow by 5,5% this year, higher than its previous forecast of 2,7% published in June 2022. For 2023 and 2024, the CBC expects Cyprus' GDP to increase by 2,5% and 3,1% respectively. Unemployment rate is expected to decrease to 6,7% in 2022 from 7,5% in 2021, 6,5% in 2023 and 5,9% in 2024. According to the CBC, inflation is expected to climb to 5,1% this year from 1,3% last year, and decline to 2,9% and 2,3% in 2023 and 2024 respectively.

In its World Economic Outlook published October 2022, the IMF revised upwards to 3,5% (from 2,1% in April's outlook) its forecast for the growth rate of the Cypriot economy this year. The IMF projects that Cyprus's GDP will increase by 2,5% (from 3,5% in April's outlook) in 2023 and with an average rate of 2,9% until 2027. Unemployment rate is expected to stand at 6,7% and 6,5% in 2022 and 2023 respectively, from 7,5% in 2021. Inflation is projected to settle at 8% this year and 3,8% in 2023.

According to Cystat, August tourist arrivals reached 451,1 thousand compared to 321,9 thousand in August 2021, recording an increase of more than 40%. For the period of January – August 2022, arrivals of tourists totaled 2,13 million compared to 960,2 thousand in the corresponding period of 2021, 424,9 thousand in the period of January – August 2020 and 2.74 million arrivals in the period of January – August 2019. Despite the significant increase over the last two years, tourist arrivals remain 22% below pre-pandemic levels and the respective period in 2019. On the basis of the results of the Statistical Service survey, for the period of January – July 2022, revenue from tourism is estimated at €1,22 billion compared to €504,5 million in the corresponding period of 2021, and to €164,5 million during the period of January – July 2020. The 2022 result is around 15% lower compared to pre-pandemic January-July 2019 (€1.43 billion).

Eurobank Cyprus Ltd

Notes to the interim financial statements

2 Basis of preparation and principal accounting policies (continued)

Going concern considerations (continued)

b) *The Cyprus economy (continued)*

Inflation remains high, in line with rising prices globally, driven mainly by higher energy prices. In September 2022, the Consumer Price Index ("CPI") decreased by 0,22 units (per Ministry of Finance) and reached 113,12. Inflation stood at 8,7%. For the period January-September 2022, the consumer prices increased by 8,4% compared to the corresponding period of the previous year, with the largest changes recorded in Housing, Water, Electricity, Gas and Other Fuels (21,9%) and Transport (18,3%). HICP Inflation in August 2022 increased by 9,6% compared with an increase of 10,6% in July 2022. For the period January-August 2022 it stood at 8,0%.

Fiscal consolidation continued with expenditures remaining stable and revenues increasing significantly. Preliminary data released by Cystat showed that the General Government fiscal balance for the period of January – August 2022 presented a surplus of €379,9 million (1,5% of GDP) compared to a deficit of €535,2 million (2,3% of GDP) in the same period of 2021. During Jan- Aug 2022 total expenditure increased by €38,2 million (+0,6%) to €6.522,7 million from €6.484,5 million in the corresponding period of 2021. Total revenue increased by €953,2 million (+16%) to €6.902,6 million compared to €5.949,4 million in the same period of 2021. According to the Ministry of Finance, fiscal balance will settle at a surplus of 1,2% of GDP in 2022, presenting higher surpluses from 2023 onwards.

Outstanding Cyprus Central Government debt is estimated at €23,9bn at the end June 2022, marginally reduced from the levels at the end of 2021. In January 2022, the Government proceeded with a new benchmark issue totaling €1 billion in 10-year bonds with a coupon of 0,95%, while a 7-year EMTN with a coupon of 3,875% amounting to €1 billion matured in May 2022. Government debt to GDP stood at 104% at the end 2021, compared to 115% in 2020 as a result of the solid GDP growth and increased repayments by the Government on the backdrop of stronger than expected fiscal performance. According to the Ministry of Finance, the debt to GDP ratio is expected to reduce by almost 15 percentage points to 89% this year from 104% in 2021, declining close to 72% by 2025.

Cyprus credit ratings generally improved in recent months, with S&P upgrading from BBB- to BBB (Stable) in September, Fitch affirming BBB- (Stable) and Moody's affirming Ba1 rating but changing the outlook from stable to positive. Moody's also raised the macro profile of Cyprus to "Moderate-", from "Weak+". In their decisions, rating agencies acknowledge the resiliency of Cypriot economy to external shocks, institutional strength and policy credibility backed by its Eurozone membership and the improving fiscal position with general government debt expected to decline sharply through to 2025 on fiscal consolidation and dynamic economic activity. On the other hand, they comment on vulnerabilities, such as the worsened outlook for Eurozone growth, high levels of private and public sector indebtedness, large external imbalances, and the still-high proportion of NPEs in the banking system, despite a sharp decline since the crisis, to about 11% of total loans in May 2022.

Eurobank Cyprus Ltd

Notes to the interim financial statements

2 Basis of preparation and principal accounting policies (continued)

Going concern considerations (continued)

b) *The Cyprus economy (continued)*

Data published by the CBC showed that in June 2022 the non-performing loans in Cyprus decreased by €34 million (MoM) to €2,92 billion (NPL ratio at 11,2%) from €2,95 billion (NPL ratio at 11,4%) in May 2022.

The outlook remains uncertain with risks from a volatile geopolitical environment, rising inflation and restrictive monetary policy threatening to push the global economy to recession. Eurobank continues to monitor closely the different risks and the shifts in the macroeconomic and geopolitical outlook so that they are effectively and timely managed. In addition, the Bank complies with the coordinated sanctions imposed by the USA, EU, UK and other countries against Russia, Belarus and to specific legal entities and physical persons.

c) *Going concern assessment*

Taking into consideration the factors mentioned earlier on, as well as the Bank's financial, capital and liquidity position as reflected by its strong financial indicators, the Board of Directors is satisfied that the interim financial statements of the Bank can be prepared on a going concern basis.

2.1 New and amended standards and interpretations adopted

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

IFRS 3, Amendments, Reference to the Conceptual Framework

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

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

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

Eurobank Cyprus Ltd

Notes to the interim financial statements

2 Basis of preparation and principal accounting policies (continued)

2.1 New and amended standards and interpretations adopted (continued)

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

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

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

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

The amendment to IFRS 16 "Leases" removes the illustration of the reimbursement of leasehold improvements, in order to avoid any potential confusion about the treatment of lease incentives. The adoption of the amendments had no impact on the interim financial statements.

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

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

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

Eurobank Cyprus Ltd

Notes to the interim financial statements

3 Significant accounting estimates and judgments in applying accounting policies

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

Further information about the key assumptions and sources of estimation uncertainty are set out in notes 12, 27 and 29.

3.1 Impairment losses on loans and advances to customers

During the first nine months of 2022, the performance of the Bank's lending exposures continued its strong trend, as it turns out by the portfolio growth and low NPE ratio.

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

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

In this context, the Bank applied reasonable changes in the forecasts of key macroeconomic variables used in the IFRS 9 expected credit losses models, reinforced the monitoring of the potentially affected by the crisis corporate borrowers and assessed that the credit outlook of its lending portfolios remained stable at 30 September 2022, within the current macroeconomic environment that still evolves.

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

4 Capital management

The primary objectives of the Bank's capital management are to ensure that the Bank complies with externally imposed capital requirements and that the Bank maintains strong credit ratings and healthy capital ratios in order to support its business and to maximise shareholders' value.

The Bank manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Bank may adjust the amount of dividend payment to shareholders, return capital to shareholders or issue capital securities. No changes were made in the objectives, processes and policies from previous periods.

Eurobank Cyprus Ltd

Notes to the interim financial statements

4 Capital management (continued)

The Bank has complied with all externally imposed capital requirements throughout the current period and prior year.

The Bank's Capital Adequacy position is presented in the following table:

	30 September 2022 €'000	31 December 2021 €'000
Ordinary shareholders' equity	594.880	571.473
Less: other regulatory adjustments	(22.298)	(18.828)
Total Tier 1 capital	572.582	552.645
Total regulatory capital	572.582	552.645
Risk Weighted Assets	2.177.727	2.176.405
Ratios:	%	%
Core Tier 1	26,3	25,4
Tier 1	26,3	25,4
Capital Adequacy Ratio	26,3	25,4

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

According to the 2021 SREP decision, for 2022, the Bank was required to meet on an individual basis a Total SREP Capital Requirement (TSCR) of at least 10,25% (consisting of the minimum requirement of 8% for Pillar 1 risks and a Pillar 2 requirement of 2,25%) and an Overall Capital Requirement (OCR) of at least 13,375% (consisting of the TSCR plus the Capital Conservation Buffer of 2,5% and the Other Systemically Important Institutions Buffer of 0,625%). Moreover, based on the SREP decision, the ECB expects the Bank to adhere to a Pillar 2 guidance of 1,5%, which is over and above the OCR, bringing the total OCR and Pillar 2 guidance to 14,875%.

