ΤΡΑΠΕΖΑ ΚΑΡΔΙΤΣΑΣ
ΣΥΝΕΤΑΙΡΙΣΤΙΚΗ

COOPERATIVE BANK OF KARDITSA

COOPERATIVE BANK OF KARDITSA, LLC (SYN.PE.)

Annual Financial Report
for the financial year ended on 31 December 2022

June 2023

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REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2022

The following Annual Report of the Board of Directors is for the financial year 2022 (01.01.2022 - 31.12.2022). The Report was drafted and is harmonized with the relevant provisions of Article 150 of Law 4548/2018.

This Report fairly presents all information required by law to provide a substantial and documented view of the activities over the period under review of the Cooperative Bank of Karditsa (SYN.PE.).

The Report is included as is, along with the Bank's Financial Statements and the other data and statements required by law in the Annual Financial Report as of the year 2022.

A. THE WORLD ECONOMY

2022 was a difficult year for the global economy. The war in Ukraine and China's zero-cases policy of coronavirus caused new disruption in the supply chain, while food and energy prices soared with inflation having a major impact on national economies.

The Russian invasion of Ukraine on 24 February 2022 has shaped new correlations in an already changing global geopolitical and geo-economic order.

The coronavirus pandemic, which started in China at the end of 2019, continued to have a serious economic impact on the country in 2022. While the other markets were gradually opening up as the cases receded, China, considered by many to be the "global factory", insisted on severe restrictive measures, with consequences for global trade. With China's GDP accounting for 18.5% of global output and the IMF's 2022 growth projections falling more than a point in six months, from 4.4% in April 2022 to 3.2% in October, the impact of the zero-cap policy on the global economy has been significant.

The pandemic has caused long delays in transport, disruptions in supply chains and, with the zero cornovirus policy, disruptions in production, leading to increasing calls in the US for repatriation of production.

As a result, the global economy slowed down significantly in 2022 and grew at a rate of 3.4%, in contrast to the previous year when it recorded a strong recovery. However, this slowdown was milder than initially estimated, despite steadily rising inflation, mainly due to deferred demand and accumulated savings from the pandemic period supporting consumption, a strong labour market and temporary policy measures taken globally to contain energy costs.

According to the baseline forecast, growth will fall from 3.4% in 2022 to 2.8% in 2023, before recovering to 3.0% in 2024. Advanced economies are expected to experience a particularly sharp slowdown in growth, from 2.7% in 2022 to 1.3% in 2023.

The surge in demand after the pandemic, reduced supply and rising energy costs have contributed to soaring global inflation. Inflation in 2022 and proved higher and longer lasting than initially forecast. Global headline inflation was 8.7% in 2022 and is expected to fall to 7.0% in 2023 due to lower commodity prices. A return of inflation to the target is unlikely before 2025 in most cases.

In order to tame inflation, monetary authorities around the world have proceeded to drastically raise interest rates in order to curb aggregate demand and bring inflationary effects under control.

With inflationary pressures strong, the central banks (Fed, ECB, etc.) left behind their loose monetary policy by raising their interest rates significantly. On December 14, the Fed raised its interest rates to a 15-year high, with the federal funds rate at 4.25-4.50% (and with prospects for a rise in the new year), following four consecutive 75 basis point hikes.

But the tightening of monetary policy does not come without a price. The issue of the "explosion" of global debt and in particular the ability of indebted developed and developing countries to repay it is becoming increasingly difficult as interest rates rise. The debt accumulated on the planet amounts to 290 trillion dollars, having increased by more than a third compared to the previous decade.

The question of whether the global economy is heading towards a new major recession and whether conditions of stagflation with a strong swelling of public debt -recalling memories of the 1970s - are indeed forming is the key issue in the global debate, causing the greatest concern since the global financial crisis that erupted in the late 2000s (2007-08) with the collapse of Lehman Brothers in the US. The forecasts of the international financial institutions are converging towards the recessionary clouds that have been gathering over the global economy. Growth has lost momentum, high inflation has spread to countries and products and is proving to be persistent.

B. THE EUROPEAN ECONOMY

The biggest "loser" of the war in Ukraine seems to be Europe and especially the Eurozone. Overall, in 2022 GDP grew by 3.5% in both the euro area and the European Union, following a 5.3% and 5.1% increase in 2021 respectively. Projections for 2023 limit growth to just 0.8%. With the euro exchange rate falling to historic lows, the European Commission further lowers its own forecasts to 0.3% for both the EU and euro area countries in 2023.

The biggest blow for the EU came from the turmoil in energy prices, especially gas prices, which quadrupled due to the dependence on Russian gas.

Gas flow from Russia to Europe fell by more than 80% in 2022, with the IMF warning that Europe could experience its first winter without Russian gas, risking even higher energy prices and a major recession. To prevent the worst, the EU has set a minimum target of 85% gas storage by the end of 2022, and in November the average level of gas storage among member states was over 94.8%, which led to a partial de-escalation of prices. In addition, it is taking a number of measures to address high energy prices on the one hand and to ensure energy sufficiency on the other.

In an effort to diversify their gas supply, European countries have concluded agreements to import liquefied natural gas (LNG) from third countries. However, this requires infrastructure, and the cost of buying and transporting LNG is high.

The soaring energy prices and shortages of goods have led to soaring inflation in Europe as well.

During 2022, inflation in the euro area accelerated sharply to historically high levels, causing the European Central Bank (ECB) to shift the direction of monetary policy. Like all central banks around the world, the ECB has embarked on a course of raising its key interest rates in order to tame runaway inflation. As Christine Lagarde had stated, demand must be curbed so that inflation slows down and returns to the medium-term target of 2%, despite the fact that liquidity constraints will put the brakes on economic activity.

The start of the base rate hikes was announced in June 2022, when the ECB's forecasts suggested that inflation would be more persistent than previously estimated and would continue to run at undesirably high levels for a long period of time. Thus, from July 2022 onwards, the ECB has made successive increases in key interest rates, the first interest rate hikes in 11 years. In December, the European Central Bank's key interest rate was set at 2.5%, down from 0% at the start of the year and a negative rate in 2021. Cumulatively to date, base rates have risen by 350 basis points.

Overall, the ECB's strategy demonstrates its determination to ensure that inflation returns to the medium-term target of 2% and the smooth functioning of the monetary policy transmission mechanism by adapting all the instruments at its disposal. At the same time, the ECB's policy toolbox is fully equipped to provide liquidity to the banking system if needed to ensure financial stability in the euro area.

After peaking in 2022, inflation is expected to decline over the forecast horizon. Three consecutive months of nominal inflation moderation at the end of 2022 suggest that the peak is now behind us. Inflation forecasts were revised down slightly compared to the autumn, mainly reflecting developments in the energy market. Nominal inflation is projected to fall from 9.2 % in 2022 to 6.4 % in 2023 and to 2.8 % in 2024 in the EU. In the euro area, it is projected to slow from 8,4 % in 2022 to 5,6 % in 2023 and 2,5 % in 2024.

C. THE GREEK ECONOMY

In an extremely adverse global and European economic environment, the Greek economy has shown a high degree of resilience. It maintained its growth momentum in 2022, recording a GDP growth rate of 5.9% from 8.4% in 2021 and -9.0% in 2020 (significantly higher compared to the Eurozone and the EU-27 (3.5%)), despite strong inflationary pressures. The performance of the Greek economy in terms of real growth in 2022 was the fourth highest among the 27 Member States of the European Union (EU-27).

GDP in 2022 in volume terms amounted to €192.1 billion compared to €181.3 billion in 2021. At the same time, GDP at current prices was set at €208 billion in 2022 compared to €181.7 billion in 2021, up 14.5%. GDP in real terms surpassed pre-pandemic levels, with private consumption, services exports (travel receipts almost reached the 2019 level) and investment as the main components of growth. Although the country's growth mix has been gradually changing over the last two years with a strengthening of fixed capital investment, consumption has maintained its leading role in terms of contribution to the country's economic growth. Private consumption grew 5.8% in 2021 and 7.8% in 2022, making a key contribution to recovering the losses of the pandemic in terms of gross domestic product (GDP).

For 2023, the OECD in its spring report on the outlook for the global economy predicts strong growth for Greece with real GDP growing by 2.2% and 1.9% in 2024.

The Greek economy was affected to a considerable extent by the rise in imported inflation, which particularly eroded the disposable incomes of wage earners, causing a chain reaction. The rise in international energy prices increased headline inflation at the end of 2022 to 9.3%, slightly higher than the euro area average, and resulted in a decline in real household income. According to the European Commission's winter forecasts (Feb-23), average annual inflation for the whole of 2023 is forecast at 4.5% (5.6% in the euro area) and for 2024 at 2.4% (2.5% in the euro area).

The course of the country's economic activity has a direct impact on the labour market. Therefore, the employment growth in 2021-2022 was the result of the dynamic return of the domestic economy to growth after the deep recession of 2020. Moreover, despite the difficult economic situation with soaring inflation, the annual unemployment rate for 2022, following the downward trend of the last decade, was 12.4%, down from 14.8% in 2021. The labour market showed an increase in employment in 2022, continuing its upward trend from 2021, and at a higher rate. In particular, average annual employment is boosted by 5.4% in 2022 compared to 1.4% in the previous year.

Employment and nominal wage growth, measures to support against the energy crisis and accumulated savings were the main sources of financing for household consumption expenditure.

However, stronger consumption and continued growth in industrial production and investment contributed to the increase in imports of goods. The current account deficit widened significantly in 2022 to 9.7% of GDP, due to faster growth in imports of goods, especially energy goods, compared to exports of goods. The current account balance was also significantly burdened by the increase in international fuel prices.

Despite the widening of the current account deficit in recent years, largely due to cyclical factors linked to the pandemic and the increased international energy prices, the external sector of the Greek economy has undergone an impressive transformation. Overall, exports of goods and services as a share of GDP have almost doubled compared to 2010, reflecting not only the positive performance of tourism and transport services, but also the significant rise in exports of goods, alongside the increasing diversification of the export base of the Greek economy. The increase in exports was significant from €40 billion in 2021 to €54.7 billion in 2022.

However, despite the progress, the Greek economy still has persistent problems, including bureaucracy, a backlog of basic infrastructure, delays in the land registry, and tax evasion.

The country's GDP is still significantly below 2008 levels, public debt remains the highest in the euro area, while the current account deficit is above 6% of GDP.The task of the next government is, inter alia, to continue the reform programme, but also to return to surpluses of around 2% of GDP, with the aim of maintaining an investment grade that will have a positive impact on all sectors of the economy.

D. THE BANK SYSTEM

2022 was a turning point for the Greek banking system. The banking sector has made progress and the outlook is positive, but challenges remain amid inflationary pressures for households and businesses. Extensive restructuring of the banking sector in Greece has taken place in recent years, making banks less vulnerable to financial market turbulence than in the past despite the unstable international economic environment.

Banks have now cleaned up their balance sheets, while capital adequacy ratios have been maintained at satisfactory levels.

The increase in the ECB's key interest rates gradually affected domestic bank interest rates. The rise in key interest rates helped banks to raise their loan rates faster than deposit rates. Bank borrowing costs increased in 2022 for all types of credit, both to non-financial corporations (+50 bp) and to households (consumer loans: +50 bp, housing loans: +36 bp). On the other hand, deposit rates remained at very low levels in 2022, due to the shorter and lagged incorporation of market rate increases into deposit products.

During 2022, deposits continued their upward trend, although their annual rate of increase slowed down, reflecting strong economic growth, despite the negative impact of high inflation. The upward trend in deposits contributed significantly to the fact that the liquid assets of Greek credit institutions remained at a high level. Private bank deposits grew cumulatively by EUR 8.6 billion in 2022, which is about 1/2 of the 2021 flow. The domestic banking system now has 184.1 billion euros in deposits The increase in household deposits is mainly linked to the rise in disposable income (in nominal terms), which was boosted by employment growth and fiscal support measures. The increase in business deposits is due to the marked recovery in turnover and tourism receipts.

During 2022 banks resumed funding to the real economy. The rise in economic activity and the increase in inflation, which inflated the financing needs of companies due to the increased cost of raw materials and energy, fuelled the demand for bank loans. Bank financing to the private sector recorded a notable acceleration in 2022, remaining at a higher level than in previous years.

According to Bank of Greece data, in December 2022, the annual rate of change in total private sector financing amounted to 6.3%, while the annual rate of change in the financing of non-financial corporations (NFCs) was 11.8%. This development was positively influenced by the provision of liquidity by the Eurosystem, the continued increase in bank deposits, as well as the significant reduction in the ratio of non-performing loans (NPLs).

The ratio of non-performing loans (NPLs) to total loans stood at 8.7% in December 2022, compared to 12.7% in December 2021 and 44% in the recent past. The total stock of NPLs stands at EUR 13.2 billion, down by 28.2% year-on-year. For the first time since 2009, the system is back in single-digit NPLs. It is noted that the overall reduction in NPLs from their highest level, recorded in March 2016, now stands at 88% or €94 billion. This decrease reflects progress in the efforts to consolidate the banks' loan portfolio, mainly through the securitisation of loans using the state guarantees of the Hercules programme.

In 2022, Greek banks recorded profits after taxes of 3.6 billion euros. Euro (against a net loss of EUR 4.7 billion in FY 2021), returning to profitability after several years of losses. The increase in non-recurring income and the lower provisioning for credit risk due to the improvement in asset quality contributed decisively to this development. At the same time, during the second half of the year, income from core banking operations increased, especially net interest income, as banks benefited from the increase in key interest rates and the normalisation of monetary policy. It is also worth mentioning the progress made in reducing operating costs.

The capital adequacy of banking groups was significantly strengthened in 2022, mainly due to the increase in banks' regulatory capital through profitability and secondarily due to the issuance of additional capital instruments. Specifically, the Total Capital Adequacy Ratio increased to 17.5% in December 2022, from 16.2% in 2021. Including the full impact of IFRS 9 (IFRS 9), the Index was 16.4%. The four Greek banks had relatively comfortable regulatory capital ratios in 2022 above minimum requirements, while the average CET1 ratio was 13.5% last year compared with 12.4% in 2021.

Moody's expects stronger earnings in 2023 for Greek banks and stresses that the Greek banking system has strong liquidity, an increased level of deposits that provide a "shield" against crises.

Given the improvement in capitalisation and the expectation of increased internal capital generation, Greek banks aim to resume dividend payments in 2023-2024, subject to regulatory approvals. The SSM, while acknowledging the progress of Greek banks, did not give the green light to the banks to distribute dividends for the fiscal year 2022.

E. THE COOPERATIVE BANKS

2002 was a year of reorganization for the country's cooperative banks, a reorganization that continues into early 2023. Faced with the challenge of raising capital, the country's cooperative banks are once again being approached by some of the country's potential investors.

The past year has seen significant changes in the landscape. Pancreta Bank (formerly a cooperative), from Lyktos, has passed into the hands of new investors, Thrivest Holdings. The change of ownership brought a revision of many agreements, including the agreement for the merger with the Bank of Chania, which has now been cancelled.

The resolution plan for cooperative banks is in full swing following the withdrawal of the licence of the Olympus Cooperative Bank and the transfer of its deposits to the National Bank of Greece. Olympus Cooperative Bank was the result of the absorption of the Evros Cooperative Bank from the Cooperative Bank of Drama.

The decision is part of a broader strategy for the consolidation of cooperative banks, through moves such as the absorption of the Cooperative Bank of Central Macedonia by Pancreta Bank, which is expected to be completed by the end of September this year. This was preceded by the EUR 98,7 million capital increase of Pancreta Bank with the entry of Thrivest Holdings.

Following these developments, the cooperative banking sector is shrinking significantly and now has only four banks, namely the Cooperative Bank of Karditsa (with assets of €207 million and an overall capital adequacy ratio of 21%), the Cooperative Bank of Epirus (with assets of €317 million and a total capital adequacy ratio of 14.67%), the Cooperative Bank of Thessaly (with assets of EUR 312 million and a capital adequacy ratio of 14,52%) and the Cooperative Bank of Chania, which is the largest cooperative with assets of EUR 672 million and an overall capital adequacy ratio of 14,25%.

There were positive changes in all key financial figures of the entire sector of the Cooperative Banks. In more detail:

- The assets increased by 2.53% (€1,733.5 million compared to €1,690.6 million, i.e. an increase of €42.8 million);

There was a change of 2.64% in deposits. Specifically, they amounted to €1,557.7 million compared to €1,517.7 million in 2021, i.e. increasing by €40.1 million;

- Grants increased by 0.14%, i.e. from €1.157.8 million amounted to €1.159.4 million, namely increasing by €1.6 million.

Cooperative funds increased by 4.26%, while the equity increased marginally by 0.46%. Specifically, the cooperative funds increased by €3.3 million (€80.2 million compared to €76.9 million), while equity increased by €542 million (€118.3 million compared to €117.8 million).

Profit before tax shows a decrease of €11.4 million (EUR -7.1 million compared to EUR 4.2 million).

As for the other figures, the number of branches remained the same, i.e. 51. The number of members increased by 3,725 people (change of 3.95%) (97,995 vs 94,270) and the staff also increased by 2 people, i.e. a change of 0.39% (515 vs 513).

The percentage of delays in loans as at 31.12.22 in relation to the respective periods (31.12.21 and 31.12.20) was 37.40% vs. 38.54% and 38.25%, marking a marginal increase in height of 1.15 percentage points, compared to a decrease of 0.29 percentage points in the 12 months of 2021 vs. 2020.

Specifically, the loans on 31.12.22 amounted to €1.46 billion compared to €1.44 billion on 31.12.21, marking an increase of €22,4 million or 1.55% vs. an increase of €123.6 million or 9.38% in 2021 vs. 2020. The delays amounted to €547.7 million on 31.12.22 compared to €555.9 million and €504.4 million on 31.12.21 and 31.12.20, respectively. As regards the numerical and percentage changes in arrears in the periods under review, these amount to a decrease of €8.2 million in 2022 compared to 2021, i.e. a percentage decrease of 1.48% compared to an increase of €51.5 million in 2021 compared to 2020, or a percentage variation of 10.21%.

F. THE COOPERATIVE BANK OF KARDITSA

The Cooperative Bank of Karditsa was faced with all these circumstances, too. 2022 was another year of significant growth in the bank's size and results. The assets amounted to €207.5m, increasing by 11,3% compared to 2021 (€186.5m).

Deposits continued to grow. At the end of 2022 they exceeded €178.2 million from €162.7 million in 2021, an increase of €15.4 million or 9,5%. From the officially published data of the Bank of Greece regarding the deposits per county, the Bank's share has grown in the Prefecture of Karditsa and in 2022 stood at 15.8%, reflecting for one more year the confidence shown by members and customers to the Bank.

Pre-impairment loans amounted to €137.5 million compared to €124.96 million in 2021, increasing by 11.5%. The continued positive credit growth rate confirms the intention of the bank's BoD to continue to finance the local economy and support businesses.

The percentage of non-performing loans (> 90 days + final arrears) decreased further and stands at 14.03% compared to 17.12% in 2021. This is the result of the successful management of large exposures and of the significant increase in total lending.

Provisions against bad debts and off-balance sheet items amount to €17,130,306 compared to €17,625,391 in 2021. Accumulated allowance for 12.46% of total customer receivables. Finally, the bank proceeded to write off bad debts for total amount of €989.

Cash on hand and sight deposits with other Credit Institutions amounted to €65.1 million in 2022 from €64.8 million in 2021. The adequacy of such reserves strengthens the Bank against any liquidity risk and gives great opportunities to finance the local economy.

Subscriptions of new members continue to grow at high rates. The number of Bank members on 31/12/2022 reached 13.297, marking an increase of 1.191 new members or a percentage increase of 9.84% compared to 2021. Between 2010-2022 the number of members was steadily rising and the increase reached 226%. The cooperative shares reached 301,742 on 31.12.2022 increased by 19,467 in 2022.

Total operating revenues reached €9.7 million in 2022, significantly increased by 25.6% compared to 2021 (€7.7 million).

Total costs (operation, administration, depreciation, etc.) increased by 25% (€3.4m in 2022 compared to €2.7m in 2021).

As a result, operating profits reached €4.3 million, up by 44.3% from 2021 (€3.0 million), confirming for one more year the dynamic operational profitability of our Bank.

Net profit after taxes and impairment losses (provisions) amounted to €2,957,848 compared to €2,232,835 in 2021, marking an increase of 32%.

The bank's accounting equity increased to €22.2 million, namely increasing by 19,2% compared to 2021 (€18.7 million), (DTA €2.12 million or 9.5%). The accounting value of the share was set at €73.78, increased by 11.55% (2021: €66.14). This yield is a multiple of the yield of the time deposit and shows the return on the investment in shares of the Cooperative Bank of Karditsa.

The liquidity ratio (LCR) was 619.89% (2021 - 452.07%, 2020 - 474.26% and 2019 - 187.25%) much higher than the minimum required of 100%.

For the Cooperative Bank of Karditsa, the minimum capital adequacy ratio was set at 12.83% (8% base indicator + 2.33% additional capital requirement + 2.5% reserve). Our bank exceeds this requirement for another year by achieving a Total Capital Index of 22,26%, one of the highest in the entire banking system. Common Equity Tier 1 is at 20,18%.

The results of 2022 and the continuous profitable years confirm the stability, dynamics and the upward course of the Cooperative Bank of Karditsa. Our Bank, having high capital adequacy and high liquidity, is able to cope with the challenges and the severe recession that is predicted for 2022, due to the global crisis caused by the war in Ukraine. The Bank's fundamental figures are not expected to be significantly affected.

The strong position of the Cooperative Bank of Karditsa makes it the most important economic development operator in our region.

Despite the Bank's long-term profitability, the Management always implements a prudent dividend policy, which has as its primary concern the protection and strengthening of the Bank's funds, while taking care of the return of value to the partners. The financial results of the Bank for this year, in combination with its high capital adequacy, sufficient liquidity and significant reduction of exposures in arrears, allow the Board of Directors to propose to the General Meeting of Shareholders the distribution of a dividend for the year 2022, up to the amount that will not exceed 30% of the pre-tax profit of the specific financial year.

The Board of Directors of the Bank implements transparently all applicable corporate governance principles. It adapts immediately to the requirements of the supervisory authorities and organizes the Bank's staff and management in line with the institutional obligations as well as the increased operational needs resulting from the increase in figures. It makes every effort to respond consistently to the expectations of members and customers.

The Cooperative Bank of Karditsa is at the forefront of actions in Greece aimed at strengthening the real economy, stimulating the social economy, highlighting the productive structures of our region. The Bank's executives and all the employees in the bank demonstrated unparalleled zeal, consistency of diligence and willingness to evolve this year, too. They are the ones who, together with the trust and the funds of the members, keep the Cooperative Bank of Karditsa on the top.

G. MOST SIGNIFICANT ACTIONS IN FINANCIAL YEAR 2022

Throughout 2022, the Bank's Management and Services have coped with the problems posed by the current circumstances, and its main activities for the year are summarized as follows:

- Efforts to develop the Bank's operational profitability continued, with particular emphasis on the development of its operations, the maintenance of reasonable levels of operating costs, the increase in size and the active management of overdue loans, while jobs vacancies in the Bank were increased. The implementation of the strategic planning for the development of the Bank's operations and sizes continues.

