AEGEAN BALTIC BANK GROUP

Annual Financial Report

31 December 2022

May 2023

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Board of Directors' Annual Management Report for the Financial Year 2022

Dear Shareholders,

We hereby submit for your approval the Financial Statements and the Annual Report of the Board of Directors of Aegean Baltic Bank Group (hereinafter "Group" or "ABBank Group) and Aegean Baltic Bank S.A (hereinafter "ABBank" or the "Bank") for the year ended 31 December 2022, prepared in accordance with the International Financial Reporting Standards, as adopted by the EU.

ABBank is a Greek banking institution, specializing in corporate banking for the shipping sector. As of 2018 it has also engaged in non-shipping corporate banking through the financing of Greek SMEs and larger corporates. ABBank operates through its head office at Maroussi, Athens, Greece and its two branches located in Piraeus and Glyfada.

In 2022 the ABBank established a fully owned subsidiary company, "Acqua Blue Properties Single Member S.A.", for the single purpose of owning and managing a certain repossessed real estate property. Thus, hereinafter ABBank publishes consolidated ("Group") Financial Statements in addition to the customarily published "Bank" Financial Statements.

Overview

In 2022 world GDP growth decelerated to 3.4%, from 6.2% in 2021, as global economic activity was hampered by significant challenges and uncertainties. High inflationary pressures and climbing interest rates were combined with China's economic slowdown due to its zero Covid-19 policy, whereas the Russian invasion of Ukraine amplified rising prices trends and supply chain disruptions in energy, raw materials, and foodstuff. The volume of international trade increased by merely 2.7% YoY, from 9.3% in 2021, reflecting a robust performance during the first half of the year and a declining one in the second half. A similar pattern was observed in dry bulk shipping transportation where the particularly high levels of freight rates of 2021 through the first half of 2022 fluctuated downwards in the remainder of the year. Conversely, in the latter six months of the year, the tanker markets moved upwards, resulting in significantly higher annual average earnings than those of 2021.

Amidst a deteriorating international economic environment, the Greek economy maintained its growth momentum in 2022. Annual GDP growth stood at 5.9%, which may lag the 2021 rate of 8.3%, it however distinctively outperformed Eurozone's average of 3.5%, for a second consecutive year (2021: Eurozone 5.3%). Higher inflows of foreign direct investments, continuing reduction of unemployment rates, stronger private consumption and improved exports of goods and services, in terms of both volume and value, comprise the main contributory factors to the country's positive economic performance, despite the pressures from the accelerated inflation and the enhanced trade account deficit due to the rising prices of the, predominantly imported, energy and food products. On the fiscal domain, although the Greek Government Debt remains the highest in the Eurozone, standing at 171.4% of GDP (vs Eurozone average of ca. 93%), it declined by ca. 24% in 2022, whereas the primary deficit also reduced to marginal levels in 2022, from €9.0 billion or 5.0% of GDP in 2021.

For ABBank, 2022 was a year of record profitability. The Bank's Net Profit increased by 127% annually, amounting €15.6 million (2021: €6.9 million), and the Net Operating Income (before Taxes and Provisions) rose by 115.7% YoY, standing at €22.4 million, from €10.4 million in 2021. Total Assets grew by €139.8 million or 14% YoY, to €1.14 billion from €1.0 billion in 2021, incorporating a 43.3% combined increase of the portfolios of liquidity placements with banks and the BoG together with the portfolios of Investment/Debt Securities, and an 8.3% decrease of Net Loans and Advances to Customers. NPL gross balances declined to 1.6% of total gross loans (2021: 1.9%), whereas the NPL coverage by provisions improved to 86.0%, compared to 49.7% the year prior. On the liquidity and funding side, customer deposits increased by €169.2 million or 20.1% YoY and amounts Due to Banks declined at minimal levels (from €48.5 million to €0.8 million), strengthening the Bank's liquidity ratios, with the Loans to Deposits ratio falling to 51.3% (2021: 67.2%) and the Liquidity Coverage Ratio (LCR) rising to 286.6% (2021: 186.6%). If the Net Profit for the year 2022 was taken into account, on 31.12.2022 the CET-1 capital adequacy ratio of the Bank stands at 18.6%, from 16.0% in 2021, with application of the IFRS 9 on a fully loaded basis. At a consolidated level, both Net Profit for the year 2022 and Total Assets stood €1.9 million and €1.4 million, respectively higher than the Bank's, resulting in a Consolidated/Group CET-1 capital adequacy ratio of 18.9%.

World economic environment and developments

Global economic recovery slowed down in 2022 as world GDP grew by 3.4%, versus 6.2% the previous year. Economic performance was lower in all major economies of the world, but the impact on each one of them, of the challenges and uncertainties that prevailed internationally, varied. Elevating inflation and tightened monetary policies which were followed, in order to master rising prices, was a common characteristic worldwide as, according to the IMF, global inflation hovered 8.8% in 2022 (2021: 4.7%). However, rising energy prices and geopolitical tensions had a stronger effect in the European economies, whereas China's zero Covid-19 policy and related restrictions, resulted in an unprecedented slump of industrial production and GDP growth and amplified supply chain disruptions worldwide. Still, with the exception of China, the economies of the Asia-Pacific region performed much better than Europe and the United States.

In the Eurozone countries GDP growth in 2022 stood at 3.5%, compared with 5.3% in 2021, given the deceleration of economic activity that took place in the second half of the year, mainly due to high energy costs, connected to the Ukrainian crisis and the related sanctions on Russia, which hampered households' purchasing power and businesses' investment decisions. However, the slowdown was milder than anticipated originally, due to the substantial fiscal support provided by the European governments, the use by households of savings accumulated during the pandemic and the adaptability exhibited by business units to the energy prices shock. The European annual average consumer price index ("CPI") increased by 8.4%, from 2.6% in 2021 and, in response, ECB started raising all three policy interest rates from July 2022 onwards, bringing the total 2022 interest rate increase to 250 basis points. Moreover, the ECB discontinued net asset purchases under the Pandemic Emergency Purchase Programme (PEPP)and under the Asset Purchase Programmes (APP) in March 2022 and July 2022, respectively, and in December 2022 it announced that APP repurchases will be reduced by €15 billion per month, on average, from March to June 2023 (with the subsequent pace to be determined over time), and that it will continue to reinvest in full the principal payments from maturing securities in the PEPP portfolio until, at least, the end of 2024. Banks' favourable cost of funding applicable under the TLTRO III program, ended in June 2022, whereas in October such interest rates increased by ECB, aiming to facilitate the transmission of policy rates to banks' lending terms. Finally, the ECB inaugurated the Transmission Protection Instruments ("TPI"), to safeguard the smooth transmission of monetary policy across jurisdictions, if it is identified that such transmission is threatened by unjustified and disorderly market dynamics.