However, in accordance with the ECB's measures to address the effects of Covid-19, banks are allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and, without prejudice to the restrictions set out in CRD IV, the Combined Buffer Requirement (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, Other Systemically Important Institutions Buffer) until the end of 2022. According to the FAQs published by the ECB, the above allowance provided to banks to operate below the combined buffer requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach that requirement.

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the European Union and the Central Bank of Cyprus.

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Notes to the interim financial statements

4 Capital management (continued)

Further disclosures regarding capital adequacy in accordance with the Capital Requirements Regulation (EU) No 575/2013 as amended by CRR II are provided in the Pillar III Disclosures Reports published on the Bank's website (www.eurobank.com.cy).

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

Under the Directive 2014/59 (Bank Recovery and Resolution Directive or BRRD), as amended by Directive 2019/879 (BRRD II), which was transposed into the Cyprus legislation pursuant to Business of Credit Institutions Laws of 1997 (as amended from time to time thereafter) and the Resolution of Credit Institutions and Investment Firms Law of 2016 (22(I)/2016) (as amended from time to time thereafter), European banks are required to meet the minimum requirement for own funds and eligible liabilities (MREL). The Single Resolution Board (SRB) has determined Eurobank S.A. as the Group's resolution entity and a Single Point of Entry (SPE) strategy for resolution purposes. The Bank is assessed by the SRB as a Material Legal Entity of the resolution group.

Based on the latest official SRB's decision in November 2021, the fully calibrated MREL (final target) to be met by the Bank by 1 January 2024 is set at 25,65% of its total risk weighted assets (RWAs), including a fully-loaded combined buffer requirement (CBR) of 3,25%. The final MREL target is updated by the SRB on an annual basis.

The interim binding MREL target, which is applicable from 1 January 2022, stands at 25,215% of RWAs, including a CBR of 3,125%. As at 30 September 2022, the Bank's MREL ratio stands at 27,67% of RWAs including profit for the period ended 30 September 2022 (31 December 2021: 25,39%), which is above the aforementioned interim binding MREL target.

Eurobank Cyprus Ltd

Notes to the interim financial statements

5 Net interest income

	Nine months ended 30 September	
	2022	2021
	€'000	€'000
Interest income		
Interest income calculated using the effective interest method		
Interest from amounts due from credit institutions - <i>measured at amortised cost</i>	5.999	2.896
Interest from loans and advances to customers - <i>measured at amortised cost</i>	62.604	48.904
Interest from investment securities		
- <i>measured at amortised cost</i>	11.023	7.383
- <i>measured at FVOCI</i>	3.902	4.139
Total interest income calculated using the effective interest method	83.528	63.322
Other interest income		
Interest from derivative financial instruments - <i>measured at FVTPL</i>	10.224	4.404
Interest from loans and advances to customers - <i>measured mandatorily at FVTPL</i>	-	104
Other interest income	1	-
Total other interest income	10.225	4.508
Interest expense		
Interest expense calculated using the effective interest method		
Interest on due to credit institutions - <i>measured at amortised cost</i> ¹	1.928	3.093
Interest on due to customers - <i>measured at amortised cost</i>	(4.254)	(5.135)
Negative interest on financial assets	(6.443)	(5.513)
Interest on lease liabilities	(196)	(215)
Other interest expense	(32)	(6)
Total interest expense calculated using the effective interest method	(8.997)	(7.776)
Other interest expense		
Interest on derivative financial instruments - <i>measured at FVTPL</i>	(3.309)	(584)
Total other interest expense	(3.309)	(584)
Net interest income	81.447	59.470

¹Includes the benefit attached to the TLTRO III program (note 22).

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Notes to the interim financial statements

6 Net banking fee and commission income

	Nine months ended 30 September	
	2022 €'000	2021 €'000
Banking fee and commission income		
Bank transfer commissions	7.948	7.019
Other fees and commissions	23.528	18.976
Total banking fee and commission income	31.476	25.995
Banking fee and commission expense		
Fees on lien agreements (note 32)	(2.020)	(1.317)
Other fees and commissions	(3.326)	(3.041)
Total banking fee and commission expense	(5.346)	(4.358)
Net banking fee and commission income	26.130	21.637

The following table includes net banking fees and commission income from contracts with customers in the scope of IFRS 15, disaggregated by major type of services:

	Nine months ended 30 September	
	2022 €'000	2021 €'000
Lending related activities	1.745	1.578
Wealth management	4.994	3.911
Network and other transactional activities	24.737	20.506
Total banking fee and commission income	31.476	25.995
Fee and commission expense	(5.346)	(4.358)
Net banking fee and commission income	26.130	21.637

The Bank recognises revenue when it transfers control over a service to a customer.

The Bank earns fee income from a range of services it provides to its clients. The major categories are the below:

- *Banking services including account management, granting of credit facilities, foreign currency transactions, credit card and other service fees*
Revenue from account and servicing fees is recognised over time as the services are provided (i.e. charged on a monthly basis to the customer's account). Servicing fees are based on fixed rates reviewed annually by the Bank.
Revenues from transaction-based fees (e.g. foreign currency transactions, overdraft facilities, etc.) are recognised (i.e. charged to the customer's account) at the point in time when the transaction takes place.
- *Execution of client transactions*
Revenue from transaction-based fees is recognised at the point in time when the transaction takes place.

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Notes to the interim financial statements

6 Net banking fee and commission income (continued)

- *Wealth management services, including safekeeping of assets and asset management services*
Fees from these services are calculated based on a fixed percentage of the value of assets managed/held and deducted from the customer's account balance on a monthly basis. The respective revenue is recognised over time as the services are provided. Fees from wealth management services, including safekeeping of assets and asset management services, during the period, amount to €1.200 thousand (nine months ended 30 September 2021: €1.005 thousand).

7 Net trading income

	Nine months ended 30	
	September	
	2022	2021
	€'000	€'000
Net gain from the ineffective portion of derivatives in qualifying hedging relationships	220	6
Net (loss)/gain on derivative financial instruments (no hedge accounting)	(124)	28
	<u>96</u>	<u>34</u>

8 Net gains from other financial instruments

	Nine months ended 30	
	September	
	2022	2021
	€'000	€'000
Net gains on disposal of investment securities at FVOCI:		
– Debt securities, credit institutions	34	57
– Debt securities, government bonds	88	424
Net losses on revaluation of investment securities mandatorily at FVTPL:		
– Equity shares	-	(47)
– UCIT funds	(114)	-
Gain from fair value hedging discontinuance of investment securities at FVOCI	157	-
Net gains on disposal of investment securities mandatorily at FVTPL	-	154
Net losses on loans and advances to customers mandatorily at FVTPL	-	(46)
Net gains from investment securities	<u>165</u>	<u>542</u>

Eurobank Cyprus Ltd

Notes to the interim financial statements

9 Operating expenses

	Nine months ended 30 September	
	2022	2021
	€'000	€'000
Staff costs	18.762	17.801
Depreciation of property and equipment	1.254	1.253
Depreciation of right-of-use assets	1.955	1.978
Amortisation of intangible assets	705	893
Administrative expenses	11.846	10.254
	34.522	32.179

The average number of employees of the Bank during the period was 436 (nine months ended 30 September 2021: 432).

10 Impairment allowance on loans and advances

The following tables present the movement of the impairment allowances for loans and advances to customers by product line and stage during the nine months ended 30 September 2022 and 2021:

	30 September 2022						
	Wholesale lending			Retail lending			
	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	12-month ECL	Lifetime ECL not credit- impaired	Lifetime ECL credit- impaired	Total
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 1 January	4.743	3.916	37.560	234	17	194	46.664
New financial assets originated or purchased	2.514	-	-	46	-	-	2.560
Transfers:							
- To 12-month ECL	427	(413)	(14)	117	(3)	(114)	-
- To lifetime ECL not credit-impaired	(207)	253	(46)	-	-	-	-
- To lifetime ECL credit- impaired	(590)	(207)	797	-	(2)	2	-
Impact of ECL net remeasurement	(966)	1.706	(1.493)	(141)	(4)	66	(832)
Amounts written off	-	-	(48)	-	-	-	(48)
Recoveries from written off loans	-	-	705	-	-	-	705
Foreign exchange difference and other movements	(3)	-	(55)	1	2	-	(55)
Balance at 30 September	5.918	5.255	37.406	257	10	148	48.994

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Notes to the interim financial statements