- The Bank's Business Plan for the period 2023-2027 was completed in cooperation with the consulting firm Deloitte.
- The procedures of the Acquiring Card Payments project through a new provider and the migration of the merchants' terminals to the new solution were completed.
- The project of providing Card Issuing services for the issuance of new cards through a new provider continued.
- The transition to a new ICAP credit rating system has been completed.
- The implementation of the project “Digital Leap”, of 400 thousand euros, for the digital transformation of the Bank continued and is expected to be completed within 2023.
- The implementation of the projects in the framework of the RESEARCH-INNOVATE-CREATE action continued.
- The cooperation with the European Investment Fund for the financing of investment projects in the primary sector continued, under the guarantee of the European Investment Fund.
- The cooperation with the European Investment Fund also continued to extend the provision of EaSI financing guarantees on preferential terms.
- Cooperation with the Development Bank of the Council of Europe for the implementation of employment support actions in the wider region of Thessaly continued; the first of its kind in Greece.
- Cooperation with the European Investment Fund was approved and adopted for the implementation of a business support program for the wider region of Thessaly, within the framework of the Pan-European Guarantee Fund.
- The agreement with the European Investment Fund for the financing and provision of capital aid to the Bank, in the context of developing its services, its digital transformation and the expansion of its network of branches, has been implemented.
- The implementation of the business support programmes due to the Covid-19 pandemic was completed in cooperation with the Hellenic Development Bank.
- Appropriate computer infrastructures were developed to support all State-supported entrepreneurship actions due to the Covid-19 pandemic.
- The expansion of the Alternative Computer Centre continued and the Disaster Recovery and Business Continuity Plans were revised as a consequence of the natural disaster due to Janus storm.
- The Bank’s call centre was replaced and upgraded, providing a set of digital services and facilities to the Bank’s employees and customers.
- The application for Smart Mobile Phones - Mobile Banking of the Bank was further developed.
- The ability of the Bank's customers to make payments at the branches through APS automated payment devices was further developed.
- The adoption of a certified electronic signature for the handling of all the Bank’s official documents was implemented.
- The electronic signature service was further developed through electronic tablet devices for almost all the documents signed by the Bank’s customers.
- Further information systems (MIS) for Management and its services and the Intranet of the Bank, providing information and education services, have been further developed.

H. OBJECTIVES FOR 2023

The main objectives of the Bank for 2023 are:

- The successful management of the economic impact of the COVID-19 pandemic, the effects of the Russian invasion to Ukraine and the emerging economic recession worldwide.
- The transition to a new core CSB2 banking system.
- The transition and upgrading of Card Issuing services after the termination of the cooperation with Bank of Attica.

- The upgrading of the services provided through the e-Banking and Mobile Banking platform.
- Expanding the Bank's customer base.
- To strengthen capital with the entry of new partners and to increase the participation of the existing ones.
- The optimal utilization of the real estate of the Bank.
- The utilization of the financial instruments of the National Recovery and Resilience Plan.
- To strengthen and expand cooperation with the European Investment Fund.
- To strengthen and extend the cooperation with the Hellenic Development Bank.
- To strengthen and expand the cooperation with the Development Bank of the Council of Europe.
- To step-up operations with the activation of new branches in the wider geographical area of Thessaly.
- To further reduce non-performing loans (NPEs) through their active management.
- The improvement and upgrading of the computer infrastructure and applications of the Bank.
- To further promote the digital transformation of the Bank by adopting best international practices.
- To fully utilize the capabilities of the GOV.GR platform.
- The completion of the project "Digital Jump" and the projects implemented within the RESEARCH-INNOVATE-CREATE action.
- To use the expected credit loss assessment model in the management of NPEs.
- To extend the integration of ESG criteria in the process of evaluation and pricing of investment projects and financing requests.
- To provide adequate financing to the local economy and services to the partners.
- To maintain a balanced growth rate between deposits and advances.
- The optimal utilization of the high number of liquid reserves of our Bank.
- To achieve satisfactory liquidity levels through deposits and collaboration with other financial organizations.
- To promote the principles of Ethical Banking and Cooperation.
- To promote and support actions related to the Social and Circular Economy.
- To further centralize business, while maintaining flexibility and constantly improving the quality of customer service.
- To extend the Bank's collaborations with Payment Institutions, Banks and foreign bodies to provide additional upgraded services to our customers.

I. OTHER INFORMATION

- The bank is not active in research and development.
- The bank does not hold own cooperative shares.
- It has the following branches and counters: Central Branch in Karditsa, Counter in Palamas of the Prefecture of Karditsa, Counter in Mouzaki of the Prefecture of Karditsa, Counter in Sofades of the Prefecture of Karditsa and Counter in Farssala, Prefecture of Larissa.

J. RISK MANAGEMENT

In the unstable environment of the Greek economy, the Board of Directors of the Cooperative Bank of Karditsa makes special efforts to limit the risks that may affect the value of the assets-liabilities (on and off-balance sheet) and hence the Bank's net position.

The Board of Directors is responsible for developing and supervising the risk management framework, establishing the risk assumption and capital management strategies, in line with the Bank’s business objectives, while assessing the effectiveness of its risk management policy and the adequacy of own funds, in relation to the extent and form of the risks assumed. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data base, market dynamics, supervisory compliance and international best practices. To this end, the bank has set up and operates a Risk Management Unit.

The Bank submits annually to the relevant departments of the Bank of Greece the Internal Capital Adequacy Assessment Process (ICAAP), analysing quantitatively and qualitatively the instruments it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Indicator).

The health crisis resulting from the outbreak of coronavirus (COVID 19) in early 2020, which had a significant impact on the global economy, re-creating conditions of insecurity and uncertainty, subsided last year for the first time and the situation normalised.

However, the armed conflict between Ukraine and Russia after a long period of peace has created a new situation of uncertainty and insecurity. High inflation, already observed due to supply chain problems in previous years, has been kept in high levels and strengthened by the increase in energy prices. Concerns about the creation of a new flow of non-performing loans were not confirmed.

In addition to the above, it is noted that the Bank maintained in the fiscal year 2022 a high capital adequacy ratio and a correspondingly high liquidity ratio (Financial Statements, Notes 4.2.3 and 4.3). It should also be noted that the above key indicators are taking place at satisfactory levels and taking into account the impact of the application of IFRS 9 as at 1.1.2018.

Credit risk

Credit risk is the risk of financial loss that may arise from the potential breach of the contractual obligations of borrowers. Credit risk is the most important source of risk for the Bank and therefore its systematic and effective monitoring, measurement and valuation are the primary concern of the Management.

In order to better monitor and manage the loans, the Bank has proceeded, in accordance with the institutional framework, to the separation of funding, to those managed by the Credit Division and to those managed by the Overdues Division. The Bank, pursuant to the Bank of Greece Executive Committee's Act (PEE) No. 175/29.07.2020, has adopted the European Banking Authority's guidelines on the management of non-performing exposures and regulated exposures (EBA/GL/2018/06) and the repeal of Executive Committee's Act (PEE) No. 42/30.5.2014 on the "Framework of supervisory obligations for the management of exposures in default and non-performing exposures" (Government Gazette, Series II, No 1582). The self-assessment carried out in the context of the aforementioned Executive Committee's Act is estimated to have helped further the organization of the Bank's Management in its target to address non-performing loans.

The Credit Division evaluates and authorizes the loans proposed by all branches of the bank. The company's "ICAR Risk.Profiler" program is used to assess the creditors of business loans. The final decision to approve or reject funding is left to the discretion of four approval units, depending on the amount of the grant.

As part of strengthening Credit Risk Management, the change in the information flow of financing/renewal requests with the active participation of the Risk Management Unit has been designed and implemented based on appropriate advice since 2017.

The management of overdue claims is assigned to the Overdue Department and decisions are made by the Overdue Committee. The Overdue Department Administration follows, among other things, the Code of Conduct and classifies the borrowers into either cooperating or not.

The aim of the Overdue Department Administration is to find a viable solution for cooperating customers who are not able to meet their obligations to the Bank, to improve the collection rate and maintain the overdue ratio as low as possible.

Residual risk

The Bank receives caps and collateral against credit to customers, reducing total credit risk and securing repayment of loans. For this purpose, the Bank incorporates collaterals into its policy, which comprise in particular the following:

- Greek Government Guarantees.
- Pledges on deposits.
- Prenotations/Mortgages of real estate.
- Bank Letters of Guarantee.
- Pledges on checks.
- Allocated requirements from electricity production through Renewable Energy Sources (H/P).
- Guarantees of Greek, European Funds and Organizations.

To test the impact of residual risk on the overall credit risk, a stress test is regularly conducted.

Interest rate risk

Interest rate risk is defined as the risk arising from adverse fluctuations of the interest rate curve or a change in its slope and shape, which affect assets and liabilities sensitive to these fluctuations.

The effect of interest rate curve fluctuations is analysed in two components:

• In the effect on the economic value equity (EVE) through changes in the economic value of the assets and liabilities that are sensitive to fluctuations of the interest rate curve, excluding equity.

In the impact on net interest income (DNII) through the effect on net income from interest.

The Bank holds positions (asset and liability items) only in Euro, while it does not hold positions in interest rate derivatives (for hedging or speculation) such as Interest Rate Swaps, Interest Rate Futures etc.

Legal risk

In our bank there is a Legal Service, which is staffed by legal advisors and has the responsibility to handle all legal affairs of the Bank and to assist the Overdue and Complication Division in its operations.

Counterparty risk

Our bank is not exposed to this kind of risk.

Concentration risk

Because of its small size and activity in a limited geographical area where a particular economic activity is carried out, the Bank presents high concentration rates per sector. However, in the last few years there has been an attempt to ensure a greater spread, with very satisfactory results. In assessing this risk, the Bank's exposure is calculated by branch of activity and customer, and by geographical concentration.

Securitization risk

Our bank has not implemented securitization programs.

Market risk

Our bank is not exposed to this risk as the trading portfolio is of a small value well below 5% of the Bank's assets.

Liquidity risk

In order to minimize this risk, the BoD has opted to always maintain higher levels of required oversight. This, of course, had a negative effect on the results but helped in times of crisis not to be faced with problems that would have an impact on the reputation of the bank. Now, the Bank manages this risk through an integrated Liquidity Monitoring Framework (Internal Audit Adequacy Assessment Procedure (IAAAP).

Operational risk

A database of operational risk events has been created and appropriate instructions have been shared with staff. Our bank uses modern software to support its operations and invests in their constant improvement. It has developed an Information Management System (MIS) which provides an immediate overview of all bank sizes and ensures a rapid response to changing circumstances. The key parameters contributing to the potential increase in requirements are the ICT risk and legal risk.

In addition, a platform (customer relationship management-CRM) is used for the electronic monitoring and storage of customer information and cases.

Regulatory compliance risk

As part of our bank's regulatory compliance obligations, seminars on "deterring money laundering and terrorist financing" have been held from time to time. Our bank's cooperation mainly with members reduces the chances of unusual or suspicious transactions. Responsible staff have produced manuals accessible to all staff.

A legal committee has been formed and operating, to which a lawyer was added in the last year. The Head of the Regulatory Compliance Unit is exclusively employed in that area of work, while training of staff is carried out to replace them when needed and support their work. The texts sent to us are forwarded directly to the competent services to act accordingly. No significant problems related to the reported risk have arisen so far.

Capital risk

The risk involves the level, structure and stability of supervisory own funds and whether they can absorb losses. The composition of the Tier 1 equity capital ratio consists of cooperative capital paid without the participation of innovative securities and hybrid components reflecting the policy followed throughout the bank's operation.

The limitation under Law 4261/14 for a capital reduction of more than 2% significantly enhances the stability of the bank's equity.

There is a satisfactory spread, taking into account the size and prefecture in which the bank operates.

Dividend Policy - Provisions

Management decisions, depending on the dividend policy to follow, have been a mixture of financial and investment decisions. Whether there will be distribution of dividends and the amount of the dividend are decided on a yearly basis. That is, the bank follows a circular dividend policy whereby the shareholders ultimately bear the entire risk of the operations performed by the undertaking.

Management, by implementing a diligent dividend policy, aims at offsetting retained profits on the one hand and avoiding shocks through disturbing reputation, on the other. By satisfying marginal investors as much as possible ensures us to maintain stability in equity to a satisfactory extent. One contributor to this is the deterrence of redemption-liquidation requests that put pressure on the bank's operation. Regarding whether liquidity will be affected by the disbursement of money in the form of a dividend, there is no such problem for this year as well.

Profitability risk

The management of the Bank regularly evaluates the level and structure of operating income and profits that are important factors for maintaining the financial strength of the Bank. The management vigorously and statistically monitors key profitability indicators by making comparative and longitudinal analyses of the level and evolution of figures such as:

- Net interest income,
- Profit before taxes and impairment provisions;
- Profit before tax;
- Net profit after tax.

Particular importance is attached to the structure of revenues, to the coverage of provisions from operating profits after deduction of operating expenses, to the level and evolution of operating expenses and provisions. The Profitability Risk is significant in the context of the “Internal Capital Adequacy Assessment Process” (ICAP). The internal capital calculated under Pillar II is assessed by the management and the results are taken into account in the Bank’s capital planning.

Risk of Reputation

Maintaining a good reputation is one of the most important priorities of the Bank, given its predominately local character. In order to maintain its excellent reputation in the prefecture of Karditsa, the Bank: 7

• Has adopted a model of mild expansion so as to maintain a very high capital adequacy ratio and high liquidity rates.

• It carries out significant corporate social responsibility actions.

• It maintains good relations with the Bank's customers and partners.

• It maintains good relations and cooperates with local bodies (Cooperatives, Local Government, etc.).

• It does not provide complex products (Lending or Deposit) and ensures the timely and complete information of the customers for each product.

ESG (Environmental, Social and Governance) Risk

Climate change and environmental degradation are sources of structural change affecting economic activity and, subsequently, the financial system. The Bank examines all of their financial implications and the impact they may have. For 2021, the CO2 emissions of the Bank's portfolio were measured, as well as their impact using the PCAF methodology with the publication of the results. The Bank's management is considering options to qualitatively upgrade the measurement of this risk.

K. NON-FINANCIAL INFORMATION

Environmental issues

The Bank recognizes its environmental obligations and the need to constantly improve its environmental performance, to strike a balance between financial growth and environmental protection.

Due to its object, the Bank is not directly related to environmental pollution, however it takes environmental policy measures focusing on:

- Energy saving.
- Keeping staff informed of environmental issues.
- Saving paper consumption and taking measures for recycling where needed.
- Establishment of a subsidiary for the development of actions and projects in the field of Renewable Energy Sources.

Labour matters.

a) Promoting equal opportunities and protecting diversity are included in the Bank's key principles.

The Bank's Management does not discriminate in respect of recruitment/selection, remuneration, training, delegation of work functions or any other work-related activities. The factors considered include a person's experience, personality, theoretical training, qualifications, efficiency and abilities. The Company encourages all its employees to, and suggests that they should respect each Bank employee's, supplier's or customer's different personality and reject all kinds of discriminatory conduct.

b) Health and safety at work

Employee health and safety at work are a top priority and a necessary condition for the operation of the Bank. The Bank maintains "first aid" materials in the workplace. The Bank uses the services of a 'safety engineer' according to the applicable legislation.

c) Training systems, promotion methods, etc.

The staff selection and recruitment procedures are carried out in accordance with the qualifications required for each post and are non-discriminatory. The Bank systematically trains all categories of its employees, either through "internal" or "external" seminars.

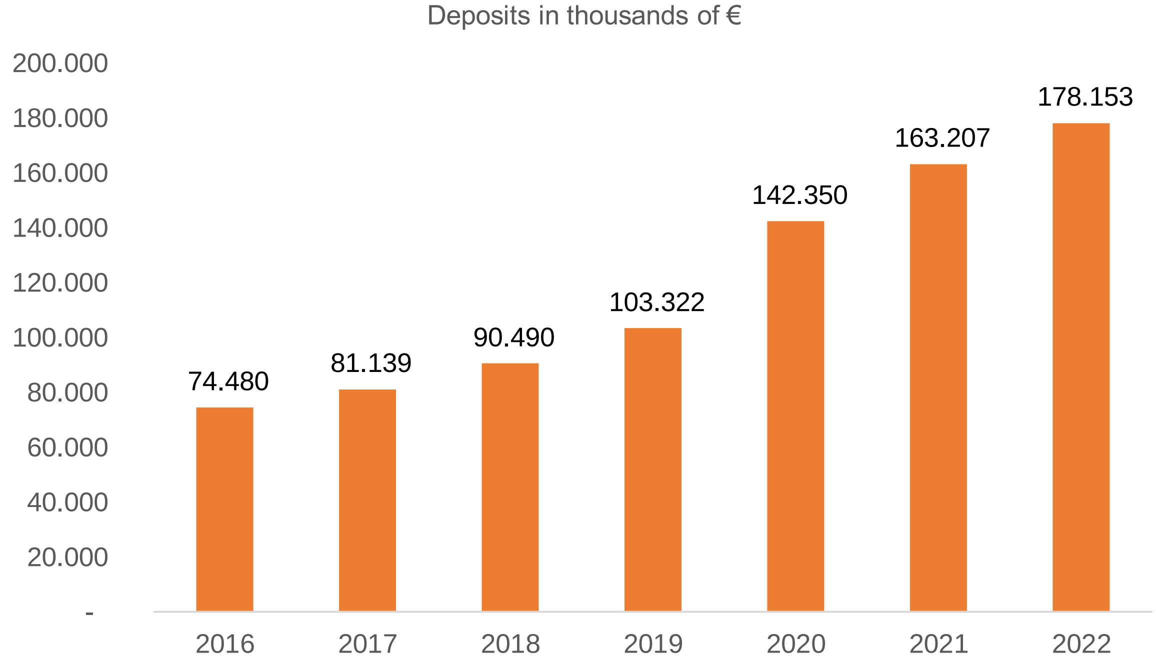
L. DEVELOPMENT OF FINANCIAL FIGURES AND RESULTS FOR THE YEAR 2022

The financial statements for the year have been prepared in accordance with the International Financial Reporting Standards (IFRS).

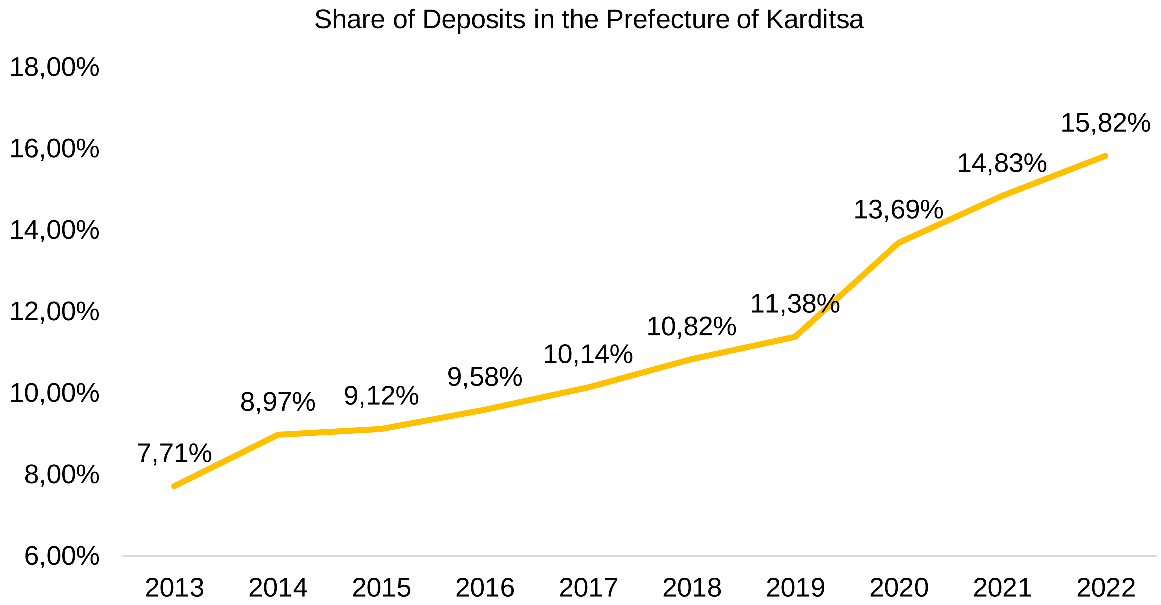
DEVELOPMENT OF FIGURES AND OTHER SIGNIFICANT INDICATORS	2018	2019	2020	2021	2022
A) Net income from interest	2,993	3,541	3,993	5,376	6,795
B) Net operating income from banking and non-banking operations	3,566	4,000	4,622	5,698	7,701
C) Earnings before taxes and provisions	1,530	1,781	2,404	3,001	4,330
D) Profit before tax	1,509	1,048	1,056	3,053	3,927
E) Profit after tax	1,053	302	871	2,232	2,957
F) Accounting equity	12,918	13,622	15,134	18,668	22,261
G) Total assets	104,673	119,172	159.802	186,487	207,513
H) Weighted assets	63,813	69,099	82,705	111,957	118,381
I) Administrative expenses	1,886	1,976	2,139	2,315	2,764

DEVELOPMENT OF FIGURES AND OTHER SIGNIFICANT INDICATORS	2018	2019	2020	2021	2022
1) Profit before tax / Weighted Assets	2.36%	1.52%	1.28%	2.73%	3.32%
2) Profit after tax / Accounting Equi ty	8.15%	2.22%	5.76%	11.96%	13.28%
3) Net income from interest / Total Assets	2.86%	2.97%	2.50%	2.88%	3.27%
4) Net Operating Income / Weighted Assets	5.59%	5.79%	5.59%	5.09%	6.51%
5) Administrative expenses / No of personnel members	€50.35	€57.73	€53.92	€49.97	€53.69
6) Administrative expenses / Operating income	52.89%	49.40%	46.28%	40.63%	35.89%

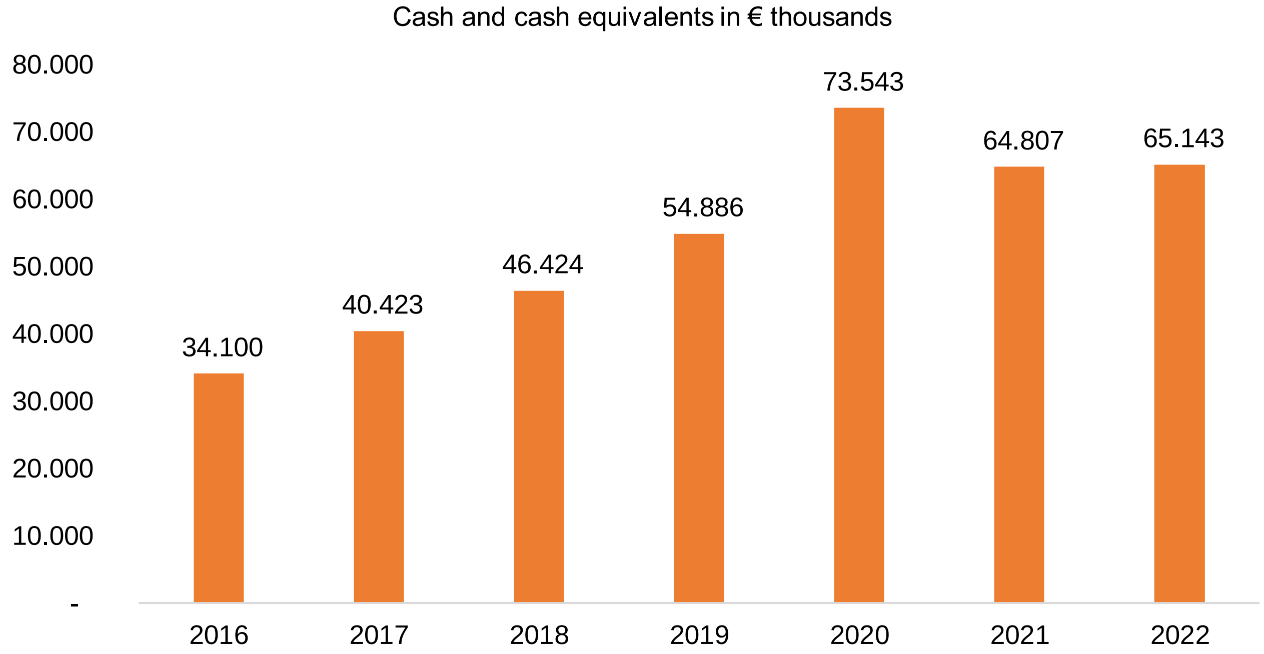
Deposits: The Bank's deposits on 31/12/2022 stood at €178.1 million compared to €163.2 million on 31/12/2021, marking an increase of 9.5%.