In the United States, GDP growth retreated to 2.1% in 2022, from 5.9% in 2021. Despite the positive contribution of private consumption, business investment and industrial production presented a 4.5% increase in 2022 from 5.7% in 2021, residential investment recorded seven quarters of contraction and imports increased faster than exports. CPI Inflation exhibited a significant annual increase of 8.0%, compared to 4.7% in 2021, and the FED tightened rapidly its monetary policy, increasing from April onwards the USD policy interest rates seven times until December 2022, by 425 bps in total. Asset purchases ceased in March 2022 and the FED began reducing its US Treasury and agency Mortgage-Backed securities holdings in June 2022. In China GDP growth decelerated to 3.0% in 2022 (2021: 8.4%), mainly due to the zero-tolerance policy against the pandemic of Covid19 which brought about a slowdown in economic activity, with industrial production recording an annual growth of only 3.7%, from 11.5% in 2021. On the other hand, inflation increased by merely 2.0% annually (2021: 0.9%) and energy costs were contained by strengthening (together with India) imports from Russia. The Japanese economy expanded 1.1% in 2022 over 2021, marking a second year of growth, albeit at slower pace from 2.1% in 2021.

Towards the end of 2022 and in the first quarter of 2023, central banks showed signs of decelerating the pace of interest rates increases, as inflation has retreated from its peak and the rush of the previous increases has raised concerns about their impact to banks' liquidity and capital risk management policies, following the blows evidenced in Q1-2023 in certain US and European banks. Nevertheless, the battle against inflation and possible further increases in interest rates dominate the global economic outlook for 2023 and beyond. China's recent decision to abandon its strict zero-Covid19 policy is expected to ease supply chain strains and accelerate global trade growth in 2023, whereas the lack of the large imbalances that had been observed after the global financial crisis of 2009 in the finances of households and corporates, both in the US and in Europe, create some optimism that in 2023 a gradual economic upturn will begin internationally. Yet, the combination of tightened financial conditions and the time required for the various fiscal stimulus schemes to operate, together with major uncertainties still prevailing, such as the perseverance of the Ukrainian crisis and the need of most developed economies to provide stimulus and support to economic activity and households, while at the same time reducing sovereign debt, have induced the IMF to expect (April 2023) a further softening of 2023 economic growth to 2.8% (2022: 3.4%) for the world, approximately 1.4% for the US (2022: 2.1%), and 0.8% for the Euro area (2022: 3.5%).

The Greek Economy

Given the adversities and challenges posed in the international economic environment during 2022, the Greek economy performed well, maintaining its expansionary momentum. The Greek GDP grew by 5.9% in 2022 (2021: 8.3%), outperforming the EU average for a second year in succession. Growth was mainly driven by private consumption and investment, but it was restrained by net exports, as the rise in imports of goods and energy outweighed the rise in exports, hence increasing the Current Account deficit of Greece to 9.7% of GDP. Stronger than expected performance in tourism, increased flows of foreign direct investment and continuing reduction in unemployment, supported Greek economic performance in 2022. General inflation increased, on average, by 9.3% in 2022 (2021: 1.2%), mainly due to higher energy prices (Greece is a net importer of energy), in combination with disruptions and price increases in the supply of raw materials and foodstuff internationally. At the same time, fiscal support remained strong in 2022, as relevant government measures taken in the previous two years to address the consequences of the pandemic, were now succeeded by measures and schemes aiming to support households' cost of living against rising inflation for primary goods and energy. Nevertheless, the Primary Deficit of Greece is calculated to have declined, as percentage of GDP, to marginal levels, expected to turn into a surplus in 2023.

According to data published by the HSA, economic activity exhibited a growth in almost all sectors, albeit at varying pace. Substantial growth was seen in construction activity (+24%), as well as wholesale trade (+21%) and retail sales (+12%, driven however primarily by the higher prices, as retail trade volumes grew by a more modest 3%), while industrial output grew mildly by 2%, driven primarily by consumer durables. The Greek real estate market has been on a rising course since, essentially, 2018, and properties have recovered a large part of their losses in value, observed after 2010 during the Greek crisis. The Office Price Index reached 83.6% in 2022 (vs 2010), up from 82.6% in 2021, driven primarily by property prices in Athens, and, as real estate prices remain moderate versus other European countries, Greece continues to be popular to both national and international investors. The general prospects for the Greek real estate market are expected to be positive, despite temporary headwinds, such as geopolitical uncertainty and inflationary pressures which may influence the course of the market.

The General Government debt-to-GDP ratio is expected to decline to 171.4% in 2022, from 194.5% in 2021, and further to 159.3% in 2023. Notably, although the Greek sovereign debt remains the highest in the EU, it exhibits the highest pace of reduction in the last two years period. In 2022, Greece performed successfully in the international debt capital markets, raising in total €8.3 billion through the issuance of a new 10-year and 5-year GGBs, and the numerous reopening of existing GGB issues. Borrowing costs, however, have risen worldwide, due to the increased uncertainty brought about by rising inflation and geopolitical tension, both in absolute terms as well as in terms of the spread of the 10-year GGB against the respective German, which increased to 205 bps on 31.12.2022, compared to 152 bps in December 2021. Finally, during 2022 S&P and Fitch upgraded Greece's sovereign credit rating by one notch, from BB to BB+ (one scale below the investment grade), whereas in April 2023 S&P upgraded the outlook to positive.

Looking ahead, with energy supplies becoming more secure at Eurozone level (according to the ECB), and the continued rebalancing of energy prices, confidence has increased, and economic activity is expected to rise in the short-term and real income to improve. Moreover, declining inflation and the implementation of the Recovery and Resilience Facility (RRF) are expected to gradually ease the burden on real income and promote private consumption and investment, while the anticipated improvement of macroeconomic conditions is expected to positively impact exports and receipts from tourism, which are forecasted to increase in 2023 and 2024. The ongoing policy normalization and gradual withdrawal of fiscal support, suggest a slower growth rate of 0.8% (from 3.5% in 2022) for real GDP in the Eurozone, before rebounding to 1.6% in 2024/2025. Likewise, Greek GDP growth is forecasted to slow to 2.2% in 2023 and pick up more in 2024, as the country's outlook remains subject to downside risks, related to potential further impacts of geopolitical factors, pricing adjustments and containment of inflation.

The Greek Financial Environment

According to the Report of the Governor of the Bank of Greece for 2022 (April 2023), overall, in 2022 Greek banks returned to profitability, improved their capital adequacy ratios and strengthened their assets and capital mix. The trends of increasing deposits and accelerated credit expansion towards non-financial enterprises, that prevailed in the last two years in the Greek banking system, continued also in 2022. The gradual transmission of increased base interest rates to banking transactions is expected to affect both the level of credit expansion and the mix of customer deposits, let alone banks’ earnings capacity, in the future. However, in 2022 such interest rates move had a significant contribution to the profitability of Greek banks as most of their interest-bearing assets comprise floating rate contracts, hence interest income adjusted fast at higher levels, whereas the upward cost adjustment of interest-bearing liabilities was lower and slower. The reduction of credit loss provision charges was also a significant contributor to Greek banks’ profitability in 2022, given the continuing improvement of their NPL Ratio and NPL Provision Cover Ratio.