10 Impairment allowance on loans and advances (continued)

	Wholesale lending			Retail lending			Total €'000
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	
Balance at 1 January	3.700	1.932	39.847	353	7	126	45.965
New financial assets originated or purchased	834	-	-	49	-	-	883
Transfers:							
- To 12-month ECL	146	(146)	-	-	-	-	-
- To lifetime ECL not credit-impaired	(93)	3.031	(2.938)	(11)	11	-	-
- To lifetime ECL credit- impaired	(79)	(208)	287	-	(1)	1	-
Impact of ECL net remeasurement	(304)	(2.483)	4.453	(29)	(1)	53	1.689
Amounts written off	-	-	(11)	-	-	(10)	(21)
Recoveries from written off loans	-	-	99	-	-	-	99
Foreign exchange difference and other movements	-	-	40	-	-	-	40
Balance at 30 September	4.204	2.126	41.777	362	16	170	48.655

The following tables present the movement of the impairment allowances on financial guarantee contracts and other credit related commitments, and loan commitments by stage during the nine months ended 30 September 2022 and 2021:

	Loan commitments			Financial guarantee contracts and other credit related commitments			Total €'000
	12- month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	12- month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	
Balance at 1 January	1.307	2.290	-	1.114	390	283	5.384
Net increase/(decrease)	186	(80)	-	862	(81)	35	922
Transfers:							
- To 12-month ECL	3	(3)	-	1	(1)	-	-
- To lifetime ECL not credit- impaired	(624)	624	-	(12)	12	-	-
Impact of ECL net remeasurement	580	300	-	(297)	(69)	(2)	512
Balance at 30 September	1.452	3.131	-	1.668	251	316	6.818

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Notes to the interim financial statements

10 Impairment allowance on loans and advances (continued)

30 September 2021

	Loan commitments			Financial guarantee contracts and other credit related commitments			Total €'000
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	
Balance at 1 January	1.137	502	-	900	209	-	2.748
Net increase/(decrease)	204	(15)	-	(15)	(62)	162	274
Transfers:							
- To 12-month ECL	6	(6)	-	3	(3)	-	-
- To lifetime ECL not credit-impaired	(1.504)	1.504	-	(110)	110	-	-
- To lifetime ECL credit-impaired	-	-	-	(7)	(130)	137	-
Impact of ECL net remeasurement	1.388	35	-	(286)	102	-	1.239
Balance at 30 September	1.231	2.020	-	485	226	299	4.261

The impairment losses relating to loans and advances to customers recognised in the Bank's income statement for the nine months ended 30 September 2022 are analysed as follows:

	Nine months ended 30 September	
	2022 €'000	2021 €'000
Impairment allowance on loans and advances to customers	1.728	2.572
Impairment allowance on loan commitments	987	1.612
Impairment allowance/(reversal of impairment allowance) on financial guarantee contracts and other credit related commitments	447	(98)
Total	3.162	4.086

11 Other impairment allowances and provisions

	Nine months ended 30 September	
	2022 €'000	2021 €'000
(Reversal of provisions)/provisions on operational risk events	(370)	241
Reversal of impairment allowance on investment securities at FVOCI	(33)	(183)
Impairment allowance/(reversal of impairment allowance) on investment securities at AC	71	(249)
Reversal of impairment allowance on due from credit institutions	(30)	(21)
Reversal of impairment allowance on balances with central banks	(9)	(12)
Reversal of impairment allowance on securities lending	-	(619)
	(371)	(843)

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12 Income tax expense

	Nine months ended 30	
	September	
	2022	2021
	€'000	€'000
Current tax:		
- Corporation tax	7.956	5.721
- Withholding tax	412	384
Total current tax	8.368	6.105
Deferred tax charge/(credit)	602	(21)
Total income tax expense	8.970	6.084

The tax on the Bank's profit before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	Nine months ended 30	
	September	
	2022	2021
	€'000	€'000
Profit before income tax and government levies	70.532	46.268
Tax calculated at the applicable corporation tax rate of 12,5%	8.816	5.784
Tax effect of expenses not deductible for tax purposes	1.155	812
Tax effect of allowances and income not subject to tax	(2.015)	(875)
Withholding tax	412	384
Deferred tax charge/(credit)	602	(21)
Income tax expense	8.970	6.084

The Bank is subject to income tax on taxable profits at the rate of 12,5%.

Tax losses may be carried forward for five years.

Tax losses of group companies in Cyprus, other than companies affected by article 13(8)(d)(i) of the Income Tax Law, can be offset against taxable profits of other group companies in Cyprus and any tax losses not utilised can be carried forward and offset against the same entity's taxable profits of the next five years. Article 13(8)(d)(i) of the Income Tax Law provides that in the case where the disposal of shares held by one company in another company member of the same group is taxed as a trading transaction then the two companies are not considered group companies for loss relief purposes.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax.

In certain cases, dividends received from abroad may be subject to special defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

There is no income tax effect relating to components of other comprehensive income.

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Notes to the interim financial statements

12 Income tax expense (continued)

The Bank closely monitors and constantly assesses the developments on the Covid-19 front and their effect on the assumptions used in its plans and the projections for future profitability and will continue to update its estimates accordingly.

The Management believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience.

Deferred tax:

Deferred tax is calculated on all temporary differences under the liability method at the rate in effect at the time the reversal is expected to take place.

The movement in deferred tax (assets) and liabilities (non-current) during the nine months ended 30 September 2022 is as follows:

	Net balance at 1 January €'000	Recognised in profit or loss €'000	Net balance at 30 September €'000
Property and equipment and intangible assets	(363)	(1.066)	(1.429)
Allowance for expected credit losses	1.779	464	2.243
Tax assets/(liabilities)	1.416	(602)	814

13 Cash and balances with central banks

	30 September 2022 €'000	31 December 2021 €'000
Cash in hand	12.808	16.977
Balances with central banks	3.253.787	2.826.774
Total	3.266.595	2.843.751
of which:		
Mandatory deposits with central banks	69.876	61.730

As at 30 September 2022, the impairment allowance on balances with central banks within the scope of IFRS 9 impairment requirements amounted to €4 thousand (31 December 2021: €13 thousand).

Cash and balances with central banks are classified as current.

Mandatory deposits with central banks represent the minimum level of average monthly deposits which the Bank is required to maintain. Mandatory balances with central banks can be withdrawn at any time provided the average monthly minimum deposits are maintained.

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Notes to the interim financial statements

14 Due from credit institutions

	30 September 2022 €'000	31 December 2021 €'000
Due from credit institutions at amortised cost:		
Reverse repurchase agreements receivables ¹	1.512.085	1.515.435
Placements with credit institutions ²	7.709	69.101
Settlement balances with credit institutions	29.027	42.262
Total	1.548.821	1.626.798

¹The majority of the reverse repurchase agreements receivables as at 30 September 2022, approximately €1.271.409 thousand (31 December 2021: €1.253.633 thousand), are rated as Investment grade.

²Placements with credit institutions bear interest which is based on the interbank rate of the relevant term and currency.

As at 30 September 2022, the impairment allowance on amounts due from credit institutions at amortised cost within the scope of IFRS 9 impairment requirements amounted to €4 thousand (31 December 2021: €26 thousand).

15 Derivative financial instruments

The fair values of derivative instruments held by product type and hedge relationship along with their notional amounts are set out in the following tables:

	30 September 2022			
	Assets		Liabilities	
	Contract/ notional amount €'000	Fair values €'000	Contract/ notional amount €'000	Fair values €'000
Derivatives for which hedge accounting is not applied/held for trading				
- Currency options	1.449	23	1.449	23
- Currency forward and spot deals	30.463	218	28.236	85
- Interest rate and currency interest rate swaps	67.289	1.627	68.300	91
- Currency swaps	727.465	11.161	719.888	4.421
- Cap and floor swaps	30.329	412	30.329	350
		13.441		4.970
Derivatives designated as fair value hedges				
- Interest rate swaps	358.283	20.641	358.283	319
		20.641		319
Total derivatives assets/liabilities		34.082		5.289

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Notes to the interim financial statements

15 Derivative financial instruments (continued)

	31 December 2021			
	Assets		Liabilities	
	Contract/ notional amount	Fair values	Contract/ notional amount	Fair values
	€'000	€'000	€'000	€'000
Derivatives for which hedge accounting is not applied/held for trading				
- Currency options	3.959	3	4.057	2
- Currency forward and spot deals	8.680	57	7.645	3
- Interest rate and currency interest rate swaps	23.397	30	22.073	75
- Currency swaps	1.232.316	18.346	1.232.316	2.976
- Cap and floor swaps	15.435	98	15.435	-
- Derivative bonds	4.338	5	14.871	22
		<u>18.539</u>		<u>3.078</u>
Derivatives designated as fair value hedges				
- Interest rate swaps	-	-	91.324	6.187
		<u>-</u>		<u>6.187</u>
Total derivatives assets/liabilities		<u>18.539</u>		<u>9.265</u>

16 Loans and advances to customers

	30 September 2022 €'000	31 December 2021 €'000
Loans and advances to customers at amortised cost:		
- Gross carrying amount	2.775.039	2.647.214
- Impairment allowance	(48.994)	(46.664)
Total carrying amount	<u>2.726.045</u>	<u>2.600.550</u>

The following tables present the total gross carrying amount, representing the maximum exposure to credit risk before the impairment allowance, of loans and advances that are classified as not credit-impaired (Stage 1 and Stage 2) and those classified as credit-impaired (Stage 3). They also present the total impairment allowance recognised in respect of all loans and advances, based on how the respective impairment allowance has been calculated, the carrying amount of loans and advances, as well as the value of collateral held to mitigate credit risk. In addition, the value of collateral presented in the tables below is capped to the respective gross carrying amount.