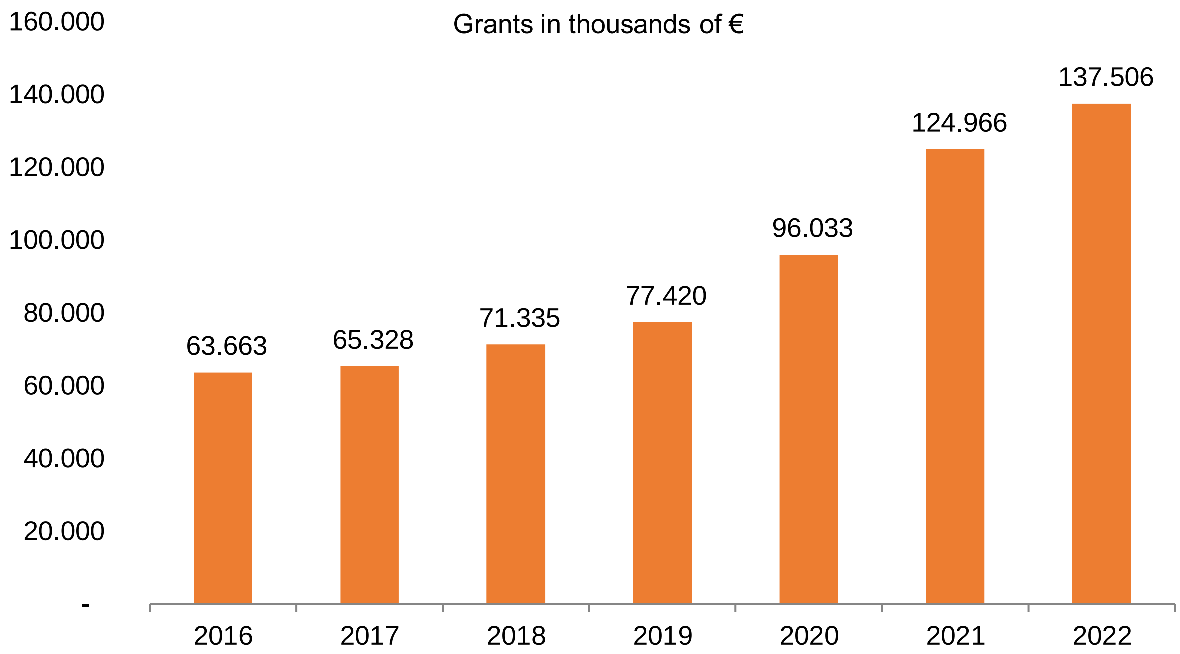
From the officially published data of the Bank of Greece regarding the deposits per county, the Bank's share has grown in the Prefecture of Karditsa and in 2022 stood at 15.82%, reflecting for one more year the confidence shown by members and customers to the Bank.



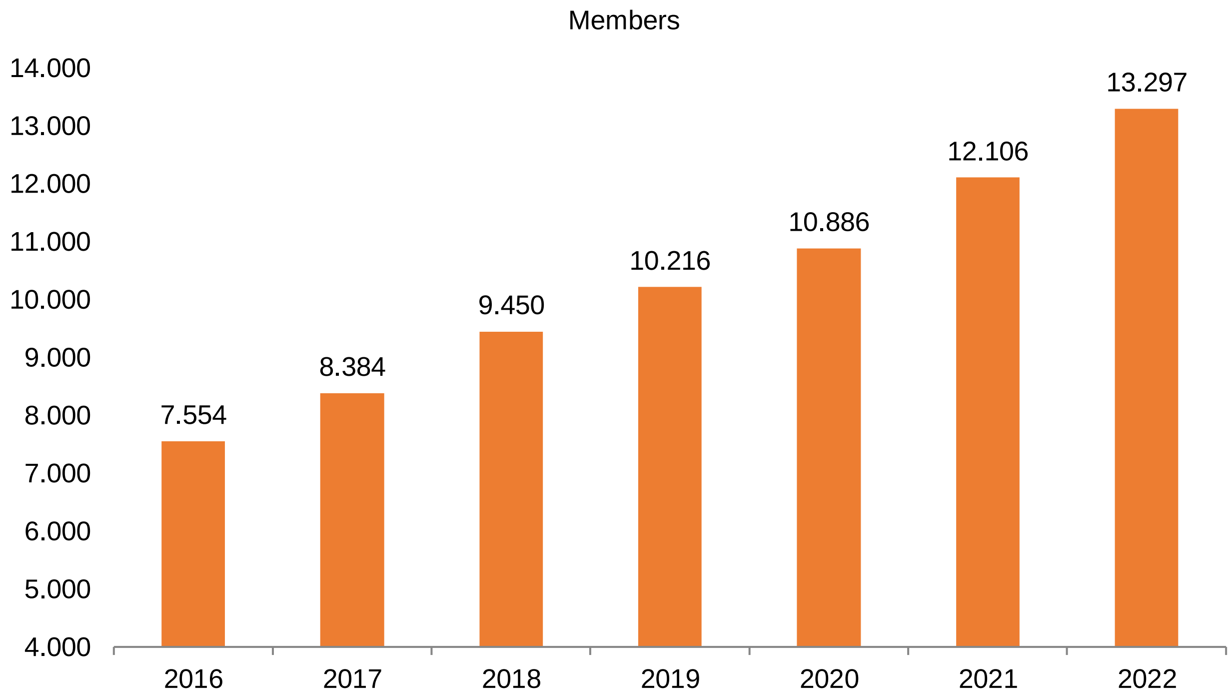
Cash Equivalents: They consist of cash, deposits with the Central Bank and deposits with credit institutions and amounted to EUR 65.1 million in 2022 compared to EUR 64.8 million in 2021, marking an increase of 0.5%.



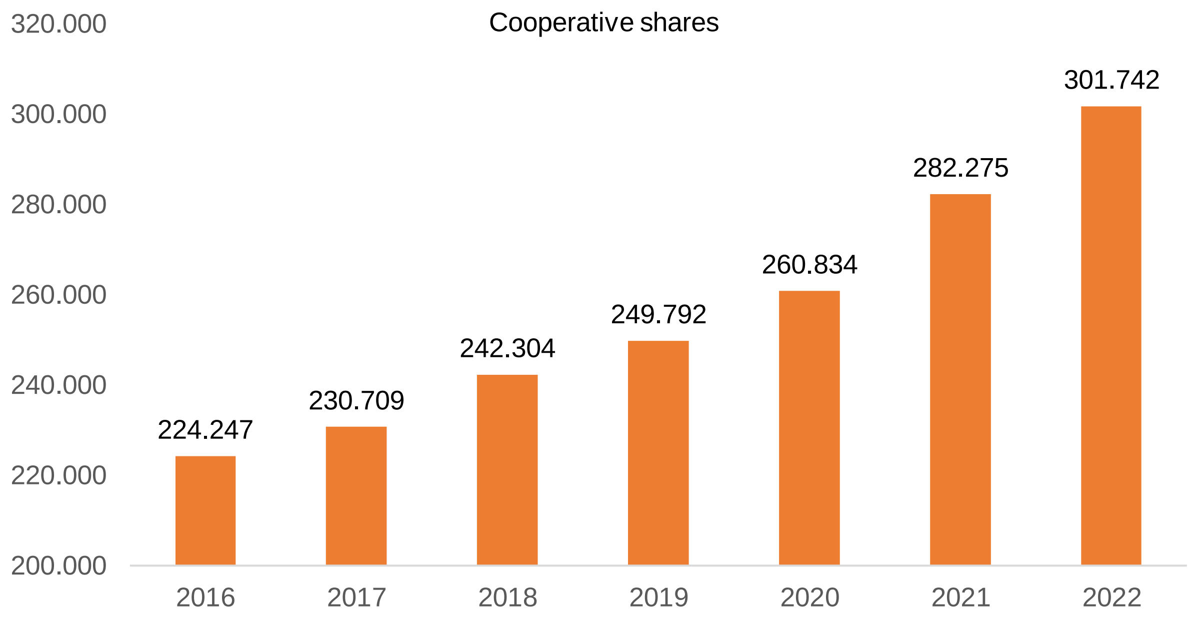
Loans: As at 31/12/2022, the Bank's total loans and receivables before impairment provisions amounted to €137.5 million compared to €124.96 million in 2021, an increase of 10.03%.



Members: The number of Bank members on 31/12/2022 reached 13,297, marking an increase of 1,191 new members or a percentage increase of 9.84% compared to 2021.



Cooperative Shares: In 2022 the cooperative shares increased by 19,467, showing an increase of 6,90% and their total number amounted to 301,742 cooperative shares.



Equity: The Bank's equity amounted to €22.26 million on 31.12.2022 compared to €18.67 million in the previous year. As a result, the capital adequacy ratio stood at 22.26%, compared to 20.99% in 2021.

	2018	**2019**	**2020**	**2021**	**2022**
Cooperative capital	8,965,248	9,242,304	9,650,858	10,444,175	11,164,454
Share premium	2,232,117	2,365,002	2,552,574	2,958,811	3,421,277
Reserves	1,715,732	1,787,297	1,891,736	1,982,717	2,135,618
Results carried forward	5,047	227,563	1,038,288	3,282,638	5,539,686
Total equity	**12,918,144**	**13,622,167**	**15,133,456**	**18,668,341**	**22,261,035**

Thus the book value of the cooperative share for 2022 is €73.78 compared to €66.14 in 2021, increased by 11.55%.

	2017	**2018**	**2019**	**2020**	**2021**	**2022**
Nominal value			**€37.00**			
Book value of share	**€56.38**	**€53.31**	**€54.53**	**€58.31**	**€66.14**	**€73.78**

M. DISCLOSURE OF INFORMATION UNDER ARTICLE 6 L. 4374/2016

information for the year 2022 according to the provisions of Law 4374/2016.

Article 6. Transparency in credit institutions' relationships with the media and subsidized persons.

Ads & Other promotions

Ref No.	Firm or Full name	TOTAL
1	IOANNIS D. STATHIS	€300,00
2	ICAP CRIF S.A.	€1,850.00
3	STOURIS THEODOROS STEFANOS	€200.00
4	ETHOS MEDIA S.A.	€2,170.00
	Total Advertising - Listings & Promotions	€4,520.00

Grants & Subsidies

Ref No.	Firm or Full name	TOTAL
1	FLOGA ASSOCIATION	€500.00
2	ENERGY CAMP OF KARDITSA MUNICIPALITY	€5,000.00
3	UNION OF CULTURAL ASSOCIATIONS OF KARDITSA	€3,000.00
4	PTA of the 1st General High School of Karditsa	€650.00
5	A.S. KARDITSA	€2,000.00
6	HOUSE OF LOVE	€4,730.06
7	SWIMMING ACADEMY OF KARDITSA - GALAGALIA 2022	€496.19
8	GENERAL HOSPITAL OF KARDITSA	€1,441.00
9	AGRAFA VILLAGES ASSOCIATION OF KARDITSA	€500.00
10	SPONSORSHIP OF AN E.S.E.K. (NATIONAL ENERGY AND CLIMATE PLAN) EVENT.	€500.00
11	GREEK FORUM FOR REFUGEES	€200.00
	Total donations & grants	€19,017.25
	Grant total	€23,537.25
	Payments to legal persons	€23,537.25
	Payments to natural persons	- €

N. TRANSACTIONS WITH AFFILIATED PARTIES

All transactions with affiliated parties have been made within the normal framework of the Bank's operations under the terms and conditions of the market and have been approved by the Board of Directors. A relevant analysis is provided in Note 30 of the Financial Statements.

O. DORMANT DEPOSITS

Pursuant to Law 4151/2013, credit institutions operating in Greece are required to pay the balances of dormant deposit accounts to the Greek Government, after 20 years. During the closing period, the Bank was not obliged to pay such amounts to the State.

True copy of the Book of Minutes

of the Board of Directors

Karditsa, 29 May 2023

The Chairman of the Board of Directors

Georgios Boukis

Audit Report of an Independent Certified Auditor-Accountant

To the partners of the Bank "Cooperative Bank of Karditsa SYN.PE"

Audit Report on the Financial Statements

Opinion

We have audited the attached financial statements of the “Cooperative Bank of Karditsa SYN.PE.” (the Bank), which comprise the balance sheet as of 31 December 2022, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the attached financial statements constitute an appropriate presentation, in all material aspects, of the financial position of the Bank “Cooperative Bank of Karditsa SYN.PE.” as at 31 December 2022, and of its financial performance and its cash flows for the year that ended on the above date, in accordance with the International Financial Reporting Standards as adopted by the European Union.

Basis of the opinion

We have conducted our audit in accordance with International Standards on Auditing (ISAs), as transposed into Greek legislation. Our responsibilities under those standards are further described in the “Auditor’s Responsibilities for the Audit of the Financial Statements” section of our report. We are independent of the Company, during the whole period of our appointment, in accordance with the Code of Ethics for Professional Auditors established by the International Auditing and Assurance Standards Board, as incorporated into Greek Legislation, as well as the ethical requirements related to the audit of financial statements in Greece, and we have fulfilled our ethical obligations in accordance with the requirements of the applicable legislation and the abovementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit issue

The key audit issue was that issue which, in our professional judgment, was of paramount importance in our audit of the financial statements of the current fiscal year. This issue and the associated risks of material misstatement were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this issue.

Key audit issue	**Addressing the audit issue**
Provision for impairment of loans and advances to customers for expected credit losses On 31.12.2022, “Loans and receivables against customers” (before impairment allowances), amounted to €137,507 thousand (2021: €124,967 thousand), while respectively the accumulated impairment allowances amounted to €16,482 thousand (2021: €17,282 thousand). Furthermore, as on 31.12.2022 provisions for expected credit losses relating to off-balance sheet items amounted to €649 thousand (2021: €343 thousand). The	Our audit approach, in relation to the recognition and measurement of the provision for impairment of loans and receivables from customers for expected credit losses, included: a) understanding the process followed by Management and reviewing the adequacy and effectiveness of internal safeguards, in the context of the application of the approved methodology; and (b) an examination of the models used and the assumptions adopted by Management, including the accuracy and completeness of

amount of deletions in 2022 amounted to €989 thousand. 2021: €1,240 thousand). The provision for impairment for expected credit losses on loans and advances to customers is the most important issue for our audit because of: • The significance of the size of "Loans and receivables from customers" in the Financial Statements. • The complexity in designing and implementing the model of calculating the expected credit losses. • The major crises and assessments required regarding the correct classification of loans and the establishment of criteria for identifying the increase in credit risk (SICR), taking into account the uncertainty resulting from current macroeconomic and geopolitical conditions. • The fact that the application of IFRS 9, on the measurement of expected credit losses, which depends to a large extent on the determination of the Probability of Default and estimated Loss Given Default, requires the use of models, the operation of which is based on significant management judgments, while incorporating significant estimates and assumptions as well as macroeconomic variables. Management provides further information on the following accounting policies and methods used to determine the expected impairment loss for “loans and receivables against customers” in notes 3.3.1 and 4.2.1. of the financial statements.	the data and the application of mathematical formulas and calculations considered in determining the estimate of the amount of expected credit losses. Further to the above, we examined the completeness and design adequacy of the Bank's policies and procedures, the appropriateness of the methodologies applied, and we also carried out detailed and substantive audit procedures at the level of management claims. In particular, our audit procedures included, inter alia: • Examining the consistency of the application of the methodology approved by the Management in regard to the staging of the loans granted and the reasonableness of the assumptions on which the methodology applied by the Management is based, in order to calculate the expected credit losses, including the review of the criteria for determining the significant increase of the credit risk increase (SICR). • Examining the process of calculating the expected credit losses and the reasonableness of the results of the calculations according to the classification of financial assets and off-balance sheet items by assessing the presumptions and the reasonable assumptions used to determine Probability of Default and Loss Given Default, while examining the completeness of the financing files concerned. • Examining, on a sample basis, the reasonableness of the results and methodologies used to estimate the value of the collateral taken in securing the loans granted (properties and other collateral) taken into account when estimating the expected credit loss, the existence of a legal right over them, based on the relevant contracts and other supporting documents. In addition, we assessed the adequacy of the disclosures in relation to the above issue, which are set out in notes 3.3.1 and 4.2.1 of the financial statements.

Other information

The management is responsible for other information. The other information is included in the Management Report of the Board of Directors, which is referred to in the 'Report on Other Legal and Regulatory Requirements' but does not include the financial statements and the audit report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance regarding them in our opinion.

With regard to our audit of the financial statements, it is our responsibility to read the other information and thus to consider whether the other information is materially inconsistent with the financial statements or the knowledge we have acquired during our audit or otherwise appears to be fundamentally incorrect. If, based on the work we have carried out, we reach the conclusion that there are material errors in this information, we are obliged to report it. We have nothing to report regarding this issue.

Responsibilities of the Management and those responsible for governance on financial statements

The management is responsible for the preparation and fair presentation of these Financial Statements, in accordance with International Financial Reporting Standards, as adopted by the European Union, and for those safeguards that the management thinks are necessary to enable preparation of Financial Statements free of material misstatements due to fraud or error.

In preparing the Financial Statements, the management is responsible for assessing the Company's ability to continue its activities, disclosing, where applicable, any issues related to the going concern and the use of the accounting basis of the going concern unless the management either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

The Audit Committee (Article 44 Law 4449/2017) is responsible for overseeing the financial reporting process of the Company.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the Financial Statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report presenting our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit carried out in accordance with the IAS, as transposed into Greek legislation, will always identify a material misstatement, when such a misstatement exists. Misstatements may result from fraud or error and are considered material when, individually or collectively, they could reasonably be expected to affect the financial decisions of users made on the basis of these financial statements. As a duty of the audit, according to IAS as transposed into Greek legislation, we exercise professional judgment and maintain professional scepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to identify a material misstatement due to fraud is higher than that due to error, since fraud may involve collusion, forgery, deliberate omissions, false assertions or the bypassing of internal audit safeguards.
- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company's internal audit safeguards.
- We evaluate the appropriateness of the accounting principles and methods used and the reasonableness of the accounting estimates and disclosures made by Management.
- We reach a decision on the appropriateness of management's use of the going concern accounting principle, based on audit evidence obtained on whether there is material uncertainty about events

or circumstances that may indicate material uncertainty as to the ability of the Company to continue its business activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor's report or whether these disclosures are insufficient to differentiate our opinion. Our findings are based on audit evidence obtained up to the date of the auditor's report. However, future events or conditions may result in the Company ceasing to operate as a going concern.

- We evaluate the overall presentation, structure and content of the Financial Statements, including disclosures, and whether the Financial Statements reflect the underlying transactions and events in a manner ensuring their reasonable presentation.

Among other issues, we report to those responsible for governance, the planned scope and timing of the audit, as well as important audit findings, including any significant deficiencies in the internal audit that we identify during our audit.

In addition, we declare to those responsible for governance that we have complied with the ethical requirements vis-a-vis our independence, and we disclose to them all relationships and other issues that may reasonably be considered to affect our independence and the relevant protection measures, where appropriate.

Of the issues that have been communicated to those responsible for governance, we set out those issues that were of paramount importance to auditing the financial statements for the audited financial year and are therefore key audit matters.

Report on other legal and regulatory requirements

1. Board of Directors Management Report

Taking into account that it is the management's responsibility to draw up the Management Report of the Board of Directors, pursuant to Article 2(5) of Law 4336/2015 (part B), we note that:

In our opinion, the Management Report of the Board of Directors has been prepared in accordance with the applicable legal requirements of Article 150 of Law 4548/2018 and its content corresponds to the attached financial statements of the fiscal year ended on 31/12/2022.

b) On the basis of the information obtained during our audit in relation to the bank "Cooperative Bank of Karditsa" and the environment in which it operates, we did not identify any material misstatements in the Management Report of its Board of Directors.

2. Supplementary Report to the Audit Committee

Our opinion on the financial statements is consistent with our Additional Report to the Audit Committee of the Bank provided for in Article 11 of Regulation (EU) No. 537/2014.

3. Provision of Non-audit Services

We did not provide the Bank with non-audit services prohibited under Article 5 of Regulation (EU) No 537/2014. The authorized non-audit services that we have provided to the Bank during the year 2022 are disclosed in Note 10 of the attached financial statements.

4. Appointment of Auditor

We were first appointed as Certified Auditors of the Bank by the Annual Ordinary General Meeting of its partners, dated 27/4/1998. Since then, our appointment has been continuously renewed for a total period of twenty four years by decisions of the Annual Ordinary General Meeting.

Athens, 9 June 2023

Vasileios Sp. Chatzilakos
Certified Auditor & Accountant
SOEL REG. No 15221

SOL SA
Member of the Crowe Global Network
3, Fokionos Negri St., 112 57 Athens
SOEL REG. No 125

C) Annual financial statements in line with IFRS

Contents of financial statements

Statement of comprehensive income

	Notes	1/1-31/12/2022	1/1-31/12/2021
Interest and assimilated revenue		7,751,774	6,253,900
Interest and assimilated expenses		(957,133)	(878,260)
Net interest income	**6**	**6,794,641**	**5,375,640**
Revenue from commissions		1,762,538	1,358,901
Expenses from commissions		(1,081,298)	(1,179,050)
Net revenue from commissions	**7**	**681,241**	**179,851**
Other revenue	**8**	225,153	142,118
Total revenue		**7,701,035**	**5,697,608**
Staff remuneration and costs	**9**	(1,736,689)	(1,445,991)
Depreciation/Amortization	**18,20**	(606,612)	(381,055)
Other operating expenses	**10**	(1,027,490)	(869,279)
Total operating expenses before provisions		**(3,370,790)**	**(2,696,325)**
Earnings before provisions and taxes		**4,330,245**	**3,001,284**
Provisions for impairment for credit risk	**11**	(264,601)	19,009
Other impairment losses and provisions	**12**	(138,203)	32,720
Pre-tax earnings		**3,927,440**	**3,053,013**
Income tax	**13**	(969,593)	(820,177)
Profit for the year		**2,957,848**	**2,232,835**
Other total income net of taxes Items not reclassified later to profit or loss			
Revaluation of defined benefit plans	**29**	(4,004)	(877)
Valuation of financial assets at fair value through other comprehensive income	**29**		(3,000)
Other comprehensive income for the year		**(4,004)**	**(3,877)**
Total comprehensive income for the year		**2,953,844**	**2,228,958**

The Notes on pages 35 to 82 form an integral part of these Financial Statements

Balance Sheet

	Notes	31/12/2022	31/12/2021
Assets			
Cash and cash equivalents in the Central Bank	**14**	38,023,214	24,440,898
Claims against credit institutions	**15**	27,119,711	40,367,068
Loans and receivables against customers	**16**	121,025,024	107,684,632
Investment securities portfolio	**17**	9,930,612	4,977,087
Tangible assets	**18**	3,008,676	2,476,229
Investments in real estate	**19**	405,000	242,000
Intangible assets	**20**	561,184	458,973
Deferred tax receivables	**21**	2,116,124	2,227,220
Other assets	**22**	5,323,199	3,613,828
Total assets		**207,512,743**	**186,487,935**
Liabilities			
Liabilities to financial institutions	**23**	3,094,474	2,401,033
Payables to customers	**24**	178,153,400	162,710,084
Provisions for other liabilities and expenses	**25**	165,000	165,000
Employee benefit obligations after retirement	**26**	59,938	50,238
Current tax liabilities		381,562	301,354
Other liabilities	**27**	3,397,334	2,191,886
Total liabilities		**185,251,709**	**167,819,594**
Equity			
Cooperative capital	**28**	11,164,454	10,444,175
Share premium	**28**	3,421,277	2,958,811
Reserves	**29**	2,135,618	1,982,717
Results carried forward		5,539,686	3,282,638
Total equity		**22,261,034**	**18,668,341**
Total equity and liabilities		**207,512,743**	**186,487,935**

The Notes on pages 35 to 82 form an integral part of these Financial Statements

Statement of charges in equity

	Notes	Cooperative capital	Share premium	Reserves	Results carried forward	Total equity
Balance as at 1 January 2021		**9,650,858**	**2,552,574**	**1,885,462**	**1,119,750**	**15,208,643**
Other comprehensive income				(3,877)		(3,877)
Profit for the year					2,232,835	2,232,835
Total comprehensive income for the year		**-**	**-**	**(3,877)**	**2,232,835**	**2,228,958**
Changes in reserves	**29**			68,708	(68,708)	-
Increase of cooperative capital	**28**	839,234	429,706	32,425	(1,240)	1,300,125
Decrease of cooperative capital	**28**	(45,917)	(23,468)			(69,385)
Balance as at 31 December 2021		**10,444,175**	**2,958,811**	**1,982,717**	**3,282,638**	**18,668,341**