In 2022 both the CET1 Capital Adequacy Ratio and the Total Capital Adequacy Ratio (TCR) of Greek banks strengthened to 14.5% and 17.5%, respectively (from 13.6% and 16.2% in December 2021). It is noted that, after taking into account the full impact of IFRS 9, the CET1 Ratio would be 13.4% (2021: 11.7%) and 16.4% the TCR (2021: 14.4%), i.e. 1.1% lower for both indices. However, the quality of the regulatory capital of Greek banks improved due to the profitability of FY-2022, as in December 2022 the final and cleared deferred tax credits contracted, as percentage of the total regulatory capital. At European level, according to data from the European Banking Authority, in September 2022 the corresponding weighted average CET1 Ratio was 14.7% and the TCR was 18.7%, having fallen from 15.6% and 19.6% in December 2021.

Greek banks’ lending growth to the private sector accelerated by 6.3% YoY standing at €115.5 billion in December 2022 (2021: +3.8% and €108.7 billion, respectively), mainly driven by new credits to non-financial corporations, which presented an annual increase of 11.8%, whereas lending to individuals and households contracted by 2.3% YoY. Mainly aided by the Hercules scheme and securitization programs, the NPLs as percentage to total gross loans declined to 8.7%, from 12.8% in 2021, remaining though at levels significantly higher than the European average of 2.3%. Moreover, the loans which, although performing, presented significantly increased credit risk in comparison to their initial recognition (i.e. the Stage 2 loans as per IFRS-9), declined annually to 10.7% of total gross loans, from 12.6% in December 2021, demonstrating together with the developments regarding the NPLs above, the general qualitative improvement of the Greek banks’ lending portfolios in 2022.

The liquidity of Greek banks continued to improve in 2022 in terms of balances, albeit at increased cost, due to the increasing interest rates environment. Private sector deposits recorded an annual increase by €8.6 billion (2021: +€16.2 billion) to €188.7 billion as of 31.12.2022 (2021: €180.1 billion). The increase is mainly attributed to households’ deposits (approximately +€6 billion), which reflect households’ higher employment rates and income gains (mainly in the retail trade and tourism sectors), as well as the fiscal support provided by the state to deal with the consequences of the energy crisis. As mentioned above, the rising interest rates cost were transferred to deposits pricing only partly and in a slow fashion. However, the increase of banks’ wholesale funding cost was higher as the international money and bond markets adjusted upwards capital raising yields swiftly.

Challenges and uncertainties prevail in the outlook of the Greek banking sector for 2023 and beyond, which may interrupt the continuation of the improvement in banks’ financial and capital position achieved in 2022. High interest rates, growth slowdown and economic uncertainties may hamper the debt servicing capacity of lenders and deter new investment, hence lowering the demand for new loans and challenging the recoverability of existing ones. On the other hand, until 2026 support to credit supply towards non-financial enterprises is expected to be provided by the RRF loans mechanism. High interest rates are expected to also exert pressure on banks’ profitability as interest expenses also increase borrowing and overall funding costs. However, the effective interest rates are expected to remain below the level of policy rate increases due to the declining country specific risk premia commanded by the risk upgrade of the economy.

Shipping industry and shipping finance

Shipping Markets

Global seaborne trade experienced pressure in 2022, with trade volumes having declined overall by an estimated 0.5% both in tons (to 11.9 bln) and ton-miles, although there was a clear divergence among sectors such as the seaborne energy trade (oil, gas and coal), which saw notable long-haul gains due to shifts in the trade patterns following the Russian invasion of Ukraine. On the other hand, freight markets remained robust, particularly in the tanker sector, despite the observed easing of the containership and dry bulk freight rates. In 2023, global seaborne trade growth is projected to improve to a moderate 1.6%, as negative global macroeconomic trends potentially bottom out and improvements could be seen in the second half of the year, while China’s ‘reopening’, following the abandonment of its strict zero-Covid19 policy, should also support growth in various commodity trades. Global seaborne trade growth in ton-mile terms is currently projected at a firmer 2.9% as the average haul is expected to increase further and trade flows continue to adjust in the prolongation of the Ukrainian crisis. For 2024, further easing of global macroeconomic headwinds is expected, with global seaborne trade initially projected to grow by 2.8% (3.3% in ton-miles), i.e. closer to the long-term trend.

In 2022, the **tanker sector** has seen very strong conditions after the breakout of the Ukraine conflict, with earnings firming up considerably from the low levels observed in 2021. Market conditions have remained consistently strong over the recent months of 2023, in both the crude and the products sector across all size ranges, with clear impact to tanker demand from shifts in oil trade patterns towards longer haul routes, due to the Ukrainian crisis impact. Supported by rebounding oil output in the Middle East and the US, **crude oil trade** increased by 6% in 2022 to 39.3 mil bpd and is projected to grow by 3% in 2023, but the continuing shifts in trade flows to longer routes positively affect ton-mile demand, which is projected to grow at a rate of 7% in 2023. **Oil products trade** is estimated to have grown at a rate of 3%, to 22.7 mil bpd, and at a stronger 5% in ton-miles terms in 2022. On the back of gains in global oil demand and refinery throughput, as well as expansion in refinery capacity and utilization in some regions, initial projections for 2023 suggest a growth of demand by 3% in tons and over 10% in ton-miles. At the same time, total tanker fleet growth remains moderate at 3.5% in 2022 and less than 2% estimated for 2023, with historically low orderbook levels and potentially additional easing of active supply due to compliance with the new emissions regulations (EEXI and CII), creating overall a very encouraging outlook for the tanker sector.

The **bulk carrier sector** eased from the record high levels experienced in 2021, due to macroeconomic headwinds and unwinding of port congestion. Seaborne dry bulk trade declined in 2022 by 2.7% to 5.3 bil tons and at a more modest 1.7% in ton-mile terms, attributed principally to the Ukraine conflict and weaker Chinese demand, which mostly affected grain and iron ore trades respectively. Nevertheless, despite the downturn, freight rates continued to fluctuate at moderately profitable levels in the latter part of the year, especially for the not overleveraged operators. In 2023, even though the sector started on a weak foot, given also seasonal demand impacts, some improvements are expected through 2023, and even more in 2024, with seaborne dry bulk trade projected to grow at a rate of 1.1% in tons and 1.9% in ton-miles, based on positive macroeconomic conditions, such as the forecasted stabilization of iron ore trade and the rebound of grain trade. This comes against a supportive supply backdrop, with moderate fleet growth of 2.8% in 2022 and 2.0% estimated for 2023, combined with a low orderbook, pressures for compliance with environmental regulations and expectations for increased recycling.

The **containership sector** weakened significantly in the second half of 2022 and the first quarter of 2023, as box trade came under severe pressure from inflationary trends and high retail inventories, combined with the normalization of port congestion, which had lent substantial support in the post-Covid trade rebound seen in 2021. Container trade volumes fell by 3.7% to 200.3 mil TEU in 2022, with mainline trade seeing the largest decline. Further easing of trade volumes is expected in 2023, with box trade estimated to contract by 1.2% while improvements in demand could be seen in 2024. However, the outlook of the containership sector is vulnerable and freight rates are expected to move further down – already being below pre-Covid levels, both due to the aforementioned decline in demand, as well as supply-side pressures. Although containership fleet growth has been relatively moderate in 2022 at 4%, the current orderbook presently stands at 29% of the fleet, with 7% projected growth in 2023. Consequently, freight rates are set for further normalization given the market dynamics and the expected redeliveries as ships complete their charters.