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Notes to the interim financial statements

16 Loans and advances to customers (continued)

30 September 2022

	Non-impaired		Credit-impaired	Total gross carrying amount	Impairment allowance			Carrying amount	Value of collateral
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired		
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Loans and advances to customers at amortised cost:									
Retail lending:									
- Mortgage	13.523	-	97	13.620	1	-	-	13.619	
Value of collateral	13.081	-	97						13.178
- Consumer	20.442	-	88	20.530	120	-	88	20.322	
Value of collateral	1.240	-	-						1.240
- Affluent banking	75.946	838	37	76.821	133	9	15	76.664	
Value of collateral	71.634	716	22						72.372
- Credit card	795	28	50	873	3	1	45	824	
Value of collateral	54	-	5						59
Wholesale lending:									
- Large corporate	1.270.790	223.601	39.439	1.533.830	5.172	5.049	26.050	1.497.559	
Value of collateral	1.034.370	198.311	36.703						1.269.384
- Wealth management	358.534	14.056	14.907	387.497	621	205	9.346	377.325	
Value of collateral	339.970	13.522	13.953						367.445
-International business banking	474.069	8	17	474.094	-	-	1	474.093	
Value of collateral	473.595	8	16						473.619
- Shipping	263.336	2.429	2.009	267.774	125	1	2.009	265.639	
Value of collateral	263.300	2.429	-						265.729
Total	2.477.435	240.960	56.644	2.775.039	6.175	5.265	37.554	2.726.045	2.463.026
Value of collateral	2.197.244	214.986	50.796	2.463.026					

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16 Loans and advances to customers (continued)

31 December 2021

	Non-impaired		Credit-impaired	Total gross carrying amount €'000	Impairment allowance			Carrying amount €'000	Value of collateral €'000
	12-month ECL €'000	Lifetime ECL not credit-impaired €'000	Lifetime ECL credit-impaired €'000		12-month ECL €'000	Lifetime ECL not credit-impaired €'000	Lifetime ECL credit-impaired €'000		
Loans and advances to customers at amortised cost:									
<u>Retail lending:</u>									
- Mortgage	12.358	93	97	12.548	-	-	-	12.548	
<i>Value of collateral</i>	<i>12.089</i>	<i>93</i>	<i>97</i>						<i>12.279</i>
- Consumer	20.303	43	17	20.363	126	-	17	20.220	
<i>Value of collateral</i>	<i>932</i>	<i>40</i>	<i>-</i>						<i>972</i>
- Affluent banking	52.808	1.254	388	54.450	105	16	137	54.192	
<i>Value of collateral</i>	<i>49.671</i>	<i>1.179</i>	<i>347</i>						<i>51.197</i>
- Credit card	725	19	40	784	3	1	40	740	
<i>Value of collateral</i>	<i>40</i>	<i>-</i>	<i>-</i>						<i>40</i>
<u>Wholesale lending:</u>									
- Large corporate	1.267.626	197.303	40.568	1.505.497	3.941	3.631	24.400	1.473.525	
<i>Value of collateral</i>	<i>1.033.187</i>	<i>181.485</i>	<i>34.961</i>						<i>1.249.633</i>
- Wealth management	348.635	16.129	18.499	383.263	708	285	10.158	372.112	
<i>Value of collateral</i>	<i>333.791</i>	<i>15.575</i>	<i>17.772</i>						<i>367.138</i>
-International business banking	465.099	7	1.280	466.386	-	-	1.275	465.111	
<i>Value of collateral</i>	<i>464.742</i>	<i>7</i>	<i>1.279</i>						<i>466.028</i>
- Shipping	202.196	-	1.727	203.923	94	-	1.727	202.102	
<i>Value of collateral</i>	<i>202.148</i>	<i>-</i>	<i>-</i>						<i>202.148</i>
Total	2.369.750	214.848	62.616	2.647.214	4.977	3.933	37.754	2.600.550	2.349.435
<i>Value of collateral</i>	<i>2.096.600</i>	<i>198.379</i>	<i>54.456</i>	<i>2.349.435</i>					

During the nine months ended 30 September 2022, loans of €786 thousand that were written off in prior years were recovered (nine months ended 30 September 2021: €186 thousand).

Interest income on impaired loans and advances to customers accrued during the period amounted to €1.216 thousand (nine months ended 30 September 2021: €952 thousand).

The Bank assesses the credit quality of its loans and advances to customers and credit related commitments that are subject to ECL using internal credit rating systems for its portfolio which are based on a variety of quantitative and qualitative factors.

Eurobank Cyprus Ltd

Notes to the interim financial statements

16 Loans and advances to customers (continued)

The following tables present the distribution of the gross carrying amount of loans and advances to customers based on the credit quality classification categories and stage allocations used:

	30 September 2022			Total gross carrying amount €'000
	Non-impaired		Credit-impaired	
	12-month ECL €'000	Lifetime ECL not credit-impaired €'000	Lifetime ECL credit-impaired €'000	
Retail lending:				
- Mortgage				
Strong	13.523	-	-	13.523
Impaired	-	-	97	97
- Consumer				
Strong	20.423	-	-	20.423
Watchlist	19	-	-	19
Impaired	-	-	88	88
- Affluent banking				
Strong	54.715	69	-	54.784
Satisfactory	21.229	766	-	21.995
Watchlist	2	3	-	5
Impaired	-	-	37	37
- Credit card				
Strong	504	2	-	506
Satisfactory	64	21	-	85
Watchlist	227	5	-	232
Impaired	-	-	50	50
Wholesale lending:				
- Large corporate				
Strong	728.945	924	-	729.869
Satisfactory	541.740	198.482	-	740.222
Watchlist	105	24.195	-	24.300
Impaired	-	-	39.439	39.439
- Wealth management				
Strong	333.375	1.773	-	335.148
Satisfactory	24.846	11.113	-	35.959
Watchlist	313	1.170	-	1.483
Impaired	-	-	14.907	14.907
- International business banking				
Strong	471.531	8	-	471.539
Satisfactory	2.445	-	-	2.445
Watchlist	93	-	-	93
Impaired	-	-	17	17
- Shipping				
Strong	257.735	-	-	257.735
Satisfactory	5.581	2.429	-	8.010
Watchlist	20	-	-	20
Impaired	-	-	2.009	2.009
	2.477.435	240.960	56.644	2.775.039

Eurobank Cyprus Ltd

Notes to the interim financial statements

16 Loans and advances to customers (continued)

	31 December 2021			Total gross carrying amount €'000
	Non-impaired		Credit-impaired	
	12-month ECL €'000	Lifetime ECL not credit-impaired €'000	Lifetime ECL credit-impaired €'000	
Retail lending:				
- Mortgage				
Strong	12.358	93	-	12.451
Impaired	-	-	97	97
- Consumer				
Strong	20.292	-	-	20.292
Satisfactory	11	3	-	14
Watchlist	-	40	-	40
Impaired	-	-	17	17
- Affluent banking				
Strong	37.322	264	-	37.586
Satisfactory	15.486	990	-	16.476
Impaired	-	-	388	388
- Credit card				
Strong	433	9	-	442
Satisfactory	292	9	-	301
Watchlist	-	1	-	1
Impaired	-	-	40	40
Wholesale lending:				
- Large corporate				
Strong	708.971	3.010	-	711.981
Satisfactory	558.655	179.441	-	738.096
Watchlist	-	14.852	-	14.852
Impaired	-	-	40.568	40.568
- Wealth management				
Strong	329.715	1.899	-	331.614
Satisfactory	18.920	13.048	-	31.968
Watchlist	-	1.182	-	1.182
Impaired	-	-	18.499	18.499
- International business banking				
Strong	444.031	7	-	444.038
Satisfactory	21.068	-	-	21.068
Impaired	-	-	1.280	1.280
- Shipping				
Strong	196.838	-	-	196.838
Satisfactory	5.358	-	-	5.358
Impaired	-	-	1.727	1.727
	2.369.750	214.848	62.616	2.647.214

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Notes to the interim financial statements

16 Loans and advances to customers (continued)

The following tables present the movement of the gross carrying amounts for loans and advances to customers by product line and stage and is calculated by reference to the opening and closing balances for the reporting period from 1 January 2022 to 30 September 2022, and from 1 January 2021 to 31 December 2021, respectively:

	30 September 2022							Total €'000
	Wholesale lending			Retail lending				
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000		
Gross carrying amount at 1 January	2.283.556	213.439	62.074	86.194	1.409	542	2.647.214	
New financial assets originated or purchased	448.483	-	-	22.715	-	-	471.198	
Transfers:								
- To 12-month ECL	9.975	(9.806)	(169)	885	(521)	(364)	-	
- To lifetime ECL not credit-impaired	(52.571)	54.702	(2.131)	(227)	227	-	-	
- To lifetime ECL credit- impaired	(1.299)	(3.859)	5.158	(44)	(12)	56	-	
Financial assets derecognised	(2.987)	(74)	-	(1.059)	-	-	(4.120)	
Amounts written off	-	-	(48)	-	-	-	(48)	
Repayments	(374.259)	(29.790)	(10.912)	(7.621)	(283)	(43)	(422.908)	
Foreign exchange difference and other movements	55.831	15.482	2.400	9.863	46	81	83.703	
Gross carrying amount at 30 September	2.366.729	240.094	56.372	110.706	866	272	2.775.039	
Less impairment allowance	(5.918)	(5.255)	(37.406)	(257)	(10)	(148)	(48.994)	
Carrying amount at 30 September	2.360.811	234.839	18.966	110.449	856	124	2.726.045	
	31 December 2021							
	Wholesale lending			Retail lending				
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit- impaired €'000	Total €'000	
Gross carrying amount at 1 January	1.945.766	153.703	71.408	65.626	1.139	394	2.238.036	
New financial assets originated or purchased	765.631	-	-	24.521	-	-	790.152	
Transfers:								
- To 12-month ECL	12.808	(12.808)	-	97	(97)	-	-	
- To lifetime ECL not credit-impaired	(86.529)	91.725	(5.196)	(729)	729	-	-	
- To lifetime ECL credit- impaired	(98)	(3.433)	3.531	(155)	(6)	161	-	
Financial assets derecognised	(31.886)	(1.295)	-	(626)	(234)	-	(34.041)	
Amounts written off	-	-	(731)	-	-	(12)	(743)	
Repayments	(340.204)	(21.455)	(8.249)	(7.465)	(174)	(26)	(377.573)	
Foreign exchange difference and other movements	18.068	7.002	1.311	4.925	52	25	31.383	
Gross carrying amount at 31 December	2.283.556	213.439	62.074	86.194	1.409	542	2.647.214	
Less impairment allowance	(4.743)	(3.916)	(37.560)	(234)	(17)	(194)	(46.664)	
Carrying amount at 31 December	2.278.813	209.523	24.514	85.960	1.392	348	2.600.550	

The above balances contain €489,9 million of facilities secured by cash collateral as at 30 September 2022 (31 December 2021: €523,2 million). For these facilities no ECL is estimated as due to the nature of the security, no credit risk is assumed for these exposures.

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Notes to the interim financial statements

16 Loans and advances to customers (continued)

The contractual amount outstanding on lending exposures that were written off during the nine months ended 30 September 2022 and that are still subject to enforcement activity is €4.962 thousand.

The following table sets out information about the overdue status of loans and advances to customers:

	30 September 2022			
	12-month ECL	Lifetime ECL not	Lifetime ECL	Total
	€'000	credit-impaired	credit-impaired	
0+ up to 30 days	2,477,435	240,749	33,101	2,751,285
30+ up to 60 days	-	203	1,243	1,446
60+ up to 90 days	-	8	3	11
90 days+	-	-	22,297	22,297
Gross carrying amount	2,477,435	240,960	56,644	2,775,039
Less impairment allowance	(6,175)	(5,265)	(37,554)	(48,994)
Carrying amount	2,471,260	235,695	19,090	2,726,045

	31 December 2021			
	12-month ECL	Lifetime ECL not	Lifetime ECL	Total
	€'000	credit-impaired	credit-impaired	
0+ up to 30 days	2,369,750	214,521	33,675	2,617,946
30+ up to 60 days	-	315	8	323
60+ up to 90 days	-	12	-	12
90 days+	-	-	28,933	28,933
Gross carrying amount	2,369,750	214,848	62,616	2,647,214
Less impairment allowance	(4,977)	(3,933)	(37,754)	(46,664)
Carrying amount	2,364,773	210,915	24,862	2,600,550

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Notes to the interim financial statements

16 Loans and advances to customers (continued)

Forbearance

The following tables present a summary of the credit quality of forbore loans and advances to customers:

	30 September 2022		
	Total loans & advances at amortised cost €'000	Forborne loans & advances €'000	% of forbore loans & advances to total loans & advances
Gross carrying amount:			
12-month ECL	2.477.435	-	-
Lifetime ECL not credit-impaired	240.960	101.885	42,3
Lifetime ECL credit-impaired	56.644	29.568	52,2
Total gross carrying amount	2.775.039	131.453	
Impairment allowance:			
12-month ECL	6.175	-	-
Lifetime ECL not credit-impaired	5.265	1.556	29,6
Lifetime ECL credit-impaired	37.554	18.608	49,6
Total impairment allowance	48.994	20.164	49,6
Carrying amount	2.726.045	111.289	4,1
Collateral received	2.463.026	126.935	
	31 December 2021		
	Total loans & advances at amortised cost €'000	Forborne loans & advances €'000	% of forbore loans & advances to total loans & advances
Gross carrying amount:			
12-month ECL	2.369.750	2.353	0,1
Lifetime ECL not credit-impaired	214.848	95.156	44,3
Lifetime ECL credit-impaired	62.616	32.832	52,4
Total gross carrying amount	2.647.214	130.341	4,9
Impairment allowance:			
12-month ECL	4.977	-	-
Lifetime ECL not credit-impaired	3.933	989	25,1
Lifetime ECL credit-impaired	37.754	16.773	44,4
Total impairment allowance	46.664	17.762	38,1
Carrying amount	2.600.550	112.579	4,3
Collateral received	2.349.435	125.477	

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Notes to the interim financial statements

16 Loans and advances to customers (continued)

Collaterals held and other credit enhancements

The breakdown of collateral and guarantees for loans and advances to customers is presented below:

	30 September 2022				Guarantees received €'000
	Value of collateral received			Total €'000	
	Real Estate €'000	Financial €'000	Other Collateral €'000		
Retail lending	77.620	9.229	-	86.849	-
Wholesale lending	1.421.960	677.337	267.990	2.367.287	8.890
Total	1.499.580	686.566	267.990	2.454.136	8.890

	31 December 2021				Guarantees received €'000
	Value of collateral received			Total €'000	
	Real Estate €'000	Financial €'000	Other Collateral €'000		
Retail lending	55.929	8.560	-	64.489	-
Wholesale lending	1.367.797	658.973	248.268	2.275.038	9.910
Total	1.423.726	667.533	248.268	2.339.527	9.910

17 Investment securities

	30 September 2022 €'000	31 December 2021 €'000
Investment securities at amortised cost	828.735	459.214
Investment securities at FVOCI	538.051	555.729
Investment securities mandatorily at FVTPL	2.028	1.995
	1.368.814	1.016.938

Eurobank Cyprus Ltd

Notes to the interim financial statements

17 Investment securities (continued)

The tables below disclose the gross carrying amount, impairment allowance and carrying amount per stage of investment securities as at 30 September 2022 and 31 December 2021:

	30 September 2022		31 December 2021	
	12-month		12-month	
	ECL €'000	Total €'000	ECL €'000	Total €'000
Debt securities at amortised cost:				
- Gross carrying amount	828.977	828.977	459.385	459.385
- Impairment allowance	(242)	(242)	(171)	(171)
Carrying amount	<u>828.735</u>	<u>828.735</u>	<u>459.214</u>	<u>459.214</u>
Debt securities at FVOCI:				
Carrying amount	<u>538.051</u>	<u>538.051</u>	<u>555.729</u>	<u>555.729</u>
Total of debt securities	<u>1.366.786</u>	<u>1.366.786</u>	<u>1.014.943</u>	<u>1.014.943</u>
Other investment securities mandatorily at FVTPL:				
Carrying amount		<u>2.028</u>		<u>1.995</u>
Total of investment securities		<u>1.368.814</u>		<u>1.016.938</u>

The investment securities per category are analysed as follows:

	30 September 2022			
	Investment securities at FVOCI	Investment securities at amortised cost	Investment securities mandatorily at FVTPL	Total
	€'000	€'000	€'000	€'000
Debt securities:				
- Cyprus government bonds	45.304	313.815	-	359.119
- Other government bonds	350.357	340.286	-	690.643
- Multilateral development banks	5.109	-	-	5.109
- Banks and financial institutions	89.071	5.094	-	94.165
- Other issuers	48.210	169.540	-	217.750
Total debt securities	<u>538.051</u>	<u>828.735</u>	<u>-</u>	<u>1.366.786</u>
Other investment securities:				
UCIT funds	-	-	2.028	2.028
Total other investment securities	<u>-</u>	<u>-</u>	<u>2.028</u>	<u>2.028</u>
Total of investment securities	<u>538.051</u>	<u>828.735</u>	<u>2.028</u>	<u>1.368.814</u>

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Notes to the interim financial statements

17 Investment securities (continued)

	31 December 2021			Total €'000
	Investment securities at FVOCI €'000	Investment securities at amortised cost €'000	Investment securities mandatorily at FVTPL €'000	
Debt securities:				
- Cyprus government bonds	50.816	355.478	-	406.294
- Other government bonds	337.263	-	-	337.263
- Multilateral development banks	4.622	-	-	4.622
- Banks and financial institutions	91.982	-	-	91.982
- Other issuers	71.046	103.736	-	174.782
Total debt securities	555.729	459.214	-	1.014.943
Other investment securities:				
UCIT funds	-	-	1.995	1.995
Total other investment securities	-	-	1.995	1.995
Total of investment securities	555.729	459.214	1.995	1.016.938

All investment securities, with the exception of UCIT funds, are listed.