	Notes	Cooperative capital	Share premium	Reserves	Results carried forward	Total equity
Balance as at 1 January 2022		**10,444,175**	**2,958,811**	**1,982,717**	**3,282,638**	**18,668,341**
Other comprehensive income				(4,004)		(4,004)
Profit for the year					2,957,848	2,957,848
Total comprehensive income for the year		**-**	**-**	**(4,004)**	**2,957,848**	**2,953,844**
Changes in reserves	**29**			125,954	(125,954)	-
Distribution to partners	**32**				(572,246)	(572,246)
Increase of cooperative capital	**28**	726,606	467,101	30,950,00	(2,599,58)	1,222,058
Decrease of cooperative capital	**28**	(6,327)	(4,636)			(10,963)
Balance as at 31 December 2022		**11,164,454**	**3,421,277**	**2,135,618**	**5,539,686**	**22,261,034**

The Notes on pages 35 to 82 form an integral part of these Financial Statements

Cash flow statement

	Notes	1/1-31/12/2022	1/1-31/12/2021
Cash Flows from Operating Activities			
Pre-tax earnings		**3,927,440**	**3,053,013**
Adjustments for non-cash items:			
Depreciation/Amortization	**18,20**	606,612	381,055
Provisions for impairment for credit risk	**11**	264,601	(19,009)
Other impairment losses and provisions	**12**	138,203	(32,720)
Provisions for staff compensation	**9**	4,568	4,169
Other (profit)/losses		(143,748)	(59,496)
		4,797,676	3,327,012
Net (increase) / decrease of assets related to continuing operating activities:			
Loans and receivables against customers		(13,529,514)	(30,173,030)
Other assets		(1,807,557)	(839,889)
		(15,337,072)	(31,012,919)
Net (increase) / decrease of liabilities related to continuing operating activities:			
Liabilities to customers		15,443,316	20,360,307
Liabilities to financial institutions		693,441	2,401,033
Other liabilities		951,011	428,257
		17,087,768	23,189,596
Net Cash Flows from Operating Activities before tax		**6,548,372**	**(4,496,311)**
Paid Income Tax		(777,159)	(590,123)
Net cash Flows from Operating Activities		**5,771,213**	**(5,086,434)**
Cash Flows from Investing Activities			
(Purchases) / Sales of investment securities		(4,834,042)	(3,291,812)
Purchases of tangible and intangible fixed assets	**18,20**	(1,183,602)	(1,245,168)
(Acquisitions)/Sales of investment properties		(178,751)	(992)
Net cash Flows from Investing Activities		**(6,196,396)**	**(4,537,971)**
Cash Flows from Financial Activities			
Dividend distribution		(572,246)	-
Payments of lease liabilities	**18**	(108,465)	(97,219)
Increase of cooperative capital	**28**	1,211,095	1,230,740
Net cash Flows from Financing Activities		**530,384**	**1,133,520**
Net increase / (decrease) in cash and cash equivalents		**105,201**	**(8,490,885)**
Cash and cash equivalents at the beginning of the year		65,051,965	73,542,850
Cash and cash equivalents at the end of the year	**15**	**65,157,166**	**65,051,965**

The Notes on pages 35 to 82 form an integral part of these Financial Statements

Notes to the Financial Statements

1. General information

THE COOPERATIVE BANK OF KARDITSA SYN.PE (hereinafter referred to as "the Bank" or "COOPERATIVE BANK OF KARDITSA") was established in Greece in 1994, operates as a credit institution and is registered at GEMI under number: 122314731000. The Bank's headquarters are in Karditsa, Karditsa, at Kolokotroni and Taliadourou Street, Karditsa Commercial Center, PC 43132. The Bank's website address is http://www.bankofkarditsa.gr.

By the founding meeting of 28.3.94, it was established, in accordance with the provisions of Law 1667/1986, as purely credit cooperative under the name “CREDIT DEVELOPMENT COOPERATIVE OF KARDITSA SYN. PE.” whose statutes were registered in the Register of Cooperatives of the Court of Justice of Karditsa with the 289/95 Act of the County Court of Karditsa and with registration number 19/5.4.1994. By decision of the Banking and Credit Issues Committee of the Bank of Greece (meeting 607/26.01.98) published in the Hellenic Government Gazette (Issue A 74), the Credit Development Cooperative of the Prefecture of Karditsa was authorized to operate as a credit institution under the name “Cooperative Bank of Karditsa SYN. PE".

By decision of the General Meeting dated 11.06.2009 it was decided to change the name from “Cooperative Bank of the Prefecture of Karditsa SYN. PE" to “Cooperative Bank of Karditsa SYN. PE".

The COOPERATIVE BANK OF KARDITSA has been operating since 1998 as a credit institution, mainly in the framework of the Prefecture of Karditsa. It has the following branches and counters: Central Branch in Karditsa, Counter in Palamas of the Prefecture of Karditsa, Counter in Mouzaki of the Prefecture of Karditsa, Counter in Sofades of the Prefecture of Karditsa and Counter in Farssala, Prefecture of Larissa.

The main purpose of the cooperative according to its Statute is, by combining the efforts and cooperation of its members, to serve and promote their economic, social and cultural goals and interests. The cooperative is a credit institution and its purpose is financial, aiming at improving and protecting industry and craft, trade, agriculture, livestock and fishing, and generally all sectors of economic activity.

The Bank's purpose also includes banking operations, which is subject to the Bank of Greece's decisions as they are in force.

1.1 Board of Directors

The composition of the Bank’s Board of Directors is as follows:

Capacity	Full name	Member
Chairman	Georgios Boukis	Executive member
Chief Executive Officer	Panagiotis Tournavitis	Executive member
First Vice Chairman	Thomas Deligiannis	Non-executive member
Second Vice Chairman	Aristotelis Mylonas	Non-executive member
General Secretary	Orestis Psachoulas	Non-executive member
Treasurer	Georgios Papakostas	Non-executive member
Chairman of the Audit Committee	Apostolos Kandilas	Non-executive member
Member of the Audit Committee	Miltiadis Evangelopoulos	Non-executive member
Member of the Audit Committee	Lampros Siatiras	Non-executive member

The term of office of the Board of Directors expires in November 2023.

1.2 Approval of Financial Statements

The annual financial statements were approved for publication by the Bank's Board of Directors on 29 May 2023 and are subject to the approval of the Ordinary General Meeting of shareholders.

2. Basis of presentation

These financial statements include the annual financial statements of COOPERATIVE BANK OF KARDITSA for the year ended 31 December 2022 and have been prepared in accordance with the International Financial Reporting Standards (IFRS) as they have been issued adopted by the European Union.

The financial statements have been prepared under the historical cost principle, except for financial assets measured at fair value (note 17).

The financial statements have been prepared based on the going concern principle.

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates by management in the process of applying the accounting principles. Moreover, it requires the use of calculations and assumptions affecting the aforementioned assets and liabilities' amounts, the disclosure of contingent receivables and liabilities existing on the financial statements' preparation date and of the aforementioned income and expense amounts during the reported year. Although these calculations are based on the best possible knowledge of management with respect to the current conditions and activities, the actual results can eventually differ from these estimates. The areas pertaining to complex transactions and involve a great degree of subjectivity, or the assumptions and estimates that are crucial for the financial statements, are disclosed in note 5.

2.1 Going concern basis

Macroeconomic environment

In 2022, Greek economy continued to recover for the second consecutive year after the pandemic. In particular, according to the available data of the Hellenic Statistical Authority (ELSTAT), the annual growth rate of the Greek economy in 2022 amounted to 5.9%. At the same time, however, the ongoing war in Ukraine has led to increased uncertainty in the global economy and stronger inflationary pressure. In this context, there have been significant impacts on the global economic environment, mainly due to rising energy, commodity and food prices. As a result of this crisis, inflation rose to 9.3%, creating adverse conditions for the Greek economy and households.

These conditions may lead to increased macroeconomic risks and uncertainty in the future.

The main macroeconomic risks and uncertainties for Greece could be: a) the continuation of the war in Ukraine; b) the continuation of rising inflationary pressure that would slow down the growth of the economy and would have an impact on businesses due to an increase in their production and operating costs, as well as on the household budget; c) the emerging increases in interest rates that affect the cost of borrowing for both the public and the private sector, which would aggravate the cost of borrowing for both the public and the private sector; d) geopolitical developments in the vicinity of the country; e) the potential emergence of new mutations of the Covid-19 virus. At this point, such risks cannot be reliably assessed, in relation to the impact they may have on slowing the growth rate of the economy as well as the impact on Greek banks in their plans to reduce non-performing exposures.

However, there are economic factors, which are can give a significant boost to the country's development, the most important of which being EU funding, mainly through the "Next Generation EU" programme and the Multiannual Financial Framework 2021-2027. Through them, significant funds have already flowed into Greece and are expected to continue flowing in, some of which are subsidies and the rest of which are loans. Specifically, under the Recovery and Resilience Fund, Greece will receive a total of €30.5 billion until 2026, of which €17.6 billion will be subsidies and €12.7 billion will be loans. Of these amounts, Greece has already disbursed approximately €11.2 billion during the August 2021-early 2023 period, while the above-mentioned Multiannual Financial Framework 2021-2027 for Greece amounts to approximately €4 billion.

Bank Management's reaction to the new geopolitical and macroeconomic conditions

In regard to the new geopolitical conditions, the Bank, although not exposed to Russian assets, monitors these developments in the macroeconomic and geopolitical environment and is prepared to deal with any indirect impact of the above risks. In such context, it monitors the performance of its key indicators, while increasing its level of preparedness, if required, in terms of decision-making and policy formulation that will help maintain its capital and liquidity at satisfactory levels and achieve, to the best possible extent, the goals of the business plan it has developed for the 2023-2027 period.

Capital adequacy and liquidity

The Bank maintained in the fiscal year 2022 a high capital adequacy ratio and a satisfactory liquidity ratio (Notes 4.2.3 and 4.3). In particular, the capital adequacy ratio, based on the transitional provisions for the integration of the effects of IFRS 9, amounted to 22.26% in 2022 (2021: 20.99%). Also, note that the above capital adequacy ratio is at a satisfactory level especially when fully considering the impact of the IFRS 9 application, as of 1.1.2018 (Note 4.3); also in 2022 it amounted to 20.82% (2021: 17.95%).

Note that deposits increased in 2022, when compared to 2021, by 15.5 million (9.5%), mainly as a result of an increase in savings deposits due to the growth of the customer base.

Going concern

The general course of the Bank is characterized by its satisfactory operating profitability, as a product of continuous effort to improve the quality of the loan portfolio, with loans to new and healthy businesses, while maintaining a satisfactory operating cost. In this context, in 2022, the Bank continued its credit expansion, improving the quality of its portfolio while increasing its lending interest income by 24%, when compared to 2021. Customer deposits also increased by 9,5%. Furthermore, the fact that in 2022 the financing of small enterprises was successfully continued, with the guarantee of the European Investment Fund (EaSI), the participation of the Bank in the Pan-European Guarantee Fund (EGF) of the European Investment Fund and the financing under the co-financed programs (TEPIX I and II, Save-Autotomize), which also contributed proportionally to the increase of the mobility index of the Bank's financing.

Note that, based on the Bank's current financial data for the period from the beginning of 2023 until today compared to the corresponding period of the previous financial year, the Bank's key figures show an upward trend. In particular, interest income has increased by 30%, while the effective management of non-performing loans continues with arrangements, receipts of overdue debts and auctions from the beginning of 2023.

The Board of Directors of the Bank, taking into account all the above geopolitical and macroeconomic risks as well as the operating profitability presented by the Bank in 2022 (profit before taxes and provisions),
its satisfactory capital adequacy and liquidity ratios, the development of its financial ratios in the period from the beginning of 2023 to date, did not identify any circumstances that could be associated with uncertainty that would be material to the Bank's ability to continue as a going concern in the foreseeable future and therefore considered that the Bank's financial statements can be prepared on a going concern basis.

2.2 New Standards and Interpretations

2.2.1 New Standards and Amendments Adopted by the Bank

The Bank applied for the first time certain standards and amendments that are mandatory for the current financial year 2022. The Bank has not adopted any other standard, interpretation or amendment that has been issued but is not mandatory for the current financial year 2022.

The nature and impact of any new standard or amendment related to the Bank's operations is described below.

Amendments to IAS 16 Fixed assets: Income before the intended use

The amendments prohibit a company from deducting from the cost of the Tangible fixed assets amounts obtained from the sale of data produced while the company prepares the asset for its intended use. Instead, a company will recognize these sales revenue and related costs in profit and loss. The amendments had no effect on the Bank’s financial statements.

Amendments to IAS 37 Provisions: Cost of fulfilling a contract

The amendments specify that in order to assess whether a contract is burdensome, the cost of fulfilling a contract includes both the incremental cost of fulfilling that contract and the allocation of other costs directly related to its execution. The amendments had no effect on the Bank’s financial statements.

Amendment to IFRS 16 Leases: Concessions on COVID-19 related rents - Extension of the application period

The amendment extends the practical expedient granted for COVID-19-related rental concessions by one year to June 30, 2022. The amendment had no effect on the Bank's financial statements.

Annual Improvements to IFRSs, 2018-2020 Cycle

The following amendments to the 2018-2020 Turnover, adopted by the Council on 28 May 2020, are effective for periods beginning on or after the 1st of January 2022. None of these amendments had an impacted on the Bank’s financial statements.

- IFRS 9 Financial Instruments

The amendment looks at what costs should be included in the 10% assessment for the recognition of financial liabilities. Relevant costs or fees could be paid either to third parties or to the lender. Under the amendment, the costs or fees paid to third parties will not be included in the 10% assessment.

- IFRS 16 Leases

Amendment to Explanatory Example 13 accompanying IFRS 16 to eliminate any possible confusion regarding the handling of lease incentives.

2.2.2 Standards and Interpretations mandatory for subsequent periods, which were not applied by the Bank earlier

The following new standards, standard amendments and interpretations have been issued, are related to the Bank's activity but are mandatory for subsequent periods. The Bank has not applied the following standards earlier, and is estimating their effect on its financial statements.

Amendments to IAS 1 Presentation of Financial Statements

- <u>Amendment to 2020 ”Classification of liabilities as short-term or long-term”</u>

The amendment clarifies that liabilities are classified as short-term or long-term based on the rights in force at the end of the reporting period. The classification is not affected by the entity's expectations or by events following the reporting date. In addition, the amendment clarifies the meaning of the term "settlement" of an IAS 1 liability.

- Amendments to 2022 "Long-term liabilities with a clause"

The new amendments clarify that if the right to defer settlement is subject to the entity's compliance with specified conditions (covenants), this amendment shall apply only to circumstances that exist when compliance is contemplated on or before the reporting date. In addition, the amendments seek to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months of the reporting period.

The 2022 amendments changed the effective date of the 2020 amendments. As a result, the 2020 and 2022 amendments are effective for annual reporting periods beginning on or after the 1st of January 2024 and should be applied retrospectively in accordance with IAS 8. As a result of the alignment of the entry into force dates, the 2022 amendments will take precedence over the 2020 amendments when both enter into force in 2024. The amendments have not yet been adopted by the European Union and are not expected to have an impact on the Company's financial statements.

Amendments to IAS 1 Presentation of Financial Statements: Disclosure of accounting policies

Amendments to IAS 1 require companies to disclose their material accounting policies rather than their significant accounting policies. The amendments are effective for annual periods beginning on 1 January 2023 and it is not anticipated to have any impact on the Bank's financial statements.

Amendments to IAS 8 Accounting Authorities, Changes in Accounting Estimates and Errors: Definition of accounting estimates

The amendments specify how companies should distinguish changes in accounting policies from changes in accounting estimates. The amendments are effective for annual periods beginning on 1 January 2023 and it is not anticipated to have any impact on the Bank's financial statements.

IAS Amendments 12 Income Taxes: Deferred tax relating to assets and liabilities arising from a single transaction

The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 (exclusion of recognition), so that it is no longer applicable to transactions which, in the initial recognition, create equal taxable and deductible temporary differences. The amendments are effective for annual periods beginning on 1 January 2023 and it is not anticipated to have any significant impact on the Bank's financial statements.

Other amendments

The following amendments and new standards that are mandatory for later years are not relevant to the Bank's operations and will not have an impact on the financial statements:

- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2023)

3. Summary of significant accounting policies

3.1 Foreign exchange conversions

(a) Functional and presentation currency

Items included in the financial statements of each of the Groups entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Statements are reported in euro, which is the functional currency and the reporting currency of the Bank.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit and loss account. Foreign exchange differences from non-monetary items that are valued at their fair value are considered to be part of the fair value and are thus treated similarly to fair value differences.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash at the fund, deposits with the Bank of Greece that are not subject to restrictions, receivables from financial institutions, high liquidation and low risk with original maturities of three months or less.

3.3 Financial Instruments

3.3.1 Financial assets

i. Initial recognition and derecognition

The Bank recognizes a financial asset when it becomes one of the parties to the financial instrument.

A financial asset is derecognized when the contractual rights over the cash flows of the financial asset expire or when the financial asset is transferred and the transfer meets the conditions for write-off.

ii. Classification and measurement

Financial assets at initial recognition are measured at their fair value (usually the transaction price, i.e. the fair value of the consideration paid or received) plus transaction costs directly attributable to their acquisition or issue, unless it is for financial assets measured at fair value through the profit and loss account, where transaction, issue costs, etc. are entered in the profit and loss account.

For the purposes of subsequent measurement, financial assets are classified in accordance with the entity's business model for the management of financial assets and their contractual cash flows.

Financial assets are classified into one of the following three categories, which determines their subsequent measurement:

- Unamortised cost,
- at fair value through OCI, and
- at fair value through profit or loss.

A financial asset is measured at unamortised cost when the following two conditions apply:

- the asset is held for the purpose of holding and collecting the contractual cash flows that incorporates; and
- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPIs).

A financial asset is measured at fair value through other comprehensive income when the following two conditions apply:

- the asset is held for the purpose of collecting the contractual cash flows that incorporates and its sale; and
- the contractual terms of the asset lead, at specific dates, to cash flows that are solely payments of principle and interest (SPPIs).

A financial asset is measured at fair value through profit or loss when it is not classified in the two previous categories. However, at initial recognition an entity may irrevocably choose for certain investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value through other comprehensive income.

It is also possible, at initial recognition, that an entity determines irrevocably a financial asset measured at fair value through profit or loss if it thereby substantially eliminates or reduces a measurement or recognition inconsistency (which is sometimes referred to as "accounting mismatch") that would otherwise arise from the measurement of assets or liabilities or the recognition of the profit and loss on them on different bases.

An entity reclassifies financial assets when it modifies the business model it applies for their handling.

An entity's business model refers to the way in which an entity treats its financial assets to generate cash flows (cash flows may arise from the collection of contractual cash flows, the sale of financial assets, or both) and is determined by the entity's key management personnel.

In order to evaluate its business model and determine whether the cash flows arise either from the exclusive collection of contractual cash flows or from the sale of financial assets or from both, the Bank takes into account:

- its operational model,
- its policies and objectives
- the risks involved and how they are addressed

Based on the Bank's business model and the contractual terms and conditions of its debt securities portfolio:

- Loans and receivables from customers and financial institutions are measured at unamortised cost (Note 16);
- Bonds are measured at unamortised cost (Note 17); and
- Equity securities are measured at fair value through profit and loss and other comprehensive income (Note 17).

iii. Impairment of financial assets

The Bank recognizes expected credit losses (ECL) that reflect changes in credit quality from the initial recognition of financial assets measured at unamortised cost and at fair value through other comprehensive income. No expected credit loss is recognized for equity instruments. Expected credit losses are a weighted, on a probability basis, average estimate of credit losses that reflects the time value of money. Upon the initial recognition of the financial instruments that fall under the impairment policy, the Bank creates an impairment provision equal to the expected twelve month credit losses, which are the expected credit losses resulting from events of default that are likely to occur within the next twelve months. Subsequently, for financial instruments with significantly increased credit risk (SICR), an impairment provision is recognized since their initial recognition that is equal to the expected credit losses over their entire life resulting from default events that are probable during the expected duration of the instrument. If at initial recognition the financial asset meets the definition of purchased or impaired financial asset (POCI), the provision for impairment is based on changes in expected credit losses over the life of the asset.

Impairment provisions for trade receivables from non-performing activities are always measured at the amount of the expected credit losses over their lifetime. For all other financial assets for which provision is made for impairment, the three-step general approach is applied.

Consequently, the expected credit losses are recognized using a three-step approach based on the extent of the credit degradation from the initial recognition of the financial instrument:

Step 1 - When there has been no significant increase in credit risk since the initial recognition of a financial instrument, an amount equal to the expected 12-month credit losses is recognized. Expected credit losses for a twelve month period of a financial instrument or group of financial instruments represent a portion of the losses that would be recognized over their lifetime arising from default events that are probable within the next 12 months after the reporting date and are equal to the expected cash flow delays throughout their life due to possible loss-making events within the next 12 months. Non-credit impaired financial assets purchased or upon initial recognition, as well as recognized financial assets after a materially significant change that has been accounted for as a derecognition, are initially classified in Step 1.

Step 2 - When a financial instrument significantly increases credit risk after its initial recognition but is not considered to be in default, it is included in Step 2. Expected credit losses over the life of the financial instrument represent the expected credit losses that arise from all possible default events over its expected maturity.

Step 3 - This step includes financial instruments that are deemed to have been subject to default. As in Step 2, the provision for credit losses reflects expected credit losses over the life of the financial instrument.

POCI - Assets that are purchased or impaired when initially recognized are asset items that are initially recognized as credit impaired. They are not ranked in a specific step and are always measured based on expected credit losses throughout the life of the financial instrument. Therefore, the expected credit losses are recognized only to the extent that there is a subsequent change in expected credit losses over the life of the financial instrument. Any positive change in the expected cash flows is recognized as a reversal of the impairment (profit) in the income statement even if the amount of new expected cash flows exceeds the estimated cash flows of the initial recognition. In addition to the purchased financial assets, financial instruments that are considered as new assets after a materially significant change that is accounted for as a derecognition may be included.

Credit Loss Measurement

The measurement of expected credit losses requires the use of models, estimates and assumptions, the assessment of credit behaviour as well as the incorporation of proactive information. IFRS 9, for the purpose of provisioning, adopts a "three-step" approach that reflects the change in credit risk from initial recognition.

Initial recognition recognizes a provision for credit risk losses equal to the expected 12 months' loss, which is defined as the expected credit losses resulting from default events that are probable within the next twelve months (step 1). Subsequently, if there has been a significant increase in credit risk since initial recognition, an impairment provision is recognized, which is equal to the estimated total lifetime credit loss, defined as the expected credit loss resulting from default events that are probable throughout the expected life of the financial instrument (step 2). The impaired financial instruments will be moved to step 3.

The Bank assesses credit risk and measures the expected credit losses on loans and receivables against customers on an individual basis.

<u>Credit loss measurement for loans and receivables against customers</u>

Credit Default

A borrower is considered to be in default if one or both of the following events has occurred:

- He or she is late in paying any significant credit obligation to the Bank for more than 90 days
- The Bank estimates that the borrower is unlikely to fully meet its credit obligation

Expected Credit Losses

Expected Credit Losses (ECL) are defined as losses resulting from credit default events weighted based on credit default probabilities. ECLs are calculated according to the following formula:

$$ECL = \sum_{t=1}^{T} PD_t * SP_{t-1} * LGD_t * EAD_t * DF_t$$

where:

- ECL = Expected Credit Losses in the Credit Timeframe
- T = Credit Exposure Timeframe
- PD_t = The probability of default at time t
- SP_{t-1} = The probability of non-default until the previous year of year t
- LGD_t = Percentage of loss in case of default at time t
- EAD_t = The total amount of the credit report at time t
- DF_t = Discount factor

Annual Probability of Default

An annual probability of default is the probability of credit losses arising from default events that are probable within twelve (12) months. For the calculation of the annual probability of default, the Bank uses historical data. In particular, the annual probability of default by portfolio category and borrower category is equal to the ratio of borrowers of that class who have defaulted in one year to the total of customers at the beginning of the year of that class.