Shipping finance

In the first half of 2022, the dynamic return of Greek banks to ship-financing continued, with their shipping loan portfolios being strengthened not only quantitatively but also in terms of market share. It is worth mentioning that in December 2021 all four Greek "systemic" banks were among the 10 largest financiers of Greek-owned shipping, among more than 55 banks and financial institutions from around the world operating in the sector. However, in the second half of 2022, the uncertainties and challenges posed in shipping by the Russian invasion of Ukraine and the Chinese slowdown, together with the abrupt and sharp increase of interest rates have adversely affected shipping investment decisions and, subsequently, demand for shipping finance. Moreover, having accumulated substantial earnings from the strong freight markets of 2021 through 2022, in the last quarter of the year Greek shipowners responded to the above challenges by preferring to prepay early their costly loan obligations than pilling cash.

According to data published by Petrofin Bank Research in its 22nd Annual Report on Shipping Finance, total financing to Greek-owned shipping dropped by 1.4% YoY in 2022, to $51.9 billion, from $52.6 billion in 2021. Thanks to their H1-2022 performance the portfolios of Greek banks marked small annual growth of 3.6% or $0.5 billion, to $14.1 billion, from $13.6 billion in 2021, thus lifting their market share to 27%, from 25% in 2021. In contrast, it appears that the loan repayments trend mostly affected the Greek ship financing portfolios of European banks, which evidenced a $1.7 billion reduction in 2022, dropping their, still largest, market share to 46% of total financing to Greek shipping, from 49% in 2021. Asian (mainly Far Eastern) financiers maintained their market share at 17% (2021: 17%), whereas the US and Canadian financiers, slightly increased such to 10%, from 9% in 2021. However, it should be noted that among financiers from Asia, the Far Eastern institutions specializing in lease financing for newbuilding vessels continue their strong presence, aided also by the fixed interest rates of such transactions agreed in the past.

Developments concerning ABBank and financial results

Overview

In 2022 ABBank marked the highest profitability in its history, recording a Net Profit of €15.6 million at a Bank level and €17.5 mil at a consolidated/Group level. Total Assets enhanced by 14.0% annually and NPLs declined at 1.6% of Total Gross Loans, a level lower than the European banking average. Higher profitability was the result of an annual increase of Total Operating Income by 59.5%, to €37.3 million from €23.4 million in 2021, compared to a 14.6% rise of Total Operating Expenses to €14.9 million from €13.0 million the previous year. The main contributor to the increased Total Operating Income was Net Interest Income, which expanded by 69.5% annually, raising the Bank's Net Interest Margin to 2.73%, from 2.35% in 2021.

In June 2022, the Bank established a fully owned subsidiary company, "Acqua Blue Properties Single Member S.A.", for the sole purpose of owning a repossessed real estate property. Thus, for the first time since its establishment, ABBank publishes consolidated ("Group") Financial Statements in addition to the standalone Financial Statements of the bank ("Bank"). The full-year 2022 Group Net Profit exceeds that of the Bank by €1.9 million and the Group Total Assets are higher than the Bank's by €1.4 million, due to the accounting treatment, as per IAS 40, of the independent valuation of the investment property owned by the subsidiary company. Other than the above, there are no material differences between the financial position and performance of the Group and the Bank.

The asset growth performed by the Bank during 2022 was predominantly destined towards the portfolios of liquid and liquidable assets (sum of Cash and Balances with the Central Bank, Due from Banks, Investment Securities at Fair Value through Other Comprehensive Income, and Investment Securities at Amortized Cost) which marked an annual increase of 43.3%, whereas the Net Book Balance of Customer Loans declined by 8.3% YoY. Consequently, the total Risk Weighted Assets of the Bank contracted by 2.0% YoY and, should 2022 profitability be taken into account, the Regulatory Capital of the Bank enhanced by €14.2 million, enforcing the CET-1 Capital Ratio to 18.64%, from 15.99% in 2021. The Group's total Risk Weighted Assets stood 0.5% higher than the Bank's and, if the net profit of the Group for 2022 was included in its Regulatory Capital, it would exceed those of the Bank by 1.7%, resulting in a Group CET-1 Capital Ratio of 18.86% (2021: 15.99%).

In July 2022 Standard & Poor's ("S&P") affirmed once more ABBank's B/B credit rating, upgrading the outlook to Positive, "on Improving Asset Quality and Earnings, and potentially less Funding Risk of Greek banks", whereas in April 2023, following the regular assessment and upgrade of the Greek banking sector, S&P upgraded ABBank's long-term issuer rating to B+, with Stable outlook, maintaining the short-term rating at B (B+/B/Stable).

Statement of Financial Position

The table below illustrates the Group's and the Bank's Balance Sheet, in an abridged form, and the annual changes between 2022 and 2021 of the main asset and liability classes. It is noted that as of 31.12.2021 ABBank did not own any subsidiary companies or participations in other companies, hence the consolidated Balance Sheet of 31.12.2022 is hereby compared to that of the Bank as of 31.12.2021, and separately the Bank's Balance Sheet of 31.12.2022 and 31.12.2021:

Balance Sheet (abridged)	Group 2022 € mil.	Bank 2022 € mil.	Bank 2021 € mil.	Δ Group '22 - Bank '21 +/- € mil.	Δ Group '22 - Bank '21 +/- %	Δ Bank '22 – '21 +/- € mil.	Δ Bank '22 – '21 +/- %
Cash and balances with Banks and Central Bank	341.5	341.5	307.9	+33.6	+10.9%	+33.6	+10.9%
Loans and customer advances (net of provisions)	519.2	519.2	566.0	-46.8	-8.3%	-46.8	-8.3%
Of which: Non-performing loans (NPL), net of provisions	*1.2*	*1.2*	*5.4*	*-4.2*	*-78.0%*	-4.2	-78.0%
Marketable securities at FV through OCI	186.1	186.1	68.1	+118.0	+173.4%	+118.0	+173.4%
Marketable securities at Amortized Cost	67.4	67.4	39.3	+28.1	+71.4%	+28.1	+71.4%
Investment Property	8.9	-	-	+8.9	*+Inf.*	-	-
Investment in subsidiary	-	7.5	-	-	-	+7.5	*+Inf.*
Other current assets	18.0	18.0	18.5	-0.6	-3.1%	-0.6	-3.1%
Total Assets	**1,141.1**	**1,139.7**	**999.9**	**+141.2**	**+14.1%**	**+139.8**	**+14.0%**
Due to banks	0.8	0.8	48.5	-47.8	-98.5%	-47.8	-98.5%
Due to customers	1,010.6	1,011.6	842.4	+168.2	+20.0%	+169.3	+20.1%
Other liabilities	12.4	11.8	7.6	+4.8	+63.5%	+4.2	+55.6%
Total Liabilities	**1,023.8**	**1,024.2**	**898.5**	**+125.3**	**+13.9%**	**+125.7**	**+14.0%**
Total Equity	117.4	115.5	101.4	+16.0	+16.1%	+14.1	+13.9%
Total Liabilities and Equity	**1,141.1**	**1,139.7**	**999.9**	**+141.3**	**+14.2%**	**+139.8**	**+14.0%**