All investment securities at FVOCI and investment securities at amortised cost are classified in 12-month ECL category.

18 Investments in subsidiaries

The following is a listing of the Company's subsidiaries as at 30 September 2022 and December 2021:

<u>Name</u>	<u>Participation</u>	30 September 2022 €'000	31 December 2021 €'000
Foramonio Ltd	100%	1	1
Lenevino Holdings Ltd	100%	1	1
Neviko Ventures Ltd	100%	1	1
Rano Investments Ltd	100%	1	1
Amvanero Ltd	100%	1	1
Revasono Holdings Ltd	100%	1	1
Volki Investments Ltd	100%	1	1
Zivar Investments Ltd	100%	1	1
Elerovio Holdings Limited	100%	1	1
Adariano Investments Limited	100%	1	1
		10	10

All companies are registered and operate in Cyprus and have been set up to acquire properties from customers in settlement of their obligations with the Bank.

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Notes to the interim financial statements

19 Property and equipment

The carrying amounts of property and equipment are analysed as follows:

	30 September 2022	31 December 2021
	€'000	€'000
Leasehold improvements	6.547	6.803
Motor vehicles and motor cycles	12	17
Equipment	2.390	2.700
Right-of-use assets ¹	16.292	18.208
Total	25.241	27.728

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

Leasehold improvements relate to premises occupied by the Bank for its own activities.

As at 30 September 2022, the right-of-use assets refer to leased office and branch premises of €16.101 thousand (31 December 2021: €17.967 thousand) and motor vehicles of €191 thousand (31 December 2021: €241 thousand).

20 Intangible assets

The carrying amounts of intangible assets are analysed as follows:

	30 September 2022	31 December 2021
	€'000	€'000
Computer software	22.049	18.851
Total	22.049	18.851

21 Other assets

	30 September 2022	31 December 2021
	€'000	€'000
Prepaid expenses	1.277	1.517
Other assets	356	405
	1.633	1.922

None of these financial assets are either past due or credit-impaired.

Eurobank Cyprus Ltd

Notes to the interim financial statements

22 Due to central banks

	30 September 2022 €'000	31 December 2021 €'000
Secured borrowing from credit institutions	<u>603.280</u>	<u>607.747</u>

Based on the ECB's decision in January 2021, the reduction of the interest rate on TLTRO III facilities to -0,5% was extended to the period from June 2021 to June 2022, while for the banks subject to meeting the required lending thresholds for the additional observation period ended 31 December 2021 the interest rate is capped at -1% (i.e. the minimum of the average deposit facility rate minus 0,5% and the rate of -1%). For the period after June 2022 and until the maturity of each operation the TLTRO III interest rate for the Bank shall be the average of the deposit facility rate (DFR) over the life of the respective TLTRO III.

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

As at 30 September 2022, the Bank had borrowed €614.950 thousand under the TLTRO III- refinancing program, whereas the recognised benefit during the nine months ended 30 September 2022 from the above program amounted to €4.467 thousand (nine months ended 30 September 2021: €4.958 thousand), including the benefit resulting from the program's more favorable interest rates for which the Bank has reasonable assurance that it will receive.

23 Due to credit institutions

	30 September 2022 €'000	31 December 2021 €'000
Deposits due to credit institutions	222.696	196.422
Settlement balances with credit institutions	200.655	72.043
	<u>423.351</u>	<u>268.465</u>

On 31 May 2022, Eurobank S.A. extended to the Bank a €30 million 3-year non-callable in 2, senior non-preferred loan to cover MREL requirement. The interest rate is fixed for 3 years at 3,86%. The balance of the loan as at 30 September 2022 is €30.100 thousand and is included in "Deposits due to credit institutions".

Amounts due to credit institutions are categorised as financial liabilities measured at amortised cost.

Eurobank Cyprus Ltd

Notes to the interim financial statements

24 Due to customers

	30 September 2022 €'000	31 December 2021 €'000
Current accounts	5.439.789	4.646.922
Notice accounts	6.181	5.100
Term deposits	1.835.509	1.937.579
Repurchase agreements	-	30.039
	<u>7.281.479</u>	<u>6.619.640</u>

Total client deposits pledged as collateral for credit facilities granted to clients as at 30 September 2022 amounted to €686.566 thousand (31 December 2021: €667.533 thousand).

Amounts due to customers are categorised as financial liabilities measured at amortised cost.

Special levy on total deposits is imposed by legislation to all Banks and Credit Institutions operating in Cyprus. The special levy is calculated on the level of deposits at previous quarter-end at the rate of 0,0375% per quarter and is payable in quarterly instalments. The total government levy on customer deposits for the nine months ended 30 September 2022 amounted to €4.258 thousand. Following an amendment of the Imposition of Special Credit Institution Tax Law in 2017, the Single Resolution Fund contribution which is charged annually by the Single Resolution Board, is offset by the special levy up to the level of the total annual special levy charge. The 2022 government levy is net of €3.347 thousand relating to the contribution to the Single Resolution Fund.

25 Other liabilities

	30 September 2022 €'000	31 December 2021 €'000
Impairment allowance on financial guarantees and credit related commitments	6.818	5.384
Lease liabilities	17.158	18.771
Balances under settlement relating to bank cheques	17.161	17.991
Duties and other taxes	1.256	1.753
Suppliers and creditors	2.191	3.653
Other liabilities and accruals	34.574	29.937
	<u>79.158</u>	<u>77.489</u>

As at 30 September 2022 and 31 December 2021, other liabilities and accruals mainly consist of staff related and trading balances. As at 30 September 2022, they also include provisions for operational risk events of €117 thousand (31 December 2021: €497 thousand).

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Notes to the interim financial statements

26 Share capital

The par value of the Bank's shares is €10 thousand per share. All shares are fully paid.

The movement of share capital and share premium is as follows:

	No. of shares	Ordinary shares €'000	Share premium €'000	Total €'000
Authorised				
At 30 September 2022 & 31 December 2021	1.500	15.000	-	15.000
Issued				
At 30 September 2022 & 31 December 2021	1.201	12.010	245.384	257.394

There were no changes to the authorised or issued share capital during the nine months ended 30 September 2022 and the year ended 31 December 2021.

All the shares have the same rights.

27 Fair value of financial assets and liabilities

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

The values derived using these techniques are affected by underlying assumptions concerning both the amounts and timing of future cash flows and the discount rate used.

The Bank's financial instruments carried at fair value or at amortised cost for which fair value is disclosed are categorised into the three fair value hierarchy levels based on whether the inputs to their fair values are observable or non-observable, as follows:

- Level 1 – Financial instruments measured based on quoted prices (unadjusted) in active markets for identical financial instruments that the Bank can access at the measurement date. A market is considered active when quoted prices must be readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency and represent actually and regularly occurring transactions. Level 1 financial instruments include actively quoted debt instruments, equity and derivative instruments traded on exchanges, as well as mutual funds that have regularly and frequently published quotes.