Borrowers are categorized according to the loan portfolio they belong to, namely:

- Business
- Consumer
- Mortgage

Specifically for the borrowers belonging to the business portfolio, further categorization is made on the basis of their rating.

Incorporating proactive information

In the context of the implementation, from 2022 onwards, of ICAP's methodology for the calculation of the annual probability of default, the Bank takes into account the G-Spread, as a macroeconomic factor, which is defined as the average spread (of the last quarter) of a country's 10-year government bond against a European government bond with an AAA rating. Its decrease/increase in a reference period compared to the beginning is a positive/negative event signalling an improvement/worsening of macroeconomic conditions.

Classification of Exposures in Stages

Stage 1

In Stage 1, all borrowers are classified at the initial recognition of the credit exposure. At each reporting date, they remain in Stage 1 as credit risk has not increased significantly, or there is a significant increase in credit risk but the credit risk remains low.

Stage 2

Stage 2 includes all borrowers who, at the reporting date, were ranked in Stage 1 and have experienced a significant increase in credit risk but have not entered in Credit Default status.

In order for a borrower in Stage 2 to revert to Stage 1, there should be a significant reduction in credit risk.

A significant increase in credit risk is considered to have occurred in three cases:

- according to the rebuttable presumption of delay of more than 30 (thirty) days
- there is a significant downgrade to the credit rating scale
- there is a significant deterioration in the borrower's financial position

Stage 3

Step 3 lists all borrowers deemed to be in default according to the definition of credit default mentioned above.

In order for a borrower in Stage 3 to revert to Stage 2 or Stage 1, he should have returned to non-default, according to the Guiding Principles of EBA (European Banking Authority).

Credit loss measurement for Letters of Guarantee

According to IFRS 9:

- financial guarantee contracts may take various legal forms such as a guarantee, certain types of letter of credit, a contract covering the risk of non-payment of a debt or an insurance policy. Their accounting treatment does not depend on their legal form
- although a financial guarantee contract meets the definition of an insurance policy in IFRS 4 when the risk transferred is significant, the issuer applies IFRS 9. However, if an issuer has previously stated explicitly that it considers the contracts in question as insurance policies and has used the accounting treatment applicable to insurance policies, then it may apply either IFRS 9 or IFRS 4

The Bank does not consider letters of guarantee as insurance contracts and therefore applies IFRS 9 for initial recognition and provisioning.

The Credit Conversion Factor (CCF) is used to calculate the credit exposure in accordance with Regulation (EU) 575/2013.

Credit loss measurement for investment portfolio debt securities

The Bank recognizes impairment provisions for expected credit losses for Bonds held in its portfolio.

For the calculation of the probability of default (PD) an external evaluation (S&P and ICAP) is taken into account.

3.3.2 Financial liabilities

i. Initial recognition and derecognition

An entity recognizes a financial liability in its statement of financial position when and only when the entity becomes a party to the financial instrument.

All financial liabilities are initially recognized at their fair value and, in the case of loans, net of the direct costs of the transaction.

A financial liability is written off from the statement of financial position when it is settled.

A material amendment to the terms of an existing financial liability (difference of at least 10% at present value with the original interest rate) is accounted for as settlement of the original liability and recognition of a new financial liability. Any difference is recorded in profit and loss.

ii. Classification and measurement

Financial liabilities are classified at the initial recognition as financial liabilities measured at unamortised cost or financial liabilities that are measured at fair value through profit or loss.

The Bank's financial liabilities include liabilities to customers and other liabilities to suppliers and other creditors.

Bank's liabilities are subsequently measured based on the unamortised cost method using the effective interest rate. The Bank has not undertaken liabilities that are measured at fair value through profit and loss.

3.3.3 Offsetting of financial assets and liabilities

Financial assets and liabilities are set off and the net amount appears on the balance sheet, when there is a legally enforceable right for set-off of the amounts recognized, and at the same time, there is the intention that a settlement be made on a net basis, or that the acquisition of the asset and the settlement of the obligation be made at the same time.

3.4 Fair value measurement

Fair value is the price that would be obtained upon the sale of an asset or upon the transfer of a liability in a normal transaction between the participants in the principal or, failing that, in the most advantageous market where the Bank has access, at the measurement date. The fair value of a liability reflects the risk of non-fulfilment of obligations.

The Bank measures the fair value of a financial instrument using the official stock price on an active market for that financial instrument, when available. A market is considered active if transactions for the asset or liability take place at a sufficient frequency and volume to provide ongoing pricing information. When no quoted market price is available in an active market, the Bank uses valuation techniques that maximize the use of relevant observable data and minimize the use of non-observable data. The selected valuation technique includes all the factors that market participants would take into account for one transaction pricing.

The Bank uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: Official stock prices (without adjustment) in active markets for identical assets or liabilities that the Bank has access to at the measurement date.

Level 2: Inflows other than official stock prices included in the first level that are observable for the asset or liability either directly or indirectly.

Level 3: No observable inflows for the asset or liability.

The following table shows the financial assets measured at fair value as at 31 December 2022:

Amounts in EUR	Level 1	Level 2	Level 3
Financial assets valued at fair value through profit or loss	97,485	-	-
Total	**97,485**	**-**	**-**

The following table shows the financial assets measured at fair value as at 31 December 2021:

Amounts in EUR	Level 1	Level 2	Level 3
Financial assets valued at fair value through profit or loss	93,060	-	-
Total	**93,060**	**-**	**-**

3.5 Tangible fixed assets

Tangible assets are measured at cost less accumulated depreciation and impairment. Acquisition cost includes all costs directly related to the acquisition of the assets.

Subsequent costs are added to the carrying amount of tangible assets or are recognized as a separate asset only if they are expected to result in future economic benefits to the Bank and their cost can be measured reliably. Repairs and maintenance costs are recognized in the income statement.

Depreciation of tangible assets is calculated using the straight-line method over their useful lives as follows:

- Buildings	50 years
- Improvements in third party real estate	During the lease
- Furniture and other equipment	5 - 10 years

The residual values and useful lives of tangible assets are reviewed and revalued, if appropriate, at the end of each financial year.

When the carrying values of tangible assets exceed their recoverable amount, the difference (impairment) is recognized immediately as an expense in the income statement.

When selling tangible assets, the difference between the consideration received and their book value is recognized as a gain or loss in the income statement. Financial expenses relating to the construction of property, plant and equipment are capitalized for the period of time required to complete the construction. All other financial expenses are recognized in the income statement when incurred.

3.6 Investments in real estate

This category includes buildings or parts of buildings and their proportion on the land, which is held by the Bank for the purpose of collecting rents or obtaining capital gains.

Investments in real estate are initially measured at cost, including transaction costs. After initial recognition, investments in real estate are valued at their fair value, which reflects market conditions at the measurement date. Profits or losses arising from changes in the fair value of investments in real estate are included in the profit or loss in the period in which they arise, including the corresponding income tax. The fair values are determined by a certified external independent assessor.

Investments in real estate cease to be recognized at their disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Profits or losses resulting from the withdrawal or disposal of investments in real estate are identified as the difference between the net product of the disposal and their carrying amount and are recognized in the results during the period of withdrawal or disposal.

Transfers to or from investments in real estate are made when there is a change in use. For a transfer from investment property to owner-occupied property, the imputed cost of the property for subsequent accounting treatment is its fair value at the date of the change in use. If an owner-occupied property becomes investment property, any difference at that date between the carrying amount of the property and its fair value is treated as a revaluation surplus.

3.7 Leases

The Bank as a lessee

<u>Right to use assets</u>

The Bank recognizes the right to use assets at the beginning of the lease (the date the asset is available for use). The usage rights are measured at their cost, reduced during accumulated depreciation and impairment, adjusted against any re-measurements of the lease obligation. The rights to use assets are subject to an impairment check.

The rights to use assets appear in the tangible assets in the balance sheet.

Lease liabilities

At the beginning of the lease, the Bank recognizes lease liabilities equal to the present value of the leases during the total term of the lease agreement.

In order to calculate the present value of the payments, the Bank uses its lending rate (incremental borrowing rate of interest) at the date of commencement of the lease, if the interest rate implicit in the lease cannot be determined. Subsequent to the commencement of the lease, the amount of the lease liabilities is increased by interest expenses and reduced by the lease payments made. In addition, the book value of lease liabilities is recalculated if there is a modification to the contract, any change in the term of the lease, fixed leasing payments or asset purchase assessment.

- For short-term leases and leases in which the underlying asset is of low value, the payments under those leases were recognized as costs using the straight-line method in accordance with the exceptions provided by IFRS 16.

The Bank does not separate the non-lease components from the lease components and accounts for each leased and associated non-leased component as a single lease component.

The Bank as a lessor

Leases where the Company materially retains all the risks and rewards of ownership are classified as operating leases. The income from operating leases is recognized in the profit and loss by the straight line method throughout the term of each lease.

The Bank has concluded operational lease agreements concerning the leasing of part of its properties presented as Investments in real estate (Note 19).

3.8 Intangible assets

Software

Software programs are valued at acquisition cost less accumulated depreciation and impairment. Depreciation is accounted for with the straight line method during the useful lives of these assets which vary from 5 to 16 years.

Expenses related to software maintenance are recognized as incurred.

3.9 Assets from auctions

Assets from auctions include real estate acquired by the Bank in auction proceedings, in full or partial recovery of receivables. The Bank assesses these properties at each balance sheet date, at the lower value between accounting and fair value, assigning their valuation to independent appraisers.

3.10 Impairment of non-financial assets

With the exception of auctioned assets that are audited for impairment at least on an annual basis, the book values of other long-term assets are audited for impairment when there are certain events or changes of circumstances indicating that their book value may not be recoverable.

When the book value of an asset exceeds its recoverable amount, the corresponding impairment loss is recorded in the income statement. The recoverable value is the higher amount of the net selling price and value-in-use. Fair value less selling expenses is the amount which can be obtained from the sale of an asset in an arms length transaction in which both parties are willing and knowledgeable after the deduction of any incremental disposal costs, while value in use is the net present value of expected future cash flows which will result from continuing use of the asset and from the proceeds expected from its disposal at the end of its estimated useful life. For the purposes of assessing impairment, assets are grouped at the lowest level for which there exist separately identifiable cash flows.

3.11 Current and deferred income tax

Taxation for the financial year includes current and deferred tax. Deferred tax is recognized through profit and loss unless it pertains to assets recognized in other comprehensive income or directly recognized in equity. In this case, deferred tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax result according to the tax laws in force in Greece. The cost of current income taxes includes the income tax which arises based on the earnings of the Bank, as restated in its tax statements and provisions for additional taxes and charges for unaudited years, and is calculated pursuant to established or essentially established tax rates.

Deferred income tax results from the temporary differences between the tax base and the carrying amount of assets and liabilities. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction did not affect the accounting or the taxable profit or loss. Deferred tax receivables are recognized to the extent that there will be future taxable gains making use of the temporary difference that gives rise to deferred tax receivables. Deferred tax is determined by taking into account the tax rates (and tax laws) that are in force at the balance sheet date and is expected to apply when the deferred tax asset is deferred or the deferred tax liability is settled.

Deferred tax assets are offset against deferred tax liabilities when settled at the same tax authority.

3.12 Provisions and contingent liabilities

Provisions are recognized when:

- an entity has a present obligation (legal or constructive) as a result of a past event;

- it is probable that an outflow of resources will be required to settle the obligation; and

- a reliable estimate can be made of the required amount.

When the effect of the value of money over time is material, the amount of the provision is the present value of the expense that is expected to be required to settle the obligation. The discount rate will be a pre-tax interest rate that reflects current market assessments of the time value of money and liability-related risks.

Contingent liabilities are not recorded in the financial statements but are disclosed, unless the probability of an outflow of resources that incorporate financial benefits is minimal. Contingent receivables are not recorded in the financial statements, but are disclosed where an inflow of financial benefits is probable.

3.13 Employee benefits

(a) Short-term benefits

Short-term employee benefits in cash or in kind are recorded as an expense when they are accrued.

(b) Post-employment benefits

Post-employment benefits include defined contribution plans (State plans), as well as defined benefits plans.

The accrued cost of defined contribution programs is recognized as expenses during the relevant period.

The liabilities arising from defined employee benefit plans are calculated at the prepaid value of future personnel benefits accrued on the balance sheet date. The commitment of the defined benefit is calculated annually by an independent actuary with the use of the projected unit credit method.

The Bank shall allocate the staff termination benefits per year of service of the employees during the period of 16 years prior to their termination of service, in accordance with the vesting requirements for a full pension.

The actuarial gains and losses arising from empirical adjustments or from changes in the actuarial assumptions are recognized in other comprehensive income in the period they were realized.

Past service cost is directly recognized in profit and loss.

(c) Employment termination benefits

Employment termination benefits are payable when the company terminates employment prior to the employees' retirement or following a decision by the employees to accept benefits from the Bank in consideration of their employment termination. The company recognizes employment termination benefits as a liability and as an expense on the earliest of the following dates: a) when the entity may no longer withdraw the offer of these benefits; and b) when the entity recognizes a restructuring cost falling within the scope of IAS 37 and entailing payment of employment termination benefits. Benefits falling due more than 12 months after balance sheet date are discounted.

3.14 Equity - Cooperative Capital

The rights and obligations of the shareholders of the Cooperative Bank are defined by Law No. 1667/2986 as amended and in force (last amended by Law No. 4340/2015), as well as the Articles of Association of the Bank and the decisions of the management bodies.

Each partner is registered for a mandatory cooperative share. It may, in addition to the mandatory one, also obtain optional portions up to the maximum number specified by the Law and the Articles of Association. The value of the optional is equal to the value of the mandatory share. Particularly, Public Legal Entities can acquire an unlimited number of optional shares.

The cooperative share is transferred only to partners. The transfer of the cooperative share to third parties is allowed only upon decision of the Board of Directors. The Board of Directors refuses the transfer if the third party does not meet the conditions required for entering as a partner (Article 2 Law No. 1667/86).

Each partner is required to pay the value of the cooperative share from the date of filing the application to join the cooperative. The cooperative share is indivisible and equal for all partners.

The Bank's disposal price is determined by acceptable valuation methods, in accordance with the provisions of the law and the Articles of Association.

All liquidation of shares is attributed the amount of the share value attributable to the net assets of the cooperative, as it results from the balance sheet of the last fiscal year, taking into account a) the amount by which the provisions formed are less than those required by the report of the certified auditors-accounts and (b) the restrictions provided for in Article 149 of Law No. 4261/2014.

Each partner is liable to the cooperative and its creditors jointly and severally for an amount equal to the value of their shares. (Limited partnership, Article 4 par. 4 of Law No. 1667/86).

The Bank has recognized the entire Cooperative Capital as Equity as part of the interpretation of *IFRS 2: "Shares of members in cooperative financial entities and similar instruments"*, since there is no relevant authorization to repay the cooperative shares to the shareholders, according to the provisions of Article 149 of Law No. 4261/5.5.2014.

Expenses for cooperative capital increase: Direct expenses for the issue of shares are shown following subtraction of the relevant income tax, reducing retained earnings.

Share premium: This account records the difference between the nominal value of the shares issued and their selling price.

3.15 Income statement

i. Interest income and expenses

Interest income and expense are recognized in the income statement on an accrual basis for all interest bearing financial instruments using the effective interest rate method. Effective is the interest rate that exactly discounts the estimated future cash outflows or inflows over the expected life of the financial instrument or, to a lesser extent, as appropriate, to the carrying amount before impairment or to the carrying amount of the financial asset or liability, respectively. For the calculation of the effective interest rate, the Bank calculates the cash flows taking into account all the contractual terms of the financial instrument excluding the expected credit risk.

The depreciable cost of a financial asset or liability is the amount at which it is measured at initial recognition, by deducting capital repayments by adding or subtracting cumulative depreciation calculated using the effective interest method (as described above) and for financial assets, by deducting provisions of expected credit losses. The carrying amount before impairment of a financial asset is equal to the depreciable cost of the impairment loss for expected credit losses.

The Bank calculates interest income by applying the effective interest method to the impairment loss of unattended financial assets (exposures in Stage 1 and 2) and respectively to the amortized cost of financial liabilities.

Interest income and expense are presented separately in the income statement for all interest-bearing financial instruments in net interest income.

ii Revenues from fees and commissions

Revenues from fees and commissions, handling of accounts, insurance operations, letters of guarantee are recognized over time when the relevant services are provided to the client to the extent that it is highly probable that no significant reversal of the amount of revenue recognized will arise.

Remuneration arising from transactions such as transfers, bank charges and brokerage activities are recognized at the time that those transactions are carried out.

Other fees and commissions relate mainly to fees from transactions and services, which are recognized as expenses at the time when the relevant services are received.

iii) Dividend income

Dividend income is recognized when the right of recovery is finalized by the shareholders, that is after their approval by the General Meeting.

iv. Grants

State grants are recognized at their fair value when it is expected with certainty that the grant will be collected and the Bank will comply with all the conditions provided for.

State grants related to expenses are recorded in transitional accounts and recognized in profit and loss, so that they match the expenses they are intended to compensate. State grants related to the purchase of fixed assets are included in the long-term liabilities as income for subsequent years and are transferred as income to profit and loss using the fixed method in accordance with the expected useful life of the assets concerned.

v. Expenses

Expenses are recognized in profit and loss on an accrual basis.

3.16 Dividend distribution

Dividend distribution is recognized as a liability when distribution is approved by the General Meeting of the partners.

3.17 Rounding numbers

Differences between the amounts in the financial statements and the corresponding amounts in the Notes are due to rounding.

4. Financial risk management

4.1 Risk Management Framework

The Board of Directors is responsible for developing and supervising the risk management framework, establishing the risk assumption and capital management strategies, in line with the Bank's business objectives, while assessing the effectiveness of its risk management policy and the adequacy of own funds, in relation to the extent and form of the risks assumed. The risk management framework is continually evaluated and evolving, taking into account the Bank's historical data base, market dynamics, supervisory compliance and international best practices. To this end, the bank has set up a Risk Management Unit, according to the provisions of the Banking and Credit Insurance Law 2577/2006.

4.2 Financial Risks

Financial risk management is inherent in the Bank's business. With a view to maintaining the stability and continuity of operations, Management places a high priority on the implementation and continuous improvement of an effective risk management framework to minimize potential adverse effects on the Bank's financial performance.

Due to the nature of its operations, the Bank is exposed to various financial risks, such as credit risk, market risk (including foreign exchange and interest rate risk), and liquidity risk. The Bank's risk management strategy aims at minimizing the adverse effects that these risks may have on the Bank's financial performance, financial position and cash flows.

The Bank submits annually to the relevant departments of the Bank of Greece the Internal Capital Adequacy Assessment Process (ICAAP), analysing quantitatively and qualitatively the instruments it uses to manage the individual risks and the future impact on its solvency (Capital Adequacy Indicator).

4.2.1 Credit risk

The Bank is exposed to credit risk, which is the risk of loss due to the inability of the counterparty to meet its payment obligations at the maturity date.

The Bank's credit risk arises mainly from lending to individuals and businesses, including the protection measures provided, such as financial guarantees, as well as other activities such as investments in debt securities (bonds) and claims against credit institutions.

The Bank manages the individual exposures in credit risk as well as the credit risk concentrations.

- **Credit risk management**

The Bank's customers, who are mostly members of the Bank, come from the local community and they operate mainly in the trade, agriculture, stock-breeding, energy, manufacturing and construction sectors.

The Board of Directors, for its smooth operation and quick response to various issues, in addition to the Audit Committee and the Loans and Asset/Liability Management Committees and those provided for by the respective institutional and regulatory framework, may establish informal committees whose coordinator must be a member of the BoD. The committees may be attended by officials and, as an adviser, the head of the Risk Management Unit. At the end of their work the committees are required to table minutes in the plenary session of the BoD signed by all their members.

i. Audit Committee

The members of the Committee are appointed by the Board of Directors and approved by the General Meeting. The Committee is made up of three non-executive and independent members of the Board of Directors, of which at least one is a specialist in financial matters with sufficient knowledge and experience in audit matters, too.

The term of office of the members of the Commission shall be four years. Each member is provided with appropriate information and training at the time of his/her appointment but also on a continuous basis. Committee Members must not hold parallel positions or properties or engage in transactions that might be considered incompatible with the Committee's mission. Being a member of the Audit Committee does not exclude the possibility to being a member of other committees of the Board of Directors.

The Audit Committee has, among others the following duties:

- examines the effectiveness of the Bank's internal control, risk management, regulatory compliance and financial disclosures and informs the Board of Directors,
- examines the annual report of MEE on the adequacy of the Internal Audit System and informs the Board of Directors,
- examines at least twice a year the reports of the Compliance Division, including the Bank's compliance program,
- monitors the application and examines the effectiveness of the Code of Conduct for senior executives of the Bank,
- submits proposals to the Board of Directors to address the identified weaknesses and monitor the implementation of the follow up measures.
- submit an annual report to the Ordinary General Meeting

ii. Loan Committee

The Loan Committee consists of 5 full members and three alternates and decides on the loan structure and advises the Board of Directors on the granting of credits.

The Committee decides unanimously on the credit limits of each member up to the amount authorized by the Board of Directors as well as on the granting of financing, taking into account whether the proposed credits meet the criteria of the decisions of the Bank of Greece and the credit criteria that the Bank has or will adopt, and also determines the caps or collaterals that the Bank will receive in order to provide the requested funding (prenotations, pledges, checks or bills of exchange, etc.). In this context, the Board of Directors decides to set up credit units to which the Committee's powers are delegated.

The Bank has set up four credit units namely (a) up to 50 thousand (b) from 50 to 200 thousand, (c) from 200 to 400 thousand and (d) over 400 thousand.

If the application for funding has been submitted by a member of the Board of Directors, this application shall be examined in the first and last degree by the Board of Directors. In case of either a negative decision made by majority or a positive decision made by majority, the application for funding together with the Committee's decision shall be sent to the Board of Directors for a final decision.

It decides upon the proposal of the relevant Branch and the recommendation of the Network Manager, according to the terms and conditions that are required, to transfer any uncollectible receivables to bad debts, up to the amount authorized by the Board of Directors.

The Main Credit Rules, the procedures for reviewing, assessing, approving and classifying borrowers, the cessation of interest payments and the classification of borrowers as precarious, as well as compliance with the decisions of regulatory authorities, are set out in the Credit Regulation, which is constantly updated depending of the existing circumstances. The last adjustment of the Credit Regulation was made in 2022.

iii. Overdue Department Administration

The management of overdue claims is assigned by BoD Decision to the Overdue Department and decisions are made by the Overdue Committee. The Overdue Department Administration follows, among other things, the Code of Conduct and classifies the borrowers into either cooperating or not. The Bank, pursuant to the Bank of Greece Executive Committee's Act No 175/29.7.2020, has adopted the European Banking Authority's guidelines on the management of non-performing exposures and regulated exposures (EBA/GL/42/30.5.2014) and the repeal of Executive Committee's Act No 1582 on the "Framework of supervisory obligations for the management of exposures in default and non-performing exposures" (Government Gazette, Series II, No 2018/06). In this new context, the Bank's Management has initiated the necessary actions for the adoption and implementation of this action.

- **Rating and creditworthiness**

a. Business portfolio

The ICAP-Risk Profiler software is used to categorise the business portfolio from 2022 onwards (2021: Risk Value of Systemic). Based on the credit risk characteristics, customers are initially classified into a rating scale and based on it into a credit scare. Five grades of credit risk are used:

- Very low risk management
- Low risk management
- Medium risk management
- Medium-high Credit Risk
- High Credit Risk

Risk Level and Rating Scale (fiscal year 2022)

Very low Risk		Low Risk		Medium Risk		Medium-high Risk		High Risk	
1	2	3	4	5	6	7	8	9	10

Risk Level and Rating Scale (until fiscal year 2021)

Low Risk				Medium Risk	Higher than Medium		High Risk	
A	B	C	D	E	F	G	H	I

Until the first financial statements are compiled, the newly-established enterprises are ranked by default at a high risk level and at a rating scale of 10.

b. Retail Banking - Mortgage and Consumer Portfolio

For mortgage and consumer portfolios, the probability of default is calculated on an annual basis, taking into account historical default data, across the portfolio.