In 2022 the **Bank's** Total Assets grew by €139.8 million or 14.0%, to €1.14 billion, from €1.0 billion as of 31.12.2021. Total Assets growth was mainly funded by Customers' Deposits which increased by €169.3 mil or 20.1% YoY, to €1.01 billion, from €0.84 billion in 2021. In the same period, the Bank's interbank borrowings ("Due to Banks") declined by €47.8 million, to €0.8 million, Other Liabilities increased by €4.2 million (mainly accounting for higher taxes payable due to the 2022 profitability), and Total Equity was augmented by €14.1 million net, following the rise of Retained Earnings by €14.8 million, and the reduction of various reserves by €0.7 million in total.

Funding from increased Liabilities and Equity was placed in different asset classes as follows:

- Cash and liquidity balances with the Central Bank and other Banks increased by €33.6 million or 10.9% YoY, amounting to €341.5 million, from €307.9 million the year prior, now representing for 30.0% of the Total Assets of the Bank (2021: 30.8%).
- The portfolios of Investment/Marketable Securities measured at Fair Value through Other Comprehensive Income ("FVOCI") and at Amortized Cost ("AC") increased by €146.1 million in total, or 136.0% YoY, having a combined net book value of €253.4 million, compared to €107.4 million in 2021, thus accounting for 22.2% of Total Assets in 2022 (2021: 10.7%).
- The portfolios of Loans and Advances to Customers (net of provisions) contracted by €46.8 million or 8.3% YoY, amounting to €519.2 million, from €566.0 million in 2021, now representing for 45.6% of Total Assets (2021: 56.6%); and
- All Other Assets, including the Fixed and Intangible Assets, Other Current Assets, and the new Investment in Subsidiary acquired by the Bank in 2022, increased by €6.9 million in total or by 37.3% YoY, forming 2.2% of Total Assets (2021: 1.9%).

Regarding the qualitative characteristics of the Bank's assets, it should be noted that:

- On 31.12.2022, the total balance of Loans and Advances to Customers on the Bank's balance sheet consisted by 84% of shipping and by 16% of non-shipping corporate loans (2021: 86% and 14%, respectively), while in terms of total approved credit limits (i.e. including undrawn commitments and other off-balance sheet amounts) the distribution between shipping and non-shipping credits was 79% and 21%, respectively (2021: 84% and 16%, respectively). All Loans and Advances to customers are measured at Amortized Cost (2021: same).
- The total gross balance of the Loans portfolio, of €527.9 million (2021: €575.0 million), includes gross NPL balances of €8.6 million or 1.6% of total gross loans, compared to €10.8 million and 1.9%, respectively, in 2021. Approximately 70% of the total NPLs balance of 2022 originate from the shipping loans portfolio and 30% from the non-shipping/corporate loans portfolio, whereas in 2021 all NPLs were coming entirely from the shipping portfolio. The decline in the NPL ratio is attributed to the reduction of NPL balances through recoveries, by €4.8 million, and the addition of one previously performing loan of €2.6 million in the Unlikely to Pay ("UTP") category of the non-performing exposures. Cumulative loan loss provisions amounted to €9.6 million in total (2021: €7.6 million), €7.4 million thereof referring to NPLs (2021: €5.4 million). At the end of 2022, the coverage of NPLs by loan loss provisions amounted to 86.0% (2021: 49.7%).
- The annual increase of Cash at hand, with Banks and with the Central Bank, totaling €33.6 million, consists of a €45.7 million increase of surplus liquidity placements in the interbank market, and a simultaneous reduction by €12.1 million of the cash balances with the Central Bank.
- The liquidable investments (marketable securities in the form of bonds) under the portfolios measured at FVOCI and those under the AC portfolio, increased by €118.0 million and €28.1 million, respectively, amounting as of 31.12.2022 to €186.1 million and €67.4 million, respectively (€253.4 million in total). The portfolio of bonds measured at FVOCI consists by 60% of Greek Government T-Bills, by 30% of US Government T-Bills, by 7% of Greek Government Bonds and by 3% of European and Greek Corporate bonds. Notably, approximately 60% of the total portfolio of bonds measured at FVOCI matures in the first quarter of 2023 and 85% matures within the first half of the year. The portfolio of bonds measured at AC entirely consists of bonds issued by EU (not Greek) Governments and Central Banks and has a weighted average remaining maturity of 2.75 years. Finally, the fair value of the bonds portfolio measured at AC stands €4.6 mil or 6.9% lower than its net book value and the total fair value of both bonds portfolios is 1.8% lower than their net book value, hence bearing very limited liquidation loss as at 31.12.2022.

Asset growth was funded, on the Liabilities' side, mainly by the increase in customer deposits:

- On 31.12.2022 Customer Deposits amounted to €1.01 billion, recording an annual increase of €169 million or 20.1%, from €842.4 million in 2021. The entirety of the Bank's Customer Deposits derives from the private sector, with 8% coming from individuals (Natural Persons) and 92% from businesses (2021: 16% and 84%, respectively). With regards to deposits of individuals, since 2019 the Bank has been cooperating with electronic retail deposit management platforms in Germany. On 31.12.2022 the balances of deposits from this source amounted to €24 million, accounting for 2% of total deposits, compared to €75 million and 9%, respectively, in 2021. The balances of corporate deposits, consisted by approximately 90% of deposits from companies of the shipping sector and by 10% deposits from companies of other sectors, compared to 87% and 13%, respectively, in 2021.

- Liabilities Due to Banks" decreased in 2021 by €47.8 million or 98.5% YoY, to merely €0.8 million from €48.5 million the previous year. Throughout 2022, as well as 2021, the Bank had not drawn any liquidity from the Eurosystem.

The annual evolution of the gross loan and deposit balances described above, drove the Loans to Deposits Ratio to 51.3% in 2022, from 67.2% in 2021, and, in combination with the increased liquidity placed with the BoG and invested in high quality debt securities, the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) strengthened further, to 286.6% (2021: 186.5%) and 147.1% (2021: 124.6%), respectively. It should also be noted that (a) for the calculation of both the LCR and the NSFR the fair value of all marketable securities is used, hence incorporating the aforementioned liquidation loss; and that (b) if such liquidation loss was taken into account in the sum of liquid and liquidable assets of the Bank as at 31.12.2022, the latter would stand at 58% of Total Liabilities as of the same date, irrespective of maturity, thus providing a very strong and immediate liquidity cover to the Bank's liabilities.