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Notes to the interim financial statements

27 Fair value of financial assets and liabilities (continued)

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

Financial instruments carried at fair value

The fair value hierarchy categorisation of the financial assets and liabilities carried at fair value as at 30 September 2022 and 31 December 2021 is presented in the following tables:

	At 30 September 2022			Total €'000
	Level 1 €'000	Level 2 €'000	Level 3 €000	
Financial assets measured at fair value on a recurring basis:				
Derivatives for which hedge accounting is not applied/held for trading	-	13.441	-	13.441
Derivative financial instruments designated as fair value hedges	-	20.641	-	20.641
Investment securities at FVOCI	520.842	17.209	-	538.051
Investment securities mandatorily at FVTPL	2.028	-	-	2.028
Total financial assets measured at fair value on a recurring basis	522.870	51.291	-	574.161
Financial liabilities measured at fair value on a recurring basis:				
Derivatives for which hedge accounting is not applied/held for trading	-	319	-	319
Derivative financial instruments designated as fair value hedges	-	4.970	-	4.970
Total financial liabilities measured at fair value on a recurring basis	-	5.289	-	5.289

Eurobank Cyprus Ltd

Notes to the interim financial statements

27 Fair value of financial assets and liabilities (continued)

Financial instruments carried at fair value (continued)

	At 31 December 2021			Total €'000
	Level 1 €'000	Level 2 €'000	Level 3 €000	
Financial assets measured at fair value on a recurring basis:				
Derivatives for which hedge accounting is not applied/held for trading	-	18.539	-	18.539
Investment securities at FVOCI	515.601	40.128	-	555.729
Investment securities mandatorily at FVTPL	1.995	-	-	1.995
Total financial assets measured at fair value on a recurring basis	<u>517.596</u>	<u>58.667</u>	<u>-</u>	<u>576.263</u>
Financial liabilities measured at fair value on a recurring basis:				
Derivatives for which hedge accounting is not applied/held for trading	-	3.078	-	3.078
Derivative financial instruments designated as fair value hedges	-	6.187	-	6.187
Total financial liabilities measured at fair value on a recurring basis	<u>-</u>	<u>9.265</u>	<u>-</u>	<u>9.265</u>

Valuation processes and techniques

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

Where valuation techniques are used to determine the fair values of financial instruments that are not quoted in an active market, they are validated against historical data and, where possible, against current or recent observed transactions in different instruments, and periodically reviewed by qualified personnel independent of the personnel that created them.

All models are certified before they are used and models are calibrated to ensure that outputs reflect actual data and comparative market prices. Fair values' estimates obtained from models are adjusted for any other factors, such as liquidity risk or model uncertainties, to the extent that market participants would take them into account in pricing the instrument. Fair values also reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank entity and the counterparty, where appropriate.

Eurobank Cyprus Ltd

Notes to the interim financial statements

27 Fair value of financial assets and liabilities (continued)

Valuation processes and techniques (continued)

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

OTC derivative financial instruments are fair valued by discounting expected cash flows using market interest rates at the measurement date. Counterparty credit risk adjustments and own credit risk adjustments are applied to OTC derivatives, where appropriate. Bilateral credit risk adjustments consider the expected cash flows between the Bank and its counterparties under the relevant terms of the derivative instruments and the effect of the credit risk on the valuation of these cash flows. As appropriate in circumstances, the Bank considers also the effect of any credit risk mitigating arrangements, including collateral agreements and master netting agreements on the calculation of credit risk valuation adjustments (CVAs). CVA calculation uses probabilities of default (PDs) based on observable market data as credit default swaps (CDS) spreads, where appropriate, or based on internal rating models. The Bank applies similar methodology for the calculation of debit-value-adjustments (DVAs), when applicable. Where valuation techniques are based on internal rating models and the relevant CVA is significant to the entire fair value measurement, such derivative instruments are categorised as Level 3 in the fair value hierarchy.

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

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

Loans and advances to customers which contractual cash flows do not represent solely payments of principal and interest (SPPI failures) are measured mandatorily at fair value through profit or loss. Quoted market prices are not available as there are no active markets where these instruments are traded. Their fair values are estimated on an individual loan basis by discounting the future expected cash flows over the time period they are expected to be recovered, using an appropriate discount rate. Expected cash flows which incorporate credit risk represent significant unobservable input in the valuation and as such the entire fair value measurement is categorised as Level 3 in the fair value hierarchy.

Eurobank Cyprus Ltd

Notes to the interim financial statements

27 Fair value of financial assets and liabilities (continued)

Financial instruments not carried at fair value

The carrying amount and fair value of the Bank's financial assets and liabilities not carried at fair value on the balance sheet is presented in the following table:

	30 September 2022		31 December 2021	
	Fair Value	Carrying amount	Fair Value	Carrying amount
	€'000	€000	€000	€'000
Financial assets not carried at fair value:				
Balances with central banks	3.253.787	3.253.787	2.826.774	2.826.774
Due from credit institutions	1.548.821	1.548.821	1.626.798	1.626.798
Loans and advances to customers	2.734.202	2.726.045	2.606.722	2.600.550
Investment securities at AC	804.388	828.735	477.926	459.214
Other assets	356	356	405	405
	8.341.554	8.357.744	7.538.625	7.513.741
Financial liabilities not carried at fair value:				
Due to central banks	603.280	603.280	607.747	607.747
Due to credit institutions	423.351	423.351	268.465	268.465
Due to customers	7.281.479	7.281.479	6.619.640	6.619.640
Other liabilities	72.340	72.340	72.105	72.105
	8.380.450	8.380.450	7.567.957	7.567.957

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

- Loans and advances to customers: for loans and advances to customers quoted market prices are not available as there are no active markets where these instruments are traded. The fair values are estimated by discounting future expected cash flows over the time period they are expected to be recovered, using appropriate risk-adjusted rates. Loans are grouped into homogenous assets with similar characteristics, as monitored by Management, such as product, borrower type and delinquency status, in order to improve the accuracy of the estimated valuation outputs. In estimating future cash flows, the Bank makes assumptions on expected prepayments, product spreads and timing of collateral realisation. The discount rates incorporate inputs for expected credit losses and interest rates, as appropriate;
- Investment securities carried at amortised cost: the fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity and yield, quoted market prices in non-active markets for identical or similar financial instruments, or by using the discounted cash flows method.

The Bank recognises transfers into and out of the fair value hierarchy levels at the beginning of the quarter in which a financial instrument's transfer was effected. During the period ended 30 September 2022, the Bank did not make any transfers into and out of the fair value hierarchy levels.

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

Eurobank Cyprus Ltd

Notes to the interim financial statements

28 Interest Rate Benchmark reform – IBOR reform

During the first quarter of 2022, the Bank's IBOR transition program managed successfully the transition of IBOR rates (CHF, GBP, JPY, 1W and 2M USD and Euro Libor) that ceased after 31 December 2021 to the new risk-free rates (RFRs). In particular, the majority of the Bank's financial instruments, such as loans to customers and deposit contracts, referencing to the abovementioned IBOR rates, was successfully transitioned to the new RFRs on their first repricing date up to 31 March 2022, while any remaining contracts will transition later during the year, on their next roll date. For derivatives, the migration to the new RFRs was performed through the activation of their fallback clauses. Further information regarding the Bank's IBOR transition program is provided in note 4.2.5 of the financial statements for the year ended 31 December 2021.

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

29 Contingencies and commitments

Credit related commitments

The Bank presents the credit related commitments it has undertaken within the context of its lending related activities into the following three categories: a) financial guarantee contracts, which refer to guarantees and standby letters of credit that carry the same credit risk as loans (credit substitutes), b) commitments to extend credit, which comprise firm commitments that are irrevocable over the life of the facility or revocable only in response to a material adverse effect and c) other credit related commitments, which refer to documentary and commercial letters and other guarantees.

	30 September 2022 €'000	31 December 2021 €'000
<i>Contingent liabilities:</i>		
Financial guarantee contracts	181.084	162.316
Credit related commitments	3.848	4.465
	<u>184.932</u>	<u>166.781</u>
<i>Commitments:</i>		
Loan commitments	<u>538.673</u>	<u>540.445</u>

The following tables present the nominal amount, representing the maximum exposure to credit risk before the impairment allowance, of credit related commitments that are classified as not credit-impaired (Stage 1 and Stage 2) and those classified as credit-impaired (Stage 3). They also present the total impairment allowance recognised in respect of all credit related commitments, based on how the respective impairment allowance has been calculated, as well as the value of collateral held to mitigate credit risk. In addition, the value of collateral presented in the tables below is capped to the respective nominal amount.

Eurobank Cyprus Ltd

Notes to the interim financial statements

29 Contingencies and commitments (continued)

Credit related commitments (continued)

	30 September 2022							
	Non-impaired		Credit-impaired		Total gross carrying amount / nominal exposure	Impairment allowance		
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month ECL		Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Financial guarantee contracts and other credit related commitments	167.202	17.310	420	184.932	1.668	251	316	
Loan commitments	489.970	47.768	935	538.673	1.452	3.131	-	
	657.172	65.078	1.355	723.605	3.120	3.382	316	
<i>Value of collateral</i>	174.960	22.195	515	197.670				

	31 December 2021							
	Non-impaired		Credit-impaired		Total gross carrying amount / nominal exposure	Impairment allowance		
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month ECL		Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
Financial guarantee contracts and other credit related commitments	152.277	14.148	356	166.781	1.114	390	283	
Loan commitments	508.096	31.573	776	540.445	1.307	2.290	-	
	660.373	45.721	1.132	707.226	2.421	2.680	283	
<i>Value of collateral</i>	176.101	13.531	345	189.977				

Impairment allowance on contingent liabilities and commitments is presented within "Other liabilities" (note 25).

Eurobank Cyprus Ltd

Notes to the interim financial statements

29 Contingencies and commitments (continued)

Credit related commitments (continued)

The Bank assesses the credit quality of its credit related commitments that are subject to ECL using internal credit rating systems for its portfolio which are based on a variety of quantitative and qualitative factors. The following tables present the distribution of the nominal exposure of credit related commitments based on the credit quality classification categories and stage allocations used.