Borrowers (apart from being divided up in mortgage and consumer portfolios) in terms of calculating the probability of default are not distinguished by any other feature (risk level, type of credit, profession, etc.). Given the small proportion of these portfolios in the Bank's total lending portfolio, this approach is considered adequate. The probability of default is calculated on an annual basis, taking into account historical default data.

- **Credit risk mitigation techniques**

In order to reduce the credit risk and to ensure the repayment of the loans granted, the Bank receives caps and collaterals. The main types of collateral received are:

- Prenotations/Mortgages of real estate
- Pledges on deposits
- Pledges on checks
- Assignment of receivables from electricity production through Renewable Energy Sources (H/P)
- Greek Government Guarantees
- Guarantees of Greek, European Funds and Organizations (ETEAN, ETEP, Hellenic Development Bank, etc.)

The bank assesses tangible collateral at regular intervals, adjusting the needs for impairment provision accordingly. Values are reduced according to their age (time impairment), and depending on the type of collateral (commercial property, urban real estate).

- **Maximum exposure to credit risk before collateral**

The maximum exposure to credit risk as at 31.12.2022 and 31.12.2021 is as follows:

Amounts in EUR	31/12/2022	31/12/2021
Credit risk exposure of balance sheet items		
Claims against credit institutions	27,119,711	40,367,068
Loans and receivables against customers	121,025,024	107,684,632
Investment securities portfolio (debt securities)	9,389,634	4,718,814
Other assets	2,129,429	872,539
Credit risk exposure of off-balance sheet items		
Letters of Guarantee	16,536,726	7,923,838
Total	**176,200,524**	**161,566,891**

CREDIT RISK ON LOANS AND RECEIVABLES FROM CUSTOMERS

Below is a detailed overview of the Bank's exposure to credit risk arising from loans and receivables from customers.

a. Quality of loan portfolio and receivables from customers

Loans and receivables from customers are categorized as "non-impaired loans" and "impaired loans".

The category of "non-impaired loans" includes (a) loans that are classified in step 1, in which all borrowers are classified at the initial recognition of the credit exposure. At each reporting date, they remain in Stage 1 unless the credit risk is significantly increased or there is a significant increase in credit risk but the credit risk remains low and b) the loans classified in Stage 2 where all borrowers are classified which at the reporting date had been ranked in step 1 and have experienced a significant increase in credit risk but have not entered into credit default status. In order for a borrower in Stage 2 to revert to Stage 1, there should be a significant reduction in credit risk.

The "impaired loans" category includes loans that are classified in Stage 3, including borrowers deemed to be in default. In order for a borrower in Stage 3 to revert to Stage 2 or Stage 1, he should have returned to non-default. The procedure followed is to revert the borrower to Stage 2. Direct transfer from Stage 3 to Stage 1 is an exception and avoided. The Bank has been harmonized with the definition of default pursuant to Article 178 of the CRR and the relevant Executive Committee's Act 181/2 / 28.1.2021 of the Bank of Greece (BoG). A borrower is considered to be in default if one or both of the following events has occurred:

- he or she is late in paying any significant credit obligation to the Bank for more than 90 days
- the Bank estimates that the borrower is unlikely to fully meet its credit obligation

If the borrower complies with the delay criterion, it is considered that all exposures against that borrower are in default.

The table below summarizes the figures before impairment, loans and receivables from customers measured at amortized cost, provision for impairment, total value after impairment and collateral value.

31/12/2022 *Amounts in EUR*	Non-impaired		Impaired	Total value before impairment	Provision for impairment Expected Credit Losses			Total provisions	Total value after impairment	Collateral value
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3			
Retail Banking	10,391,275	216,017	4,583,909	15,191,201	497,575	11,668	1,712,128	2,221,371	12,969,830	10,577,793
Mortgage	9,097,746	145,640	2,795,820	12,039,207	378,852	4,825	904,776	1,288,454	10,750,753	
Collateral value	6,862,257	126,888	2,052,119	9,041,264						9,041,264
Consumer	1,293,529	70,376	1,788,089	3,151,994	118,723	6,842	807,352	932,917	2,219,077	
Collateral value	388,743	48,793	1,098,994	1,536,530						1,536,530
Business	103,922,526	3,686,591	14,706,386	122,315,503	4,164,255	517,266	9,578,789	14,260,309	108,055,194	87,659,912
SMEs	103,922,526	3,686,591	14,706,386	122,315,503	4,164,255	517,266	9,578,789	14,260,309	108,055,194	
Collateral value	78,103,135	2,638,961	6,917,816	87,659,912						87,659,912
Book value as at 31.12.2022	114,313,801	3,902,608	19,290,295	137,506,704	4,661,830	528,933	11,290,917	16,481,680	121,025,024	98,237,705
Total collateral value	85,354,135	2,814,642	10,068,928	98,237,705						98,237,705

31/12/2021 *Amounts in EUR*	Non-impaired		Impaired	Total value before impairment	Provision for impairment Expected Credit Losses			Total provisions	Total value after impairment	Collateral value
	Stage 1	Stage 2	Stage 3		Stage 1	Stage 2	Stage 3			
Retail Banking	8,106,630	814,824	4,968,314	13,889,768	349,244	123,492	1,753,775	2,226,511	11,663,256	9,744,356
Mortgage	7,033,677	623,412	2,857,868	10,514,957	263,783	63,853	870,627	1,198,264	9,316,694	
Collateral value	5,471,025	529,576	2,052,833	8,053,434						8,053,434
Consumer	1,072,952	191,412	2,110,447	3,374,811	85,461	59,639	883,148	1,028,248	2,346,563	
Collateral value	335,453	79,963	1,275,506	1,690,922						1,690,922
Business	89,116,941	5,526,348	16,433,577	111,076,866	3,206,471	2,228,686	9,620,332	15,055,489	96,021,376	75,395,590
SMEs	89,116,941	5,526,348	16,433,577	111,076,866	3,206,471	2,228,686	9,620,332	15,055,489	96,021,376	
Collateral value	64,626,363	3,177,636	7,591,592	75,395,590						75,395,590
Book value as at 31.12.2021	97,223,570	6,341,172	21,401,891	124,966,634	3,555,716	2,352,178	11,374,108	17,282,001	107,684,633	85,139,946
Total collateral value	70,432,840	3,787,175	10,919,931	85,139,946						85,139,946

The total of the provisions also includes an amount of €572 thousand (2021: €707 thousand), which relates to losses from the modification of the contractual terms of loans and receivables against customers, for which the expected credit losses are calculated over the life of the loans and for which the change in contractual cash flows is not material and does not cause recognition interruption.

The following tables show the maturity (days of delay) of loans and receivables per customer by category and by stage and the corresponding value of collateral.

31/12/2022 Amounts in EUR	Business Stage 1	Business Stage 2	Business Stage 3	Business Total	Mortgage Stage 1	Mortgage Stage 2	Mortgage Stage 3	Mortgage Total	Consumer Stage 1	Consumer Stage 2	Consumer Stage 3	Consumer Total	Grant total
Performing	102,808,392	2,670,395	619,572	**106,098,358**	8,925,043	131,938	300,730	**9,357,712**	1,235,276	57,174	92,540	**1,384,991**	**116,841,061**
1 to 30 days	1,114,134	500,692	-	**1,614,826**	172,703	-	-	**172,703**	58,252	-	9,709	**67,961**	**1,855,490**
31 to 60 days		348,212	168,345	**516,558**		12,714	-	**12,714**	-	12,915	46,990	**59,906**	**589,177**
61 to 90 days		167,292	318,358	**485,650**		988	17,103	**18,091**	-	287	49,237	**49,524**	**553,265**
91 to 180 days		-	348,285	**348,285**		-	-	**-**	-	-	2,735	**2,735**	**351,019**
181 to 360 days		-	654,060	**654,060**		-	-	**-**	-	-	12,883	**12,883**	**666,943**
More than 360 days		-	12,597,767	**12,597,767**		-	2,477,987	**2,477,987**	-	-	1,573,995	**1,573,995**	**16,649,749**
Value before impairment	**103,922,526**	**3,686,591**	**14,706,386**	**122,315,503**	**9,097,746**	**145,640**	**2,795,820**	**12,039,207**	**1,293,529**	**70,376**	**1,788,089**	**3,151,994**	**137,506,704**
Collateral value	**78,103,135**	**2,638,961**	**6,917,816**	**87,659,912**	**6,862,257**	**126,888**	**2,052,119**	**9,041,264**	**388,743**	**48,793**	**1,098,994**	**1,536,530**	**98,237,705**

31/12/2021 Amounts in EUR	Business Stage 1	Business Stage 2	Business Stage 3	Business Total	Mortgage Stage 1	Mortgage Stage 2	Mortgage Stage 3	Mortgage Total	Consumer Stage 1	Consumer Stage 2	Consumer Stage 3	Consumer Total	Grant total
Performing	88,300,098	4,389,104	834,295	**93,523,497**	6,950,605	180,497	24,850	**7,155,952**	1,030,963	147,608	66,200	**1,244,772**	**101,924,222**
1 to 30 days	816,843	265,168	87,622	**1,169,633**	83,072	123,579	20,245	**226,897**	41,989	20,606	16,954	**79,548**	**1,476,078**
31 to 60 days	-	729,818	306,495	**1,036,313**	-	313,075	78,532	**391,607**		16,436	34,577	**51,013**	**1,478,933**
61 to 90 days	-	142,259	236,282	**378,541**	-	6,261	53,663	**59,923**		6,762	105,501	**112,263**	**550,727**
91 to 180 days	-	-	124,799	**124,799**	-	-	5,604	**5,604**		-	20,782	**20,782**	**151,184**
181 to 360 days	-	-	414,380	**414,380**	-	-	-	**-**		-	8,918	**8,918**	**423,299**
More than 360 days	-	-	14,429,702	**14,429,702**	-	-	2,674,974	**2,674,974**		-	1,857,515	**1,857,515**	**18,962,191**
Value before impairment	**89,116,941**	**5,526,348**	**16,433,577**	**111,076,866**	**7,033,677**	**623,412**	**2,857,868**	**10,514,957**	**1,072,952**	**191,412**	**2,110,447**	**3,374,811**	**124,966,634**
Collateral value	**64,626,363**	**3,177,636**	**7,591,592**	**75,395,590**	**5,471,025**	**529,576**	**2,052,833**	**8,053,434**	**335,453**	**79,963**	**1,275,506**	**1,690,922**	**85,139,946**

The table below shows the timing of credit impairment loans (Stage 3) and receivables from customers by loan category before impairment, provision for impairment and the value of collateral held to reduce credit risk.

31/12/2022 ***Amounts in EUR***	**Business**	**Mortgage**	**Consumer**	**Total**
Up to 90 days	1,106,275	317,833	198,476	1,622,584
From 91 to 180 days	348,285	0	2,735	351,019
From 181 to 360 days	654,060	0	12,883	666,943
More than 360 days	12,597,767	2,477,987	1,573,995	16,649,749
Value before impairment	**14,706,386**	**2,795,820**	**1,788,089**	**19,290,295**
Cumulative impairment value	9,578,789	904,776	807,352	11,290,917
Book value after impairment	**5,127,597**	**1,891,044**	**980,737**	**7,999,378**
Collateral value	6,917,816	2,052,119	1,098,994	10,068,928

31/12/2021 ***Amounts in EUR***	**Business**	**Mortgage**	**Consumer**	**Total**
Up to 90 days	1,464,695	177,290	223,231	1,865,217
From 91 to 180 days	124,799	5,604	20,782	151,184
From 181 to 360 days	414,380	0	8,918	423,299
More than 360 days	14,429,702	2,674,974	1,857,515	18,962,191
Value before impairment	**16,433,577**	**2,857,868**	**2,110,447**	**21,401,891**
Cumulative impairment value	9,620,332	870,627	883,148	11,374,108
Book value after impairment	**6,813,244**	**1,987,240**	**1,227,299**	**10,027,783**
Collateral value	7,591,592	2,052,833	1,275,506	10,919,931

The tables below present the evolution of loans and receivables from customers before impairment by category (business, mortgage, consumer), and per stage over the periods from 1.1.2022 to 31.12.2022 and from 1.1.2021 to 31.12.2021, respectively.

1/1-31/12/2022 ***Amounts in EUR***	Business Stage 1	Business Stage 2	Business Stage 3	Mortgage Stage 1	Mortgage Stage 2	Mortgage Stage 3	Consumer Stage 1	Consumer Stage 2	Consumer Stage 3	Total
Book value before impairment as at 1.1.2022	**89,116,941**	**5,526,348**	**16,433,577**	**7,033,677**	**623,412**	**2,857,868**	**1,072,952**	**191,412**	**2,110,447**	**124,966,634**
New loans recognized	28,631,962	300,391	441,848	2,555,040	343	171,454	550,516	256	119,421	32,771,230
Transfer to Stage 1	3,230,586	(3,181,024)	(49,562)	334,761	(273,382)	(61,379)	125,006	(125,006)		(0)
Transfer to Stage 2	(1,864,798)	2,496,530	(631,731)	(73,067)	101,639	(28,571)	(10,927)	36,004	(25,077)	0
Transfer to Stage 3	(502,416)	(941,055)	1,443,471		(379,966)	379,966	(21,571)	(20,451)	42,022	
Write-offs	(42)		(809,954)			(24,556)			(145,147)	(979,699)
Repayment and other operations	(14,689,706)	(514,600)	(2,121,262)	(752,665)	73,595	(498,960)	(422,448)	(11,838)	(313,577)	(19,251,461)
Book value before impairment as at 31.12.2022	**103,922,526**	**3,686,591**	**14,706,386**	**9,097,746**	**145,640**	**2,795,820**	**1,293,529**	**70,376**	**1,788,089**	**137,506,704**
Provision for impairment as at 31.12.2021	4,164,255	517,266	9,578,789	378,852	4,825	904,776	118,723	6,842	807,352	16,481,680
Book value as at 31.12.2022	**99,758,271**	**3,169,326**	**5,127,597**	**8,718,894**	**140,815**	**1,891,044**	**1,174,806**	**63,534**	**980,737**	**121,025,024**
Provision for impairment for off-balance sheet items	648,626									648,626

1/1-31/12/2021 *Amounts in EUR*	Business Stage 1	Stage 2	Stage 3	Mortgage Stage 1	Stage 2	Stage 3	Consumer Stage 1	Stage 2	Stage 3	Total
Book value before impairment as at 1.1.2021	**60,403,147**	**3,032,447**	**19,744,362**	**5,629,872**	**128,846**	**3,313,704**	**1,191,734**	**162,692**	**2,426,790**	**96,033,593**
New loans recognized	35,941,993	686,829		2,201,352	4,690		440,572	21,481		39,296,916
Transfer to Stage 1	965,682	(825,961)	(139,720)	72,976	(65,975)	(7,001)	28,170	(28,170)		0
Transfer to Stage 2	(1,628,539)	4,228,652	(2,600,113)	(239,247)	595,705	(356,458)	(38,665)	95,941	(57,276)	(0)
Transfer to Stage 3	(97,810)	(760,513)	858,322				(18,354)	-	18,354	
Write-offs			(1,095,193)						(144,797)	(1,239,990)
Repayment and other operations	(6,467,533)	(835,106)	(334,081)	(631,275)	(39,854)	(92,377)	(530,505)	(60,531)	(132,624)	(9,123,885)
Book value before impairment as at 31.12.2021	**89,116,941**	**5,526,348**	**16,433,577**	**7,033,677**	**623,412**	**2,857,868**	**1,072,952**	**191,412**	**2,110,447**	**124,966,634**
Provision for impairment as at 31.12.2021	3,206,471	2,228,686	9,620,332	263,783	63,853	870,627	85,461	59,639	883,148	17,282,001
Book value as at 31.12.2021	**85,910,470**	**3,297,663**	**6,813,244**	**6,769,894**	**559,559**	**1,987,240**	**987,491**	**131,773**	**1,227,299**	**107,684,633**
Provision for impairment for off-balance sheet items	343,390									343,390

According to the above tables, the percentage of provisions for expected credit losses on total loans amounts to 11.99% as at 31.12.2022 (2021: 13.83%). Considering the impairment provision for off-balance sheet items, the above percentage is 12.46% (2021: 14,10%)

(b) Breakdown by segment of activity of loans and receivables from customers

The tables below present the Bank's exposure to loans and receivables from customers before impairment, by stage of expected credit loss, loan category and segment of activity and provision for impairment by category of loans and segment of activity.

31.12.2022 *Amounts in EUR*	Book value before impairment Stage 1	 Stage 2	 Stage 3	Provision for impairment
Retail Banking	**10,391,275**	**216,017**	**4,583,909**	**2,221,371**
Mortgage loans	9,097,746	145,640	2,795,820	1,288,454
Consumer loans	1,293,529	70,376	1,788,089	932,917
Business	**103,922,526**	**3,686,591**	**14,706,386**	**14,260,309**
Agriculture-Livestock	31,119,332	273,808	517,059	1,248,235
Mining-Processing	2,932,070	116,216	1,400,374	919,060
Industry	6,577,744	-	200,429	354,897
Building-Construction	6,068,511	183,395	2,522,216	1,552,016
Trade	15,288,098	1,256,795	5,702,258	4,796,228
Tourism	4,972,998	740,570	916,056	871,898
Energy	27,446,064	12,995	-	906,705
Transport	3,075,548	79,273	475,717	566,513
Other	6,442,161	1,023,539	2,972,276	3,044,757
Total	**114,313,801**	**3,902,608**	**19,290,295**	**16,481,680**

31.12.2021 *Amounts in EUR*	Book value before impairment Stage 1	 Stage 2	 Stage 3	Provision for impairment
Retail Banking	**8,106,630**	**814,824**	**4,968,314**	**2,226,511**
Mortgage loans	7,033,677	623,412	2,857,868	1,198,264
Consumer loans	1,072,952	191,412	2,110,447	1,028,248
Business	**89,116,941**	**5,526,348**	**16,433,577**	**15,055,489**
Agriculture-Livestock	24,969,801	556,090	580,674	913,511
Mining-Processing	3,157,091	99,016	1,676,542	1,349,573
Industry	7,276,875	384,077	191,385	807,756
Building-Construction	5,235,049	109,142	2,518,441	1,695,126
Trade	14,811,388	768,614	6,216,261	5,283,363

Tourism	3,809,479	1,926,380	1,199,310	1,627,863
Energy	20,243,701	80,290	15,454	172,867
Transport	2,473,595	547,038	594,038	649,272
Other	7,139,963	1,055,701	3,441,470	2,556,159
Total	**97,223,570**	**6,341,172**	**21,401,891**	**17,282,001**

(c) Arrangement measures for Loans and Receivables from Customers

The contractual terms of the loans may be modified due to various factors, such as changes in market conditions and possible deterioration in the borrower's financial position.

As part of the arrangements, the provisions of the European Banking Authority's Implementing Technical Standards (EBA) and Executive Committee's Act 175/29.7.2020 of the Bank of Greece (BoG) apply. The Bank's practice on arrangements concerns the cases of modification of the contractual terms of repayment of loans due to the financial impossibility of the borrower to consistently respond to the resulting obligations under the terms of its contracts. In such cases, the Bank proceeds with the provision of facilities by favourably modifying the terms and conditions provided for in the original loan agreement, which it would not have provided if the borrower was not in financial difficulty. Other cases in which changes are made by the Bank and are not due to financial difficulty of the debtor but are determined by business factors are not arrangement measures.

All arranged loans are carefully monitored at their initial stage and, depending on the borrower's behaviour, the Bank classifies and determines their probability of default by rating their creditworthiness. In this context, beyond the creditworthiness, the client's intention to repay the debt (co-operating client) is also considered. The purpose of arrangements is to enable borrowers who are proven to face financial difficulties by redefining the terms of their original contracts to repay their obligations, which is a protection of the Bank against possible losses.

Types of arrangements

The main arrangements measures are:

- Schedule of reduced payments
- Extended loan duration
- Combination of settlement measures
- Providing a grace period
- Interest rate cut
- Capitalization of overdue instalments

Exposures for which restructuring measures have been taken (arrangements)

The measurement of the expected credit loss and the formation of a corresponding provision for the credit exposures classified in stage 3 and restructuring measures taken are carried out in accordance with the following formula:

$$Provision\ = Expected\ Credit\ Loss\ = \sum_{t=1}^{T} PD_t * SP_{t-1} * (1 - \frac{(1-Haircut)\% * Value\ of\ Pledges}{EAD_t}) * EAD_t * DF_t$$

where:

- T = Credit Exposure Horizon
- PD_t = The probability of default at time t
- SP_{t-1} = The probability of non-default until the previous year

- EAD_t = The total amount of credit exposure at time t
- DF_t = The discount factor (effective interest rate)
- Haircut = percentage of impairment of pledge value which incorporates:
  - the cost of liquidation of the pledges
  - the effect of the forced liquidation of the pledges
  - the present value of pledges and cash flows in accordance with the effective interest method

Criteria for revert to non-default status

The Bank considers that urgent restructuring measures have been taken when facilities have been granted to a borrower experiencing or having to deal with difficulties in fulfilling its financial obligations. Regardless of whether the restructuring measures were taken before or after the default has been determined, a default period of at least one year has elapsed since the most recent of the following facts:

- at the time of the granting of the restructuring measures
- at the time when the exposure was classified as an exposure in default
- at the end of the grace period included in the Restructuring Agreement

In addition, the following conditions must be met:

- during that period, the borrower must has made a significant payment. It can be considered that the borrower has made a significant payment when, through his regular payments as provided for in the Restructuring Agreement, he has paid a total amount equal to the amount that was previously in default (if there were late payments) or which was deleted if there were no late payments) under the restructuring measures
- during this period, payments were made regularly and without any significant deviations from the current plan following the Restructuring Agreement
- following the restructuring agreement and according to the current plan, there are no overdue credit obligations
- there are no indications of possible default
- the Bank is convinced that the borrower will fully repay its credit obligations under the restructuring plan without requiring collateralization, especially if significantly higher payments or a one-off payment are foreseen at the end of the plan

The above conditions should be fulfilled also for any new credit exposures of the borrower.

Detailed data for 2022 and 2021 on settled loans

Details of settled loans and their categorization are given in the tables below.

The table below presents loans and receivables from customers subject to loan settlement measures by type of loan.