The **Group's** Total Assets as of 31.12.2022 stood €1.4 million higher than the Bank's, as the Investment in Subsidiary of the Bank (i.e. in Acqua Blue Properties Single Member S.A.) is reflected in the Investment Property of the consolidated Financial Statements of the Group, which is measured, at fair value, at €8.9 million, as per the IAS 40, pursuant to an independent valuation of the investment property owned by the subsidiary company.

Income Statement

Net operating profit (before provisions and taxes) of the Group amounted to €24.8 million and that of the Bank to €22.4 million compared to €10.4 million the previous year, while the Net Profit after taxes and provisions stood at €17.5 million for the Group and €15.6 million for the Bank, versus €6.9 million in the previous year.

The main figures of the Group's and the Bank's Income Statement for FY-2022 and FY-2021 and the annual changes thereof, are presented abridged, in a tabular form, here below:

	Group	Bank	Bank	Δ Group '22 - Bank '21		Δ Bank '22 – '21	
Income Statement (abridged)	**2022 € mil.**	**2022 € mil.**	**2021 € mil.**	**+/- € mil.**	**+/- %**	**+/- € mil.**	**+/- %**
Net Interest Income	30.4	30.4	17.9	+12.5	+69.5%	+12.5	+69.5%
Net Fee & Commission Income	4.8	4.8	3.8	+0.9	+24.7%	+0.9	+24.7%
Net Gains/(Losses) on Financial Transactions	2.1	2.1	1.6	+0.5	+32.6%	+0.5	+32.6%
Other Income	2.5	0.02	0.03	+2.4	+Inf.	-0.0	-26.2%
Total Operating Income	**39.8**	**37.3**	**23.4**	**+16.4**	**+70.0%**	**+13.9**	**+59.5%**
Staff Costs	-9.1	-9.1	-8.2	-0.9	+11.1%	-0.9	+11.1%
General Administrative Expenses	-4.8	-4.8	-3.8	-1.0	+27.3%	-1.0	+26.6%
Depreciation	-1.1	-1.1	-1.1	+0.0	-0.7%	+0.0	-0.7%
Total Operating Expenses	**-14.9**	**-14.9**	**-13.0**	**-1.9**	**+14.8%**	**-1.9**	**+14.6%**
Net Operating Profit (before provisions and tax)	**24.8**	**22.4**	**10.4**	**+14.4**	**+139.0%**	**+12.0**	**+115.7%**
Impairment loss/Provision to Cover Financial Assets' Credit Risk	-2.4	-2.4	-1.6	-0.8	+46.5%	-0.8	+46.5%
Income Tax	-5.0	-4.4	-1.9	-3.1	+163.4%	-2.6	+135.2%
Net Profit/(Loss) for the Year	**17.5**	**15.6**	**6.9**	**+10.6**	**+154.2%**	**+8.7**	**+126.8%**

In 2022 the **Bank's** Net Interest Income amounted to €30.4 million, recording an annual increase of €12.5 million or 69.5%. Gross interest income marked a €15.5 million or 76% YoY growth, due to the rise of the annual average interest-bearing Asset balances by €343.3 million or 46% YoY, in combination with the sharp increase of base interest rates of both the USD and the EUR, effected during the year by the FED and the ECB, respectively. In the same period, the annual average balance of interest-bearing Liabilities presented a €337.4 million increase or 51% YoY and, together with the interest rates increase, resulted in higher gross interest expenses by €3.0 million or 124% YoY.

The growth of Net Interest Income elevated the Bank's Net Interest Margin to 2.73% per annum (p.a.) in 2022, compared to 2.35% p.a. in 2021, thus marking a 43 basis points (bps) improvement. In particular:

- Gross Interest Income on loans increased annually by 55% or €11.0 million, mainly due to the increase in the average annual loan balances by €115.8 million or 25% (despite the decrease of loan balances between the two year-ends by 8.3%), in conjunction with the increase of the US Dollar and the EUR base interest rates during the year. In 2022 the gross yield of the Bank's loans portfolio grew by 122 bps.
- Interest income from liquidity placements to the central bank and other banks increased annually by €2.6 million, or approximately 14.5 times, because of higher average annual balances so placed by €147.3 million or 70%, combined with the increase in interest rates. In 2022, the interest rate yield of the Bank's liquidity placements improved by 69 bps.
- Interest income from debt securities marked an annual increase by €0.9 million or 3.5 times, as the growth of the average balance of the debt securities portfolio amounted to €78.3 million or 87%, and was accompanied by a change in its composition, with the entry of new securities with higher yields versus those which matured. In 2022, the interest rate yield of the Bank's debt securities portfolio improved by 41 bps.
- Interest expense on customer deposits expanded by €2.3 million or 113% YoY, with the annual average balances of 2022 standing €371.14 million or 61% higher than those of 2021. In 2022, the rise in deposit interest rates increased the Bank's funding cost from this source by 12 bps.
- Interest expenses on interbank takings increased by €0.5 million or 2.4 times compared to the previous year, with the respective annual average balances recording a €33.9 million or 70% annual reduction. Due to the rising interest rates, the average funding cost from this source increased in 2022 by 106 bps.

Net Income from Fees and Commissions amounted to €4.8 million from €3.8 million in 2021, recording an annual increase of €0.95 million or 25%. This was a result of the increase in commissions income by 19% and a decline in commission expenses by 33%. The higher income from Fees and Commissions is mainly due to the increase of revenue from commissions related to credit products (+8% YoY) and funds transfer (+33%), whereas reduced commission expense is attributed to lower correspondents' charges (-45% YoY).

In 2022 the Bank also recorded €2.1 million Net Income from Financial Transactions, mainly relating to customers’ foreign exchange transactions and debt securities transactions, compared to €1.6 million in 2021. The cost of FX derivative transactions (mainly currency swaps for the purpose of hedging its FX position in dollars) amounted to €0.02 million only, from €0.33 million in 2021, while revenues from FX transactions for customers amounted to €2.1 million (2021: €1.3 million). Moreover, an insignificant loss (less than €2 thousands) was recorded from transactions in debt securities (sales) versus a €0.6 million gain in 2021.

Total Operating Expenses amounted to €14.9 million in 2022, marking an annual increase of €1.9 million or 14.6% (2021: €13.0 million). More specifically:

- Personnel Expenses increased by 11.1% compared to the previous year and amounted to €9.1 million compared to €8.2 million in 2021. The increase in the average number of full-time employees by 7 people (+7%) versus the previous year, the full impact, on an annual basis, of the recruitments made during 2021, as well as the mild (4% on average) salary increases effected in 2022, constituted the most important growth factors of this expense category.
- General Administrative Expenses augmented by €1.0 million or 27% annually in 2022, with approximately 80% of the increase reflecting the Bank’s higher contributions paid for the Rationalization Scheme of the Greek Deposits and Investments Guarantee Fund, subscriptions to electronic payment and information providers and IT licenses.
- Depreciation and Amortization charges of 2022 stand almost at par (-1%) with those of 2021.