	30 September 2022			Total nominal exposure €'000
	Non-impaired		Credit-impaired	
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit-impaired €'000	
Financial guarantee contracts and other credit related commitments:				
Strong	120.423	10.012	-	130.435
Satisfactory	46.721	6.848	-	53.569
Watchlist	58	450	-	508
Impaired	-	-	420	420
Loan commitments:				
Strong	342.730	123	-	342.853
Satisfactory	144.220	44.430	-	188.650
Watchlist	3.020	3.215	-	6.235
Impaired	-	-	935	935
	657.172	65.078	1.355	723.605
	31 December 2021			Total nominal exposure €'000
	Non-impaired		Credit-impaired	
	12-month ECL €'000	Lifetime ECL not credit- impaired €'000	Lifetime ECL credit-impaired €'000	
Financial guarantee contracts and other credit related commitments:				
Strong	90.902	11	-	90.913
Satisfactory	61.375	14.003	-	75.378
Watchlist	-	134	-	134
Impaired	-	-	356	356
Loan commitments:				
Strong	319.989	106	-	320.095
Satisfactory	188.107	28.603	-	216.710
Watchlist	-	2.864	-	2.864
Impaired	-	-	776	776
	660.373	45.721	1.132	707.226

Eurobank Cyprus Ltd

Notes to the interim financial statements

29 Contingencies and commitments (continued)

Credit related commitments (continued)

The following tables present the movement of the nominal amounts of financial guarantee contracts and other credit related commitments, and loan commitments by stage and is calculated by reference to the opening and closing balances for the reporting period from 1 January 2022 to 30 September 2022, and from 1 January 2021 to 31 December 2021, respectively:

	30 September 2022						
	Loan commitments			Financial guarantee contracts and other credit related commitments			Total €'000
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	€'000	€'000	€'000	€'000	€'000	€'000	
Nominal amount at 1 January	508.096	31.573	776	152.277	14.148	356	
Net increase/(decrease)	(6.844)	5.026	46	25.446	(7.342)	47	16.379
Transfers:							
- To 12-month ECL	2.052	(1.959)	(93)	438	(438)	-	-
- To lifetime ECL not credit-impaired	(13.261)	13.261	-	(10.952)	10.952	-	-
- To lifetime ECL credit-impaired	(73)	(133)	206	(7)	(10)	17	-
Nominal amount at 30 September	489.970	47.768	935	167.202	17.310	420	723.605

	31 December 2021						
	Loan commitments			Financial guarantee contracts and other credit related commitments			Total €'000
	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	12-month ECL	Lifetime ECL not credit-impaired	Lifetime ECL credit-impaired	
	€'000	€'000	€'000	€'000	€'000	€'000	
Nominal amount at 1 January	413.814	19.508	844	139.374	6.647	143	
Net increase/(decrease)	111.511	(4.930)	(302)	21.873	(1.306)	50	126.896
Transfers:							
- To 12-month ECL	2.227	(2.227)	-	702	(702)	-	-
- To lifetime ECL not credit-impaired	(19.362)	19.412	(50)	(9.660)	9.660	-	-
- To lifetime ECL credit-impaired	(94)	(190)	284	(12)	(151)	163	-
Nominal amount at 31 December	508.096	31.573	776	152.277	14.148	356	707.226

Capital commitments

As at 30 September 2022 commitments for contracted capital expenditures for the Bank amounted to €5.961 thousand (31 December 2021: €5.336 thousand) and they were for the acquisition of computer software (31 December 2021: €41 thousand for leasehold improvements and €5.295 thousand for the acquisition of computer software).

Eurobank Cyprus Ltd

Notes to the interim financial statements

29 Contingencies and commitments (continued)

Legal proceedings

As at 30 September 2022 and 31 December 2021 there were no significant pending litigation, claims or assessments against the Bank, the outcome of which would have a material effect on the Bank's financial position or operations.

30 Fiduciary activities

The Bank provides custody, investment management and advisory services to third and related parties which involve the Bank making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements. At the balance sheet date the Bank had investment custody accounts, including fiduciary assets, with fair value amounting to approximately €4.258.893 thousand (31 December 2021: €4.037.239 thousand).

31 Cash and cash equivalents on cash flow statement

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

	30 September 2022 €'000	30 September 2021 €'000
Cash in hand (note 13)	12.808	14.981
Balances with central banks, excluding mandatory deposits (note 13)	3.183.911	2.214.730
Balances with credit institutions (note 14)	1.548.821	1.751.152
	<u>4.745.540</u>	<u>3.980.863</u>

Changes in liabilities arising from financing activities

During the period ended 30 September 2022, changes in the Bank's liabilities arising from financing activities of €1.850 thousand (30 September 2021: €1.819 thousand) are attributable to payments of lease liabilities.

Eurobank Cyprus Ltd

Notes to the interim financial statements

32 Related party transactions and balances

The immediate controlling party of the Bank is Eurobank S.A.

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

The Board of Directors (“BoD”) of Eurobank Holdings is the same as the BoD of Eurobank S.A. and part of the key management personnel of Eurobank S.A. provides services to Eurobank Holdings according to the terms of the relevant agreement between the two entities.

Fairfax Group, which holds 32,9% of Eurobank Holdings voting rights as of 30 September 2022 (30 June 2022: 33%), is considered to have significant influence over the company.

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

The outstanding balances with related parties as at 30 September 2022 and 31 December 2021 were as follows:

	With Eurobank Ergasias Services and Holdings S.A. and Eurobank S.A.		Other related entities		With key management personnel	
	30 September 2022 €'000	31 December 2021 €'000	30 September 2022 €'000	31 December 2021 €'000	30 September 2022 €'000	31 December 2021 €'000
	Due from credit institutions ¹	1.518.251	1.529.178	481	575	-
Loans and advances to customers ²	-	-	29.687	45.707	596	676
Derivative financial instruments – Assets	33.800	18.375	-	-	-	-
Due to credit institutions ³	346.666	228.549	2	-	-	-
Derivative financial instruments – Liabilities	4.570	9.264	-	-	-	-
Due to customers ⁴	-	-	17.531	10.418	7.736	7.774
Other liabilities	623	1.303	1.107	439	-	-

Eurobank Cyprus Ltd

Notes to the interim financial statements

32 Related party transactions and balances (continued)

The transactions with related parties during the nine months ended 30 September 2022 were as follows:

	With Eurobank Ergasias Services and Holdings S.A. and Eurobank S.A. €'000	Other related entities €'000	With key management personnel €'000
Interest income ⁵	13.904	524	8
Interest expense	(5.749)	(6)	(4)
Banking fee and commission income	1.178	23	-
Banking fee and commission expense – fees on lien agreement	(2.020)	-	-
Banking fee and commission expense – other	(300)	(568)	-
Net trading income	29.862	-	-
Net losses from other financial instruments	(157)	-	-
Staff costs excluding retirement benefit costs	-	-	1.622
Defined contribution plan	-	-	146
Directors' remuneration	-	-	865
Other operating expenses	(464)	-	-

Key management personnel include directors and key management personnel of the Bank, their close family members and entities controlled or jointly controlled by them.

¹Amounts due from credit institutions include reverse repurchase agreements with Eurobank S.A. of €1.512.085 thousand (31 December 2021: €1.515.435 thousand) (note 14).

²Loans and advances to customers with other related entities include loans and advances to the Bank's direct subsidiaries of €16.251 thousand (31 December 2021: €16.458 thousand).

³On 31 May 2022, Eurobank S.A. extended to the Bank a €30 million 3-year non-callable in 2, senior non-preferred loan to cover MREL requirement. The interest rate is fixed for 3 years at 3,86%. The balance of the loan as at 30 September 2022 is €30.100 thousand (note 23).

⁴Due to customers with other related entities include balances with the Bank's direct subsidiaries of €25 thousand (31 December 2021: €25 thousand). They also include balances with the Bank's Defined Contribution Plan of €451 thousand (31 December 2021: €360 thousand).

⁵Interest income from other related entities includes income from the Bank's direct subsidiaries of €298 thousand and from the Bank's Defined Contribution Plan of €2 thousand.

Total collaterals in relation to loans and advances to key management personnel amounted to €424 thousand (31 December 2021: €441 thousand).

Eurobank Cyprus Ltd

Notes to the interim financial statements

32 Related party transactions and balances (continued)

The Bank has in place lien agreements from Eurobank S.A., which act as guarantees for the purposes of securing loans and advances to customers of €156.843 thousand as of 30 September 2022 (31 December 2021: €158.682 thousand). Based on the lien agreements, in case of default of any of the issuers of the underlying assets, the Bank can set off the receivable amounts with the equivalent funds placed by Eurobank S.A.

33 Events after the balance sheet date

There were no material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