Amounts in EUR	31/12/2022	31/12/2021
Retail Banking		
Mortgage loans	1,353,952	1,400,676
Consumer loans	506,506	588,162
Total	**1,860,458**	**1,988,838**
Business		
SMEs	**8,035,479**	**8,754,645**
Book value before impairment provisions	**9,895,937**	**10,743,483**
Less: Accumulated provision for impairment	**(3,052,511)**	**(3,870,158)**
Net book value of settled loans	**6,843,427**	**6,873,325**

The following table summarizes the settled loans and receivables from customers by quality rating as at 31.12.2022 and 31.12.2021:

31.12.2022 *Amounts in EUR*	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment			
Stage 1	114,313,801	3,988,953	3%
Stage 2	3,902,608	2,178,039	56%
Stage 3	19,290,295	3,728,945	19%
Total	**137,506,704**	**9,895,937**	**7%**
Accumulated provisions for expected credit loss			
Stage 1	(4,661,830)	(785,969)	17%
Stage 2	(528,933)	(433,400)	82%
Stage 3	(11,290,917)	(1,833,142)	16%
Total	**(16,481,680)**	**(3,052,511)**	**19%**
Net book value	**121,025,024**	**6,843,427**	**6%**
Collaterals received	**98,237,705**	**6,032,350**	**6%**

31.12.2021 *Amounts in EUR*	Total loans and receivables	Settled loans	% settlements on total loans
Value before impairment			
Stage 1	97,223,570	2,478,810	3%
Stage 2	6,341,172	4,386,493	69%
Stage 3	21,401,891	3,878,180	18%
Total	**124,966,634**	**10,743,483**	**9%**
Accumulated provisions for expected credit loss			
Stage 1	(3,555,716)	(234,220)	7%
Stage 2	(2,352,178)	(1,930,957)	82%
Stage 3	(11,374,108)	(1,704,981)	15%
Total	**(17,282,001)**	**(3,870,158)**	**22%**
Net book value	**107,684,633**	**6,873,325**	**6%**
Collaterals received	**85,139,946**	**6,613,268**	**8%**

The different types of regulation are analysed as follows:

Types of Arrangement *Amounts in euro*	2022	2021
Schedule of reduced payments	183,230	74,914
Providing a grace period	68,618	21,594
Extended loan duration	4,234,718	5,073,654
Capitalization of overdue instalments	-	68,054
Combination of settlement measures	4,903,024	4,102,898
Interest rate cut	506,348	1,402,369
Total	**9,895,937**	**10,743,483**
Less: Accumulated provision for impairment	(3,052,511)	(3,870,158)
Total net value	**6,843,427**	**6,873,325**

CREDIT RISK FROM DEBT SECURITIES

On 31.12.2022 the bank held mainly listed fixed rate bonds.

The following table shows the credit risk exposure from debt securities based on the rating of the issuer of the security:

Type of debt security	Rating	31/12/2022	31/12/2021
Greek Treasury Bonds	BB+	4,498,492	-
Corporate Bonds	A	1,079,356	821,624
	BB-	1,884,017	298,983
	B+	-	1,564,998
	B-	-	493,987
	CCC+	195,747	-
	N/R	1,732,023	1,539,223
Total		**9,389,634**	**4,718,814**

The credit rating of Standard and Poor's and ICAP has been used.

All investments in Corporate bonds have been classified in terms of credit risk in Stage 1.

CREDIT RISK FROM CLAIMS AGAINST CREDIT INSTITUTIONS

Credit risk may arise from the failure of credit institutions to meet their obligations to the Bank in respect of placements in bank deposits. The Bank's deposits are held with Banks based in Greece for which a low credit rating is maintained, but after the latest recapitalization of the banking system the risk is considered to be limited.

The following table shows the exposure to credit risk from the bank deposits of the institution held in other Banks based on the rating of each credit institution:

Amounts in EUR	*Rating*	31/12/2022	31/12/2021
Claims against credit institutions	B	3,179,185	1,046,261
	CCC	1,218,583	847,686
	N/R	22,721,943	38,473,121
Total		**27,119,711**	**40,367,068**

The credit rating of Standard and Poor's has been used.

Claims against credit institutions have been classified in terms of credit risk in Stage 1.

4.2.2 Market risk

Market risk is the present or potential risk to profit and loss and capital due to unfavourable changes in interest rates, stock and commodity prices, exchange rates, and volatility.

a. Interest rate risk

Interest rate risk is the risk of potential loss to the Bank's portfolio due to unfavourable changes in interest rates. The Bank is not significantly exposed to market risk, since despite the increase in the total value of the investment portfolio (listed fixed interest rate bonds) in 2022, their value is not considered significant as it represents a percentage of 2,5% in relation to the total assets. Furthermore, these bonds have been classified as measured at the unamortised cost and the Bank's purpose is to retain them until maturity.

b. Equity risk

The bank is not exposed to equity risk as it does not hold shares, derivatives or other relevant financial instruments that are listed on a market.

c. Foreign exchange risk

The Bank does not carry out foreign exchange operations or transactions, or does it maintain foreign currency assets or liabilities, therefore it is not exposed to foreign exchange risk.

4.2.3 Liquidity risk

Liquidity risk is defined as the Bank's inability to meet its financial obligations when they become receivable due to lack of the necessary liquidity. The Bank has established a Liquidity Crisis Policy and Plan and the key liquidity ratios are monitored on a systematic basis. In monitoring the liquidity risk, the Bank classifies Assets and Liabilities into periods, depending on their remaining life until maturity, thus providing an overview of future cash flows. The following tables analyse the assets and liabilities in terms of time, depending on their remaining maturity, as at 31.12.2022 and 31.12.2021.

31.12.2022 (amounts in thousand EUR)	Total	Overnight maturity items	2-7 days	8-30 days	1-3 months	3-6 months	6-12 months	More than a year
Assets								
Cash and cash equivalents in the Central Bank	38,023	36,760		1,263				
Claims against credit institutions	27,120			27,120				
Loans and receivables against customers	121,025		842	2,624	2,579	8,594	21,098	85,288
Investment securities portfolio	9,931			4,500		0	0	5,431
Tangible assets	3,009							3,009
Investments in real estate	405							405
Intangible assets	561							561
Deferred tax receivables	2,116							2,116
Other assets	5,323		534	8	21	535	431	3,794
Total assets	**207,513**	**36,760**	**1,376**	**35,515**	**2,600**	**9,129**	**21,529**	**100,604**
Liabilities								
Payables to customers	178,153	25,556	5,137	19,822	21,217	164	926	105,331
Liabilities to credit institutions	3,094					167		2,927
Provisions for other liabilities and expenses	165							165
Employee benefits obligations post-employment	60							60
Current tax liabilities	382						382	
Other liabilities	3,397	1,198		272			403	1,524
Total liabilities	**185,252**	**26,754**	**5,137**	**20,094**	**21,217**	**331**	**1,711**	**110,007**

31.12.2021 (amounts in thousand EUR)	Total	Overnight maturity items	2-7 days	8-30 days	1-3 months	3-6 months	6-12 months	More than a year
Assets								
Cash and cash equivalents in the Central Bank	24,441	23,024		1,417				
Claims against credit institutions	40,367			40,367				
Loans and receivables against customers	107,685		362	1,763	5,019	9,695	23,646	67,200
Investment securities portfolio	4,977							4,977
Tangible assets	2,476							2,476
Investments in real estate	242							242
Intangible assets	459							459
Deferred tax receivables	2,227							2,227
Other assets	3,614			35	437	89	210	2,843
Total assets	**186,488**	**23,024**	**362**	**43,582**	**5,456**	**9,784**	**23,856**	**80,424**
Liabilities								
Liabilities to credit institutions	2,401					321		2,080
Payables to customers	162,710	23,303	4,132	12,628	23,102	4,529	1,273	93,743
Provisions for other liabilities and expenses	165							165
Employee benefits obligations post-employment	50							50
Current tax liabilities	301						301	
Other liabilities	2,192	339		252	56	52	610	883
Total liabilities	**167,820**	**23,642**	**4,132**	**12,880**	**23,158**	**4,902**	**2,184**	**96,921**

The Bank's liquidity ratios are as follows:

Ratio	31/12/2022	31/12/2021
a. Liquid Assets Available (0-30 days) / Total Liabilities	**35.16%**	**38.62%**
b. Receivables minus Liabilities (0-30 days) / Total Liabilities	**1.38%**	**7.14%**

Note: For the calculation of the indicators on Liabilities, the amount of €19,101 relates to unused authorized loan limits (2021: €14,337).

Pursuant to Article 412(1) of Council Regulation (EU) No. 575/2013 of the European Parliament and of the Council and paragraph 2 of Council Regulation (EU) 2015/61, the Bank must hold "liquid assets, the sum of the values of which is adequate to face any possible imbalance between liquidity inflows and outflows under gravely stressed conditions". Council Regulation (EU) No. 575/2013 introduces the following indicators for the monitoring of liquidity risk:

Liquidity Coverage Ratio (LCR): It refers to the amount of high-quality liquid assets held by the credit institution to offset estimated cash outflows during a 30-day stress scenario. According to Regulations No 61/2015 and 575/2013, the Liquidity Coverage Ratio (LCR) limit for 2021 should not be less than 100%. For the Bank, the LCR was calculated at 619.89% on 31/12/2022 (31/12/2021: 452.07%). Net Stable Funding Ratio (NSFR): It is the amount of long-term fixed funding that the Bank has to hold (fraction: liabilities that constitute fixed funding to assets that require fixed funding). The minimum level of the ratio is set at 100% from 2018. For the Bank, the NSFR was calculated at 128.66% on 31/12/2022 (31/12/2021: 133.95%).

To address liquidity risk, the Bank monitors the liquidity exposures resulting from the mismatch of assets and liabilities and strives to balance them so that the Bank can meet its cash requirements.

Funding of the Bank;s Assets is mainly derived from customer deposits. These are savings, sight and time deposits. Although these deposits can be withdrawn without notice if requested, the dispersion in number and type of depositors ensures the absence of significant unexpected fluctuations.

Asset - Liabilities Management Committee

After the appointment of the new Board of Directors at the beginning of November 2019, a new five-member Asset-Liabilities Management Committee was set up by the Bank, replacing the Cash Management Committee, which was appointed by a decision of the Board of Directors and consists of two members of the Board of Directors, the Head of the Risk Management Unit, the Director of Credit and a member coming from the service.

The committee deals with the following issues:

- Proposes the Bank's strategy for the development of Assets - Liabilities

- Suggests the management of assets and liabilities accompanied by pricing policy on products and services.

- Monitors the liquidity and adequacy of equity in relation to risks.

- Considers stress scenarios.

- Monitors and submits proposals to the Executive Committee to maintain the available liquidity of the Bank at acceptable levels.

4.3 Capital adequacy

In order to safeguard the capital adequacy of the banks, the competent supervisory authorities have established quantitative criteria and require the maintenance of minimum amounts and capital ratios that are determined on a risk-weighted basis. For the purpose of determining these indices, account is taken of the relationship between the amount of equity and the weighted aggregate of Assets.

The European Parliament and the Council of the European Union adopted in June 2013 Regulation (EU) No. 575/2013 and Directive 2013/36/EU (CRD IV) on the access to credit institutions' activity and on the prudential supervision of credit institutions and investment firms which have brought about the incorporation and adaptation at European Union level of the changes proposed by the Basel III Committee. The above Regulation and Directive were incorporated into the Greek Legislation with Law No. 4261/2014 with effect from 1.1.2014 and are implemented as modified following the amendments made to a) Directive 2013/36/EU with Law 4335/2015 and Law No. 4340/2015 and b) Regulation 575/2013 by the Delegated Regulation 62/2015 and the Implementing Regulation 680/2014 as subsequently amended by the Implementing Regulations 79/2015, 227/2015 and 1278/2015. The Basel II supervisory framework was implemented until 31.12.2013, which was incorporated into the Greek Legislation with Law No. 3601/2007 and its subsequent amendments. It is further noted that the Council of the European Union and the European Parliament on 24.6.2020 adopted Regulation 2020/873 (CRR quick fix), on the basis of which the transitional arrangements for IFRS 9 were extended by two years, while at the same time it was allowed for Banks to add to their supervisory funds the potential new expected credit losses that will be recognised since 1.1.2020 and for those assets that have not been impaired and are categorized in stages 1 and 2.

Pursuant to Regulation (EU) No. 575/2013 and Directive 2013/36/EU, credit institutions domiciled in Greece must meet a minimum rate of 4.5% for the CET 1 common stock, 6% for the Tier 1 capital ratio and a capital adequacy ratio of 8% (CAR Ratio). The capital adequacy ratio of 8% according to article 92 of Regulation (EU) 575/2013, taking into account the Gross Capital Market Index and the provisions of Article 122 of Law 4261/2014 on the holding of a capital buffer amounted to 12.83%.

The Bank maintains a high capital adequacy ratio. In particular, the CET 1 Capital Ratio stood at 20.18% on 31.12.2022 (2021: 19.69%). The Total Capital Ratio on 31.12.2022 was 22.26% (2021: 20.99%).

Within the fiscal year 2022, EDEA was completed by the Supervisory Authority and the additional capital requirements were set for 2.33%.

As far as their composition is concerned, these additional capital requirements should consist of a share capital of tier 1 (CET1) of at least 56,25% and of tier 1 (T1) own funds at least 75%. In addition to the total capital requirements under EDEA, the credit institution shall be subject to the capital requirements of a stock holding fund of 2.5% in accordance with Article 122 of Law No. 4261/2014 and any additional requirements for capital buffers in accordance with the provisions of Law No. 4261/2014.

Supervision of impact from the implementation of IFRS 9

The Bank has decided to apply the phase-in approach in accordance with European legislation (Regulation (EU) 2017/2395) to mitigate the impact of the introduction of IFRS 9, in regulatory capital. According to the above Regulation, the transition period is five years while the rate of impact to be added is 5% for 2018 and 15%, 30%, 50% and 75% for the next four years. The full impact on the supervisory funds due to the initial application of IFRS 9 was expected to be reflected on 1 January 2023, however, for the forecasts formed after the outbreak of the pandemic, a two-year extension has been granted.

The impact on the Bank's regulatory capital due to the initial application of IFRS 9 on 31.12.2022 and 31.12.2021 respectively, is presented in the table below:

Amounts in € thousand	31.12.2022 IFRS 9 Full implementation	31.12.2022 IFRS 9 Transitional provisions	31.12.2021 IFRS 9 Full implementation	31.12.2021 IFRS 9 Transitional provisions
Common Equity Tier 1	21,625	23,898	18,064	21,943
Equity Tier 1	21,625	23,898	18,064	21,943
Total Regulatory Capital	24,075	26,348	19,342	23,393
Total Weighted Assets	115,632	118,381	108,706	111,455
Common Equity Tier I Ratio	18.70%	20.18%	16.62%	19.69%
T1 Capital ratio	18.70%	20.18%	16.62%	19.69%
Total Capital Ratio	20.82%	22.26%	17.95%	20.99%

For the calculations, the profit for the year has been taken into account.

5. Significant accounting estimates and assumptions

Estimates and judgments are continuously evaluated and are based on historic data and expectations for future events, as considered reasonable under the circumstances. Actual results will differ from those estimates.

The Bank makes estimates and assumptions concerning future events. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next 12 months are discussed below:

5.1 Provision for expected credit losses on loans and receivables against customers

The Bank uses estimates to determine the expected credit losses on loans and receivables against customers that are based on the use of new models in the context of the application of IFRS 9, including the classification of loans, the assessment of customers' creditworthiness, the credit risk increase/decrease criteria, taking into account the conditions of the economic environment.

The amount of expected credit losses depends to a large extent on changes in the circumstances and the future financial situation. Furthermore, past experience and estimates may not lead to conclusions indicative of the actual amount of customer default in the future.

5.2 Deferred taxation

The Bank recognizes deferred tax assets to the extent that it is probable that there will be sufficient tax profits against which unused tax losses and deductible temporary differences can be used. This requires significant estimates from management regarding the amount of future taxable profits. In making this estimate, the Bank examines all available information, including the historical profitability level, the Management's forecast for future taxable income and tax law.

5.3 Classification of cooperative capital

The Bank considers that all conditions for the recognition of cooperative capital in equity, in accordance with IFRIC 2, are met. Any change in those or other conditions (see note 3.14) in the future may result in the reclassification of all or part of equity in the financial liabilities.

6. Net interest income

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Interest and assimilated revenue		
From loans and receivables against customers	7,133,494	5,883,707
Claims against credit institutions	361,593	258,266
Interest on investment portfolio	173,547	111,490
Others	83,141	436
Total	**7,751,774**	**6,253,900**
Interest and assimilated expenses		
Liabilities to customers	(287,344)	(353,729)
Contribution under Law No. 128/1975	(544,805)	(445,304)
Contribution to Deposit Guarantee Fund	(58,211)	(55,695)
Lease liabilities	(9,092)	(9,780)
Liabilities to credit institutions	(49,678)	(6,927)
Others	(8,003)	(6,825)
Total	**(957,133)**	**(878,260)**
Net interest income	**6,794,641**	**5,375,640**

The increase in Net interest income compared to 2021 is due to the increase in interest on loans and receivables from customers as a consequence of the increase in lending (note 16).

7. Net revenue from commissions

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Revenue from commissions		
Letters of Guarantee	279.904	143,923
Collected on behalf of third parties	41,465	27,347
ATM	37,102	17,165
Other loan operations	463,116	497,569
Handling of checks	5,269	5,117
Insurance operations	69,797	57,538
Bank transfers	100,730	86,841
POS commissions	701,689	470,702
Other operations	63,466	52,700
Total proceeds from operations	**1,762,538**	**1,358,901**
Expenses from commissions		
DIAS	(18,644)	(15,989)
ATM	(166,349)	(220,353)
Service upgrading costs (issuing - acquiring)	(258,284)	(258,284)
Tiresias SA	(76,883)	(64,767)
Rent and commissions from POS	(475,275)	(578,171)
Other operations	(85,863)	(41,485)
Total commission expenses	**(1,081,298)**	**(1,179,050)**
Net revenue from commissions	**681,241**	**179,851**

The significant increase in Net fee and commission income is due to: a) the increase in POS fee and commission income on the one hand and the reduction in POS rental and commission expenses on the other hand, as a result of the concession of the use of POS terminals owned by the Bank to customers, starting from 2022, and the gradual termination by mid-2022 of the use of third-party terminals; and b) the increase in fee and commission income from letters of guarantee.

8. Other revenue

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Profit from the initial recognition of loan liabilities	-	32,425
Profit of valuation of Investments in real estate (Note 19)	-	25,562
Grants	31,504	24,472
Rents	15,830	13,580
Dividends	4,369	965
Gains on sale of investment securities	91,149	-
Profit from the sale of other assets	25,688	-
Others	56,614	45,114
Total	**225,153**	**142,118**

9. Staff remuneration and costs

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Wages	(1,329,323)	(1,107,958)
Social security costs	(277,017)	(235,341)
Other costs and benefits	(125,782)	(98,523)
Retirement costs of defined benefit plans (note 25)	(4,568)	(4,169)
Total	**(1,736,689)**	**(1,445,991)**

The number of staff employed as at 31/12/2022 amounted to 52 persons (2021: 46 persons).

10. Other operating expenses

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Repairs and maintenance	(304,677)	(194,949)
Remuneration and third-party costs	(124,049)	(192,203)
Taxes-duties	(86,287)	(89,349)
Phone, post office	(86,968)	(78,940)
Subscriptions and contributions	(60,212)	(53,194)
Promotion and advertising costs	(53,582)	(20,475)
Lighting, water supply, common-facility expenses	(47,267)	(41,027)
Printing and stationary	(43,711)	(44,816)
Judicial and extrajudicial fees	(39,952)	(18,229)
Insurance premiums	(26,944)	(14,007)
Travel costs	(14,175)	(14,615)
Donations/Grants	(19,017)	(6,772)
Publication costs	(2.800)	(6,331)
Other costs	(117.849)	(94.372)
Total	**(1,027,490)**	**(869,279)**

The fees and expenses of third parties mainly concern the fees of lawyers, auditors and consultants. Auditors' fees for the statutory audit amounted to EUR 27,800 (2021: €25,600) and for other audit work to EUR 3,200 (2021: 3,200). The network's fees for audit services provided amounted to EUR 7,800 (2021: EUR 10,000 and for permitted non-audit services, to EUR 15,000 (2021: 35,500).

The increase in repair and maintenance costs is mainly due to maintenance and support costs for systems and software applications. Other expenses mainly relate to money transfer expenses of €47 thousand, store security expenses of €19 thousand and reception and hospitality expenses of €10 thousand.

11. Provisions for impairment for credit risk

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Provisions for impairment of loans and receivables against customers (Note 16)	(189,123)	232,336
Provision of anticipated credit losses, Claims against credit institutions (Note 15)	229,759	(244,000)
Provision for Expected Credit Losses for Credit Risk Related Liabilities (Note 31)	(305,237)	30,673
Total	**(264,601)**	**19,009**

12. Other impairment losses and provisions

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Reversal of impairment losses on assets from auctions (Note 22)	-	71,547
Impairment losses for credit risk of investments (note 17)	(3,003)	(32,676)
Fair value profit/(loss) on investments (note 17)	4,425	(6,151)
Losses on measurement at fair value of investments in real estate (note 19)	(6,781)	-
Impairment losses on other receivables	(132,845)	-
Total	**(138,203)**	**32,720**

13. Income tax

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Tax for the year	(857,367)	(583,946)
Deferred tax (Note 21)	(112,225)	(236,231)
Total	**(969,593)**	**(820,177)**

Income tax on profits before tax differs from the theoretical amount that would arise if we were using the basic tax rate of Greece as follows:

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Pre-tax earnings	**3,927,440**	**3,053,013**
Tax calculated at the nominal tax rate of 22% (2020: 24%)	(864,037)	(671,663)
Expenses not deductible for tax purposes	(105,556)	(17.701)
Tax-free income	-	50,301
Impact from change of rates	-	(181,115)
Total tax	**(969,593)**	**(820,177)**

Change in tax rates

Pursuant to Law No. 4799/2021, changes were made to the Income Tax Code (Law No. 4172/2013 - ITC) according to which the income tax rate of legal persons and legal entities is reduced to 22% (from 24%), for the income of the tax year 2021 and onwards.

The change in the tax rate resulted in a tax expense of €181,115, which was recorded in the income tax for the previous financial year of 2021.

Uncontrolled uses by the tax authorities

Greek tax legislation and the relevant provisions are subject to interpretations by the tax authorities. Income tax statements are filed annually but profit or loss statements remain provisional until the company's tax statements and books are audited by tax authorities at which time they are cleared and the relevant tax assessments are issued. Tax losses, to the extent they are accepted by the tax authorities, may be offset against future profits for a five-year period following the year the refer to.

To date, tax declarations for fiscal years 2017 to 2022 have not been audited by the tax authorities, and consequently the fiscal results of these years have not been finalized. The Bank's management considers that it has formed sufficient provisions to cover any differences from those unaudited fiscal years, the cumulative amount of which as at 31.12.2022 amounts to €165,000 (Note 25).

14. Cash and cash equivalents in the Central Bank

Amounts in EUR	31/12/2022	31/12/2021
Cash in hand	4,081,600	3,058,313
Cash in the Central Bank	33,941,614	21,382,585
Total	**38,023,214**	**24,440,898**

The Bank is required to maintain a current account with the Bank of Greece in order to facilitate interbank transactions with the Bank and other Banks.

These deposits are interest-bearing, with a refinancing rate of the European Central Bank, which was positive at 31.12.2022 and amounted to -2.50% (31.12.2021: -0.50%).

15. Claims against credit institutions

Amounts in EUR	31/12/2022	31/12/2021
Sight deposits with other Credit Institutions	27,133,952	40,611,068
Less: Provisions for impairment for credit risk	(14,241)	(244,000)
Total	**27,119,711**	**40,367,068**

The Bank's total deposits are in euro.

For the purposes of the preparation of the cash flow statement, the cash and cash equivalents are the balances of the "Cash and cash equivalents in the Central Bank" and "Receivables from credit institutions" accounts, i.e.:

Amounts in EUR	31/12/2022	31/12/2021
Cash in hand (note 14)	4,081,600	3,058,313
Cash in the Central Bank (note 14)	33,941,614	21,382,585
Sight deposits with Credit Institutions	27,133,952	40,611,068
Total	**65,157,166**	**65,051,965**

16. Loans and receivables against customers

Amounts in EUR	31/12/2022	31/12/2021
Individuals		
Mortgage	12,039,207	10,514,957
Consumer	3,151,994	3,374,811
Business		
SMEs	122,315,503	111,076,866
Book value before provision	**137,506,704**	**124,966,633**
Less: Accumulated provisions for impairment	(16,481,680)	(17,282,001)
Book value	**121,025,024**	**107,684,632**

The increase in the value of loans and receivables from customers is mainly due to the fact that in FY 2022 the Bank proceeded with credit expansion, granting new loans to new customers, amounting to approximately EUR 20 million, mainly for loans to agricultural businesses, renewable energy companies, commercial enterprises and business financing guaranteed by the Hellenic Investment Bank and the European Investment Fund.

In addition, the Management of the Bank decided to write off the receipt of uncollectable receivables from loans totalling €989 thousand. (2021: €1,240 thousand).