During 2022, additional impairment loss provisions on loans and debt securities were charged, in the amount of €2.4 million in total (2021: €0.6 million). Thereof, €2.2 million are incremental loan loss provisions and €0.2 million represent the additional ECL of investment debt securities.

The **Group’s** Total Operating Income of the Group was €2.5 million higher (€39.8 million for the Group compared to €37.3 million for the Bank), as a result of the higher fair valuation of the subsidiary’s main asset (real estate property), carried out by an independent valuator in comparison to its acquisition cost. The Group’s total operating expenses stood only €25 thousands higher than the Bank’s, total provision for credit loss impairments stood at par and Income Tax was €53 thousands higher, bringing the Group’s Total Net Profit for 2022 at €17.5 million (compared to €15.6 million of the Bank).

Shareholders' Equity – Capital Adequacy

On 31.12.2022, the book value of the **Bank's** Equity amounted to €115.5 million, from €101.4 million on 31.12.2021, incorporating the application of IFRS 9 on a fully loaded basis. The above annual net increase by €14.1 million (+14%) consists of the addition of the year 2022 Net Profit, of €15.6 million, in the Bank's Retained Earnings, the negative adjustment of the FVOCI Portfolio Reserve by €2.7 million and the increase of other fair value reserves and the Statutory Reserve by €2.0 million in total.

If the Bank's Net Profit of the FY 2022 was taken into account, the total regulatory capital of ABBank, which fully comprises CET-1 Capital, amounts to €113.9 million (2021: €99.8 million), after deducting total adjustments of €1.5 million (2021: €1.6 million). On 31.12.2022 Bank's total Risk Weighted Assets contracted to €611.2 million from €624.0 million on 31.12.2021, mainly due to the to lower Credit Risk Weighted Assets, by 5%, which resulted from the growth of the Bank's portfolio of European Governments' Investment Bonds which bear lower risk weights, in combination with the decline of the Bank's Customer Loans portfolio. Such Credit RWAs reduction outweighed the 44% YoY increase of the RWAs for Operating Risk brought about by the higher Total Operating Income of the Bank in FY 2022.

Therefore:

- Including the **Bank's** Net Profit of FY 2022, on 31.12.2022 the Common Equity Tier 1 Ratio (CET1 Ratio) of the Bank amounts to 18.64%, from 15.99% on 31.12.2021, while
- Excluding the profits of FY 2022 in full, the distribution of which or not will be decided by the forthcoming Regular General Shareholders' Meeting, the Bank's regulatory capital amounts to €98.3 million and the CET1 Ratio to 16.09%.

It is noted that:

a. the ratio is calculated with the fully loaded application of IFRS 9 as ABBank did not make use of the transitional provisions for the gradual recognition of the additional provisions that resulted from its initial application on 1.1.2018,
b. ABBank's total regulatory capital consists exclusively of Common Equity Tier 1 or CET1 and therefore the CET1 capital adequacy ratio is equivalent to the Total Capital Adequacy Ratio, and
c. the Bank's regulatory capital does not include deferred tax asset.

On 31.12.2022, the book value of the **Group's** Equity amounted to €117.4 million, from €101.4 million on 31.12.2021, incorporating the application of IFRS 9 on a fully loaded basis. The above annual net increase by €16.0 million (+16%) consists of the addition of the year 2022 Net Profit, of €17.5 million, in the Group's Retained Earnings, the negative adjustment of the FVOCI Portfolio Reserve by €2.7 million and the increase of other fair value reserves and the Statutory Reserve by €2.0 million in total. If the Group's Net Profit of the FY 2022 was taken into account, the total regulatory capital of the Group, would stand at €115.8 million whereas the Group's total RWAs would amount €614.2 million, comprising €563.4 million Credit RWAs and €50.8 million Operational RWAs.

Therefore:

- Taking into account the **Group's** Net Profit of FY 2022, on 31.12.2022 the Common Equity Tier 1 Ratio (CET1 Ratio) of the Group amounts to 18.86%, from 15.99% on 31.12.2021, while

  Disregarding the profits of FY 2022 in full, the distribution of which or not will be decided by the forthcoming Regular General Shareholders' Meeting, the Group's regulatory capital amounts to €98.3 million and the CET1 Ratio to 16.01%.

Disclosures pursuant to article 6 of Law 4374/2016

In the context of complying with the provisions of paragraph 4, Article 6 of Law 4374/2016 (Hellenic Government's Gazette A'50/1.4.2016) pertaining to the "Transparency in the relationship of credit institutions with media companies and sponsored persons or entities", ABBank is hereby disclosing information with regard to payments made to natural persons and/or legal entities in 2022. Specifically, during 2022 (a) no payments were made for marketing, advertisement or promotion, in the context of paragraph 1, Article 6 of Law 4374/2016; and (b) the payments effected for donations, sponsorships or grants, in the context of paragraph 2, Article 6 of Law 4374/2016, were the following:

NAME	NET PAYMENT
HOLY DIOCESE OF NEA IONIA & PHILADELPHIA	**3,082 €**
SMILE OF THE CHILD	**6,838 €**
SYLLOGOS PISTI	**600 €**
CHATZIKIRIAKEIO CHILD CARE INSTITUTION	**150 €**
FRIENDS OF THE CHILD	**300 €**
HELLENIC SHIP FINANCIERS	**1,500 €**
ARK OF THE WORLD	**200 €**
DONATION TO MINISTRY OF CITIZEN PROTECTION FOR THE FIRE PROTECTION THROUGH HBA	**24,000 €**
AGIOS STEFANOS FOUNDATION	**200 €**
GRAND TOTAL	**39,950 €**

In compliance with the current legislative, tax and regulatory framework, with respect to the above payments the Group paid in addition the amount of €400.60 in total, for VAT and other.

Other Disclosures

The Bank has never had and, as of 31.12.2022, did not have any own shares in its possession in the context of the article 150, paragraph 3.c of Law 4548/2018.

During 2022 the Bank neither paid nor made any expenses of Research and Development nature.

Group Risk Management

Being a financial institution active in a dynamically evolving economic environment, ABBank has ranked highly the timely recognition, the continued monitoring and the effective management of the banking risks it is exposed to, with the aim to maintain its capital adequacy at solid levels and to prudently balance risk with return for the Bank's shareholders.

A prime objective of the Bank is to comply with the standards of corporate governance and risk management set out by the at each time applicable regulatory framework which governs the operation of the European banking sector, taking also into account the particular characteristics of ABBank's specialist activity, its organic and economic size and the relevant best practices.

Since 1st January 2014 the Directive 2013/26/EU (CRD IV) and the Regulation 575/2013 of the European Parliament and the European Council have been implemented, introducing to the European financial sector the new Basel III capital adequacy framework. Further to new criteria for the qualitative and quantitative adequacy of own capital, Basel III also includes new minimum standards for liquidity and leverage. Moreover, since November 2014, the Single Supervisory Mechanism (the "SSM") operates as the new system of financial supervision under the auspices of the ECB. The SSM supervises directly the important (or "systemic") financial institutions of the Eurozone, whereas it exercises indirect monitoring ("oversight") on the less-important (or "non-systemic") banks, which are supervised directly by the local supervising authority (the Bank of Greece, in the case of Greek FIs). Pursuant to their new responsibilities, the ECB and the SSM conduct European Comprehensive Assessment Tests for the systemic banks, including Asset Quality Reviews and Stress Tests under various macroeconomic scenarios. As a non-systemic bank, ABBank does not participate in such pan-European assessments, participating though in the respective Stress Test Exercises conducted by the BoG in relation to the less important Greek institutions (LSIs) under its supervision.