The transactions in the loan impairment provisions account are as follows:

Amounts in EUR	31/12/2022	31/12/2021
Balance as at 1 January	(17,282,001)	(18,754,328)
Amounts used for deletions	989,444	1,239,990
Net provision for the year (Note 11)	(189,123)	232,336
Balance as at 31 December	**(16,481,680)**	**(17,282,001)**

17. Investment securities portfolio

Amounts in EUR	31/12/2022	31/12/2021
Financial assets measured at unamortised cost		
Bonds	4,934,979	4,788,377
Greek Treasury Bonds	4,498,492	-
Less: Provision for impairment of expected credit losses	(43,837)	(69,563)
Total	**9,389,634**	**4,718,814**
Financial assets measured at fair value through profit or loss		
Listed equity securities	93,060	99,211
plus: valuation of profit/(loss) at fair value	4,425	(6,151)
Total	**97,485**	**93,060**
Financial assets measured at fair value through other comprehensive income		
Unlisted equity securities	593,482	315,203
minus: valuation losses	(149,990)	(149,990)
Total	**443,492**	**165,213**
Total investment securities portfolio	**9,930,612**	**4,977,087**

The transactions in the investment securities portfolio is as follows:

Amounts in EUR	At unamortised cost	At fair value through profit and loss	At fair value through OCI	Total
Balance as at 1 January 2021	**1,533,210**	**-**	**165,213**	**1,698,423**
Buyers	3,192,601	99,211		3,291,812
Change in accrued interest	18,459			18,459
Depreciation	7,221			7,221
Valuation at fair value (note 12)		(6,151)		(6,151)
Provision for impairment of expected credit losses (Note 12)	(32,676)			(32,676)
Balance as at 31 December 2021	**4,718,814**	**93,060**	**165,213**	**4,977,087**
Buyers	6,140,912	57,540	278,280	6,476,731
Sales	(1,494,000)	(57,540)		(1,551,540)
Change in accrued interest	25,291			25,291
Depreciation	1,620			1,620
Valuation at fair value (note 12)		4,425		4,425
Provision for impairment of expected credit losses (Note 12)	(3,003)			(3,003)
Balance as at 31 December 2022	**9,389,634**	**97,485**	**443,492**	**9,930,612**

The Bank’s investment portfolio is analysed as follows:

Amounts in EUR	31/12/2022	31/12/2021
Imported securities		
- Bonds	4,796,392	4,624,064
- Equity instruments	97,485	93,060
Total	**4,893,878**	**4,717,124**
Non-listed securities		
- Bonds	94,750	94,750
- Greek Treasury Bills	4,498,492	-
- Equity instruments	443,492	165,213
Total b	**5,036,734**	**259,963**
Total a + b	**9,930,612**	**4,977,087**

18. Tangible assets

Amounts in EUR	Plots-Buildings	Right of use of real estate	Right to use means of transport	Furniture and other equipment	Improvements in third party real estate	Total
Acquisition value						
Balance as at 1/1/2021	97,000	459,849	27,749	2,085,492	436,370	3,106,460
Additions	-	75,420	11,544	926,842	49,899	1,063,705
Balance as at 31/12/2021	97,000	535,269	39,293	3,012,334	486,269	4,170,165
Accumulated depreciation & impairment						
Balance as at 1/1/2021	(22,047)	(151,884)	(2,312)	(961,346)	(378,292)	(1,515,881)
Sales and Write-offs	-	87,638	-	-	-	87,638
Depreciation for the period	(1,399)	(93,991)	(7,899)	(148,988)	(13,416)	(265,694)
Balance as at 31/12/2021	(23,446)	(158,236)	(10,212)	(1,110,333)	(391,709)	(1,693,936)
Unamortised value as at 31/12/2021	**73,554**	**377,033**	**29,081**	**1,902,001**	**94,560**	**2,476,229**
Acquisition value						
Balance as at 1/1/2022	97,000	535,269	39,293	3,012,334	486,269	4,170,165
Additions		34,801	22,865	909,013	15,269	981,948
Balance as at 31/12/2022	97,000	570,071	62,157	3,921,347	501,538	5,152,113
Accumulated depreciation & impairment						
Balance as at 1/1/2022	(23,446)	(158,236)	(10,212)	(1,110,333)	(391,709)	(1,693,936)
Depreciation for the period	(6,421)	(94,819)	(14,541)	(314,503)	(19,218)	(449,501)
Balance as at 31/12/2022	(29,867)	(253,056)	(24,752)	(1,424,836)	(410,926)	(2,143,438)
Unamortised value as at 31/12/2022	**67,133**	**317,015**	**37,405**	**2,496,511**	**90,611**	**3,008,676**

There are no encumbrances on the above assets.

As at 31.12.2022 the Bank had no contractual obligations to purchase tangible fixed assets.

The right to use assets concerns the leasing of branches and counters of the Bank, including cars.

Lease liabilities are analysed as follows:

Amounts in EUR	31/12/2022	31/12/2021
Balance at the start of the year	403,370	334,242
New leases	57,666	86,964
Amendment of leases	-	79,384
Financial cost (Note 6)	9,092	9,780
Payments	(117,557)	(107,000)
Balance at the end of the year	**352,571**	**403,370**

Amounts in EUR	31/12/2022	31/12/2021
Short-term part	105,654	98,437
Long-term part	246,917	304,933
Total	**352,571**	**403,370**

The minimum undiscounted future rental expenses are as follows:

Amounts in EUR	31/12/2022	31/12/2021
No more than 1 month	9,516	9,290
Over 1 month and not later than 3 months	19,045	18,591
Over 3 months and not later than 1 year	84,450	79,276
Over 1 year and not later than 5 years	209,736	250,966
Over 5 years	51,838	71,949
Total contractual cash flows	**374,584**	**430,072**

19. Investments in real estate

Amounts in EUR	31/12/2022	31/12/2021
Balance at the start of the year	242,000	215,446
Improvements	1,970	992
Acquisitions	411,781	-
Sales	(243,970)	-
Valuation at fair value	(6,781)	25,562
Balance at the end of the year	**405,000**	**242,000**

The Investments in real estate refer to properties acquired by the Bank through auctions and subsequently leased or sold.

The Bank has carried out independent valuations of the Investments in real estate as at 31.12.2022 and 31.12.2021 which resulted in losses of EUR 6.781 (note 12) and gains of EUR 25.562 (note 8) respectively. The fair value of the investments in property has been based on Level 3 data of the fair value hierarchy.

The rental income (Note 8) amounted in 2022 to €15,830 (2021: 13,580).

20. Intangible assets

Intangible assets include Software and their movement is analysed as follows:

Amounts in EUR	31/12/2022	31/12/2021
Acquisition value		
Balance at the start of the year	1,140,935	872,508
Additions	259,321	268,426
Balance at the end of the year	1,400,255	1,140,935
Accumulated depreciation & impairment		
Balance at the start of the year	(681,961)	(566,600)
Depreciation/Amortization	(157,110)	(115,361)
Balance at the end of the year	(839,072)	(681,961)
Unamortised value	**561,184**	**458,973**

21. Deferred taxation

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Balance at the start of the year	2,227,220	2,467,746
Tax in the income statement (note 13)	(112,225)	(236,231)
Tax in other comprehensive income	1,129	(3,056)
Tax in equity	-	(1,240)
Balance at the end of the year	**2,116,124**	**2,227,220**

The greatest part of deferred receivables (liabilities) is recoverable (payable) after 12 months.

Changes in deferred tax receivables and liabilities during the year, without taking into account offsetting of balances, are the following:

Deferred tax receivables:

Amounts in EUR	Impairment of loans and other receivables	Valuation of investment securities	Others	Total
Balance as at 1 January 2021	2,266,166	224,518	45,075	2,535,759
(Debit) / credit in the income statement	(250,946)	(5,673)	15,550	(241,069)
(Debit) / Credit in other comprehensive income	-	(3,000)	(56)	(3,056)
(Debit) / credit in equity	-	-	(1,240)	(1,240)
Balance as at 31 December 2021	**2,015,220**	**215,845**	**59,330**	**2,290,395**
(Debit) / credit in the income statement	(32,710)	(5,334)	(39,779)	(77,823)
(Debit) / Credit in other comprehensive income	-	-	1,129	1,129
Balance as at 31 December 2022	**1,982,510**	**210,511**	**20,680**	**2,213,700**

The deferred tax recognized in Other comprehensive income relates to actuarial losses from the revaluation of defined benefit plans and losses from the valuation of financial assets at fair value through other comprehensive income.

Deferred tax liabilities:

Amounts in EUR	Accrued interest	Others	Total
Balance as at 1 January 2021	(68,012)	-	(68,012)
(Debit) / credit in the income statement	10,461	(5,624)	4,838
Balance as at 31 December 2021	**(57,551)**	**(5,624)**	**(63,175)**
(Debit) / credit in the income statement	(35,894)	1,492	(34,402)
Balance as at 31 December 2022	**(93,445)**	**(4,132)**	**(97,577)**

22. Other assets

Amounts in EUR	31/12/2022	31/12/2021
Deposit Guarantee Fund	906,179	1,379,121
Assets from auctions	2,235,138	1,333,254
Accrued expenses	52,453	28,915
Other receivables and advances	2,129,429	872,539
Total	**5,323,199**	**3,613,828**

With the commencement of the application of Law No. 4370/2016 (Government Gazette 37/7.3.2016) the provisions of articles 1 to 27 of Law No. 3746/2009 on the "Deposit Guarantee and Investments Fund (TEKE)" and the provisions of the above Law No. 4370/2016, were repealed. In this context, the amount of deposits covered by the Deposit Guarantee Scheme was set at € 100,000, per depositor (Article 9 of Law No. 4370/16). Accordingly, a new method of calculating contributions to the Deposit Cover Scheme (SKK), the Investments Coverage Scheme (SKE), regular ex-post contributions to the Reorganization Scheme (SE), and a fee for participation in the TEKE were introduced. The provisions of the Reorganization Scheme as a reorganization fund for credit institutions come from regular ex-post contributions and extraordinary ex-post contributions as set out in Law No. 4335/2015 and the relevant amendments made with Law No. 4370/2016, were repealed. Credit institutions participating at the time of granting loans to SE pay contributions by which SE repays its obligations from loans for reorganization purposes. In 2022, in the context of the implementation of par. 7 of the new article 25a of Law No. 4370/2026, part (first instalment) of the Additional Deposit Coverage Capital (AADC) of the amount of €453.020 was paid to the Bank.

The Assets from auctions item includes properties that have been auctioned by the bank. In the previous financial year 2021, properties were acquired from auctions with a total value of €349 thousand. On 31.12.2021 the Bank had valued all these properties from auctions that were under its possession at the lower value between accounting and fair value, assigning their valuation to independent appraisers. The fair value of the property has been based on Level 3 figures of the fair value hierarchy. The impairment audit showed a reversal of impairment losses of €71,547, which appear in the item "Other impairment losses and provisions" of the income statement (profit and loss) (Note 12). In the current financial year 2022, properties were acquired from auctions with a total value of €1,551 thousand. Of these, properties with a total value of €412 thousand were transferred to Investments in properties (note 19) because they were leased. As of 31.12.2022 the Bank did not revalue the properties from auctions held by the Bank as their book values (purchase values) approximate their fair value.

The change in other receivables and advances is mainly due to advances from suppliers, guarantees given in the context of auctions and receivables from the credit card clearing provider.

23. Liabilities to financial institutions

Amounts in EUR	31/12/2022	31/12/2021
Balance at the start of the year	2,401,033	-
Undertaking of loans	1.000.000	2,394.106
Repayment of loans	(333,333)	
Change in accrued interest	26,775	6,927
Total	**3,094,474**	**2,401,033**

Amounts in EUR	31/12/2022	31/12/2021
Short-term part	373,801	321,440
Long-term part	2,720,673	2,079,592
Total	**3,094,474**	**2,401,033**

The non-discounted cash flows of the above loans are analysed as follows:

Amounts in EUR	31/12/2022	31/12/2021
Up to 1 year	378,827	360,723
Between 1 and 2 years	380,502	360,723
Between 2 and 3 years	47,040	360,723
Between 3 and 5 years	94,080	54,779
Over 5 years	2,643,831	1,586,947
Total	**3,544,280**	**2,723,894**

During the previous fiscal year, the Bank undertook the following loans:

- Ten-year loan from the EUROPEAN INVESTMENT FUND amounting to €1,450,000 with interest payable every six months and the capital repayment at maturity.

- A three-year loan from the EUROPEAN DEVELOPMENT BANK amounting to €1,000,000 payable in equal semi-annual instalments.

The above loans were initially recognised at their fair value and the interest is recognized at the actual interest rate. The initial recognition resulted in a profit of €32,425 which appears in the item ‘Other Revenue of the Comprehensive Income Statement (note 8).

During the closing fiscal year, an additional amount of EUR 1,000,000 was drawn from the EUROPEAN INVESTMENT FUND with the same maturity terms.

24. Payables to customers

Amounts in EUR	31/12/2022	31/12/2021
Sight deposits	64,983,640	61,630,532
Savings deposits	62,793,211	54,556,243
Term deposits	49,583,357	45,755,903
Checks and payment orders	793,192	767,407
Total	**178,153,400**	**162,710,084**

The increase in customer deposits is mainly due to the increase in savings deposits as a consequence of the growth of the Bank's customer base.

25. Provisions for other liabilities and expenses

The Provisions for other liabilities and expenses of €165,000 (2021: €165,000) relate to provisions for additional taxes and charges for the unaudited financial years of the Bank.

26. Employee benefit obligations after retirement

Amounts in EUR	31/12/2022	31/12/2021
Balance sheet liabilities		
Retirement benefits	59,938	50,238
Income statement charge for		
Retirement benefits (Note 9)	4,568	4,169
Actuarial (Profit)/Loss (Other Total Income of the fiscal year)		
Retirement benefits	5,133	821

The amounts reported in profit and loss are as follows:

Amounts in EUR	1/1-31/12/2022	1/1-31/12/2021
Current service cost	4,295	3,680
Financial cost	273	489
Total	**4,568**	**4,169**

The change of the liability in the balance sheet is as follows:

Amounts in EUR	31/12/2022	31/12/2021
Balance at the start of the year	50,238	45,247
Total expense charged in the income statement	4,568	4,169
Actuarial (Profit) / Loss from changes in the financial assumptions	(6,073)	1,169
Actuarial (Profit) / Loss from experience	11,206	(347)
Balance at the end of the year	**59,938**	**50,238**

The main actuarial assumptions used for accounting purposes are as follows:

Assumption	2022	2021
Discount rate	3.85%	0.50%
Inflation	3.00%	2.00%
Future salary raises	3.70%	2.50%

The sensitivity analysis of the present value of the obligation in the changes of the principal actuarial assumptions is as follows:

Change in actuarial assumptions	Actuarial Obligation	Percentage Change
Increase of discount rate by 0.5%	58,747	-2%
Reduction of discount rate by 0.5%	61,200	2%
Increase of expected salary raise by 0.5%	61,195	2%
Reduction of expected salary raise by 0.5%	58,740	-2%

Average expected termination of the employee benefit obligation is 20.31 years.

27. Other liabilities

Amounts in EUR	31/12/2022	31/12/2021
Collections on behalf of third parties	1,059,109	266,634
Provision for Expected Credit Losses for Credit Risk Related Liabilities	648,626	343,389
Liabilities from other taxes-duties	45,231	55,780
Insurance organizations and other taxes	66,389	61,815
Dividends payable	237,610	51,813
Suppliers	226,568	251,054
Accrued expenses	22,899	17,096
Lease liabilities (note 18)	352,571	403,370
Grants	28,940	38,676
Other liabilities	709,391	702,259
Total	**3,397,334**	**2,191,886**

“Collections on behalf of third parties” appear significantly increased mainly due to the increase of the vehicle and other state taxes collected until 31.12.2022, which were paid to the Greek government at the beginning of the next fiscal year.

The item “Other liabilities”, includes unused, until 31.12.2022, interest subsidy amounts, amounting to EUR 496.647 (2021: 496,647), to address the impacts of COVID 19-Part B, received from the Department of Economic Development. This amount was returned to the Greek State in January 2023.

28. Cooperative capital and share premium

Amounts in EUR	Cooperative capital	Share premium	Number of Shares
Balance as at 1 January 2021	**9,650,858**	**2,552,574**	**260,834**
Increase of cooperative capital	839,234	429,706	22,682
Decrease of cooperative capital	(45,917)	(23,468)	(1,241)
Balance as at 31 December 2021	**10,444,175**	**2,958,811**	**282,275**
Increase of cooperative capital	726,606	467,101	19,638
Decrease of cooperative capital	(6,327)	(4,636)	(171)
Balance as at 31 December 2022	**11,164,454**	**3,421,277**	**301,742**

The nominal value of the share is EUR 37.

The Management of the Bank considers that all the conditions for the recognition of cooperative capital as Equity according to IFRIC 2 are fulfilled, as there is a relevant prohibition by the Bank of Greece according to the provisions of article 149 of Law No. 4261/5.5.2014 for capital repayments.

29. Reserves

Amounts in EUR	Statutory reserve	Extraordinary reserves	Articles of Association reserve (registration right)	Income reserves from tax preference items	Actuarial profit/(loss) reserves	Fair value reserves	Other reserves	Total
Balance as at 1 January 2021	1,433,245	33,148	511,005	14,667	(8,996)	(113,992)	16,385	1,885,462
Reserves formed	68,708							68,708
Increase of cooperative capital			32,425					32,425
Actuarial loss for the year					(877)			(877)
Valuation of investment securities						(3,000)		(3,000)
Balance as at 31 December 2021	**1,501,953**	**33,148**	**543,430**	**14,667**	**(9,874)**	**(116,992)**	**16,385**	**1,982,717**
Reserves formed	125,954							125,954
Increase of cooperative capital			30,950					30,950
Actuarial profit for the year					(4,004)			(4,004)
Valuation of investment securities						-		-
Balance as at 31 December 2022	**1,627,908**	**33,148**	**574,380**	**14,667**	**(13,877)**	**(116,992)**	**16,385**	**2,135,618**

(a) Statutory reserve

Statutory reserves are formed in accordance with the provisions of Greek law (Codified Law 1667/1986) which stipulates that at least 10% of the annual net profit (after taxes) must be allocated to statutory reserves so that they equal one third of the paid-up share capital. The statutory reserve is used for the Bank's operations and to cover its possible losses and is only distributed after the dissolution of the Bank.

(b) Extraordinary reserves

Extraordinary reserves include amounts of reserves that have been created by decisions of Ordinary General Meetings, have no special purpose and can be used for any purpose following a relevant decision of the Ordinary General Meeting. The above extraordinary reserves are formed from taxable profits and therefore are not subject to further taxation in the event of their distribution or capitalization.

(c) Articles of Association reserve (registration right)

The Articles of Association Special Reserve is formed by subscribers' subscription fees and by the contributions of new partners. This reserve may be used for the development of the Bank's operations or for any purpose decided by the Board of Directors.

(d) Income reserves from tax preference items

Reserves that are formed from net profits, which are not taxed under special tax provisions, are monitored. That is, they are formed from net profits for which no tax is calculated or paid. Reserves under special law provisions are reserves for which tax will accrue if their distribution is decided.

(e) Taxed reserves under special provisions of Law

Taxed reserves under special provisions of Law include reserve amounts that have been formed from tax-exempt income and from the sale of debt securities for which the tax liability has ended and may be distributed to partners by decision of the General Meeting without being subjected to further taxation.

(f) Actuarial profit/(loss) reserves

Actuarial gains and losses arising from empirical adjustments and from changes in actuarial assumptions when measuring the post-employment benefit obligation are recorded.

(g) Fair value reserves

Realized or unrealized gains and losses from financial instruments at fair value through other comprehensive income (Note 17).

30. Transactions with affiliated parties

The affiliated parties of the Bank include the key members of the Bank's Management, their close relatives, and the entities controlled or jointly controlled by the above persons.

All transactions with affiliated parties are substantially carried out on the same terms as those applicable to similar transactions with non-affiliated parties and do not involve a higher than normal risk.

The balances and transactions of the Bank with its affiliated parties are as follows:

31/12/2022 Amounts in EUR	Key management executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	777,154	1,083,817	1,860,971
Less: accumulated provisions for impairment	(96,846)	(92,607)	(189,453)
Total	**680,307**	**991,210**	**1,671,517**
Liabilities			
Payables to customers	**642,190**	**691,662**	**1,333,852**
Letters of guarantee and undrawn credit limits	**95,400**	**287,008**	**382,408**
Revenue			
Interest and assimilated revenue	19,523	139,069	158,593
Revenue from commissions	2,620	12,841	15,461
Total	**22,143**	**151,910**	**174,054**
Expenses			
Interest and assimilated expenses	(722)	(546)	(1,268)
Short-term compensation and benefits	(176,322)	-	(176,322)
Total	**(177,043)**	**(546)**	**(177,590)**

31/12/2021 Amounts in EUR	Key management executives	Companies under the control of key management executives	Total
Assets			
Loans and receivables against customers	785,348	2,044,274	2,829,622
Less: accumulated provisions for impairment	(112,079)	(228,890)	(340,969)
Total	**673,269**	**1,815,384**	**2,488,653**
Liabilities			
Payables to customers	**463,580**	**921,747**	**1,385,327**
Letters of guarantee and undrawn credit limits	**120,292**	**155,446**	**275,738**
Revenue			
Interest and assimilated revenue	19,201	159,465	178,666
Revenue from commissions	5,092	10,507	15,599
Total	**24,293**	**169,972**	**194,265**
Expenses			
Interest and assimilated expenses	(1,073)	(600)	(1,673)
Short-term compensation and benefits	(157,050)	-	(157,050)
Total	**(158,123)**	**(600)**	**(158,722)**

31. Contingent liabilities and commitments

i) Off-balance sheet liabilities

As part of its normal business activities, the Bank undertakes commitments that may result in future changes in its asset structure. These commitments are monitored in off-balance sheet accounts and relate to letters of guarantee issued.

Amounts in EUR	31/12/2022	31/12/2021
Letters of Guarantee	16,536,726	7,923,838
Total	**16,536,726**	**7,923,838**

The significant increase in the item Letters of guarantee is mainly due to letters of guarantee issued in accordance with the provisions of article 6 of Law No. 4951/2022, in the context of the RES licensing process by the DAPEP (Renewable Energy Sources Operator & Guarantees of Origin).

During the year, the Bank recorded a provision for expected credit losses for commitments related to the credit risk by letters of guarantee amounting to EUR 305,237 (Note 11). In the previous fiscal year a provision of EUR 30.673 was reversed.

ii) Litigation cases

No significant lawsuits were pending against the Bank, nor are there any other contingent liabilities as at 31 December 2022 for which no provision has been recognized that may have a material effect on the Bank's financial position.

iii) Information according to the provisions of Law no. 4151/2013

As provided by the provisions of Law 4151/2013, any credit institution operating in Greece must pay to the Greek State the balances of its inactive deposits, in addition to the interest accrued, which remain inactive for more than twenty years. This must be made until the end of April of each year.

The Bank did not have to pay to the Greek State, amounts of dormant deposits and interest as mentioned above.

32. Dividends

With the decision of the General Meeting of the associates during the year, dated 28 June 2022, a distribution of dividends totalling €572,246 were distributed during the fiscal year.

The Board of Directors will propose to the General Meeting of the Bank's partners the distribution of a dividend, the amount of which, in any case, will not exceed 30% of the before tax profit of the closing year.

33. Events after the balance sheet date

In addition to the events already mentioned, there are no other significant events after 31 December 2022 that should either be disclosed or changed in the published financial statements.

Karditsa, 29 May 2023

THE CHAIRMAN OF THE BOARD	THE CHIEF EXECUTIVE OFFICER
GEORGIOS BOUKIS ID Card No AI 318877	PANAGIOTIS TOURNAVITIS ID Card No AE 997941
THE TREASURER	THE HEAD OF FINANCIAL SERVICES
GEORGIOS PAPAKOSTAS ID Card No AO 348690	THEMISTOKLIS GIANNAKOPOULOS ID Card No AM 844309 CLASS A LICENCE NO. 86778