Detailed information about the core risks borne by the Bank through its financial exposures as of 31st December 2022 and 31st December 2021 are provided in Note 4 of the Financial Statements, whereas Note 4.8 makes specific reference to the Bank's capital adequacy calculation under both, Pillar I and Pillar II of the Basel-III regulatory framework currently in force. Moreover, detailed information of financial, risk and supervisory nature of ABBank for the year ended 31.12.2022, is provided by the Pillar III disclosure report that is compiled pursuant to Pillar 3 of the Basel III framework (Part Eight of Regulation (EU) No 575/2013 (CRR) as amended by Regulation (EU) 2019/876), and all FIs are required to publicly disclose periodically. The Pillar III Disclosures report shall be available on ABBank's official website at: https://aegeanbalticbank.com/en/meet-abbank/publications/pillar-iii-publications

Credit Risk

Credit risk refers to the possibility of the Bank suffering losses as a result of the inability or unwillingness of its debtors to fully perform their obligations, pursuant to the contractually agreed terms and conditions. Credit risk is embedded in all financing transactions of the Bank, predominantly the lending activities, as well as in other banking activities that carry a risk of default by the Bank's counterparty, such as money market transactions, securities market transactions, transactions in derivatives, as well as transactions involving clearing.

The Bank follows specific procedures for the continuing monitoring, measurement and assessment of credit risk and has compiled and documented relevant risk management policies. Given that until recently the Bank's loans portfolio exclusively consisted of unrated (by External Credit Agencies) obligors of the shipping sector, ABBank has established and follows its own, ten-grade, credit risk assessment and rating system. Since 2021 the Bank implements an internally developed credit evaluation and rating model for its shipping credit exposures, as well as the mapping of its rating system with that of the object finance slotting criteria methodology of the IRB-Basic approach included in the current regulatory framework for credit risk. Such mapping is used by the Bank's Risk Management Unit to back-test, validate and re-evaluate the credit ratings produced by the internal rating model, as well as to conduct credit risk stress-testing of its shipping loans portfolio. Since 2018, the Bank's credit policies and procedures have been expanded to also cover non-shipping corporate credits.

The Bank's methodologies for the monitoring and assessment of credit risk primarily aim at promptly identifying and optimizing the management of expected and unexpected credit loss which could possibly be incurred. With the view to contribute in the Bank's best possible protection against such losses, credit operations include specific lending policies and criteria, including the purpose and type of each credit facility and its repayment sources, the formation of appropriate credit limits per obligor or group of obligors, limits of individual or sectoral concentrations, the use of credit risk mitigation techniques by obtaining collaterals and guarantees and the implementation of risk-related credit pricing in order to improve the use and yield of the corresponding capital requirements. The Bank's credit operations also involve the regular updates and review of the relevant procedures, aiming at the efficient management of the credit function and the undertaking of corrective measures in the management of deteriorating exposures. For the same purpose, the credit procedures and credit risk management processes are subjected to regular independent assessment by the Internal Audit Unit.

As a result of its specialization in the financing of the shipping industry, a capital-intensive activity by nature, credit risk concentrations are historically observed in the Bank's portfolio of loan exposures to customers. As of 31.12.22 and 31.12.21, none of the Bank's credit exposures to customers exceeded the maximum limit set out by banking regulation, of 25% of Regulatory Capital, (Part Four, Regulation (EU) No 575/2013 (CRR), articles 387-403). The Bank monitors credit risk concentrations on a continuous basis, as part of its Credit Risk Management Policy and related processes, with increased emphasis in the repayment sources and the applicable credit risk mitigation techniques (collaterals and guarantees) applicable to such exposures.

The procedures of approving new credits and regularly reviewing and reassessing existing ones until their full repayment, are clearly set out and centralized, under the responsibility of the Credit Committee of performing loans/exposures. Moreover, pursuant to the Acts of the Executive Committee of the Bank of Greece ("ECA/BoG") Nr. 175/2020 and Nr. 181/2021 regarding the management of non-performing and forborne exposures, the Bank has established relevant policies and procedures which also comply with best practices in relation to such exposures. The management of Non-Performing Exposures is conducted by a specific, dedicated Unit of the Bank, while relevant credit approvals are approved by the ANPL Credit Committee.

For the calculation of capital requirements for credit risk, the Bank follows the Standardized Approach of the current regulatory framework.

Details on Credit Risk are included in Note 4.2 of the Financial Statements.

Liquidity Risk

Liquidity risk refers to the Bank's ability to maintain sufficient liquid resources for the coverage of scheduled or unexpected withdrawals of cash, the repayment of all obligations of the Bank and the funding of its loan and other commitments.

The business nature of ABBank, its relatively small size within the Greek banking system and the disruptions observed during the last few years in the financial and interbank markets have set the liquidity risk as an area of top priority for close monitoring and attention.

The business nature of ABBank, its relatively small size within the Greek banking system and the disruptions observed during the last few years in the financial and interbank markets have set the liquidity risk as an area of top priority for close monitoring and attention.

The Bank's Risk Management Unit regularly performs stress tests for the Bank's liquidity, under mild and extreme volatility scenarios of both idiosyncratic (company-specific) and systemic nature. Moreover, it closely monitors customer deposit concentrations at individual, currency and maturity zone level, depository behavioural trends of the Bank's clientele, as well as the evolution of the regulatory ratios LCR and NSFR, and other liquidity ratios such as the Loans to Deposits Ratio and others. The Risk Management Unit also analyses potential liquidity and refinancing gaps and has incorporated in its liquidity risk management strategy the expansion of funding sources, the maintenance of strong levels of liquid assets and assets eligible for liquidation or refinancing, as well as the mitigation of funding concentrations. Ongoing liquidity risk analysis, stress test results under certain macroeconomic and idiosyncratic scenarios (e.g. concentrations in liquidity and funding and coverage of relevant potential outflows) and the results of monitoring the sources, uses and cost of funds are submitted to the Bank's Assets-Liabilities Committee (ALCO) and Senior Management, for consideration and appropriate decision-making.

With regards to liquidity concentration risk in particular, due to its specialization in corporate banking for the shipping sector, a capital-intensive activity by nature, concentrations comprise an inherent characteristic of the Bank's business model since its establishment and are historically observed in its customers' deposit balances. Such concentrations may be intensified in periods of strong freight markets, given that globally standard ship-financing terms provide for the obligation of borrowers to receive any cash flows connected to the operation, insurance and sale of ships mortgaged in favour of the lender (the Bank), in pledged (also in favour of the lender) deposit accounts maintained with the Bank.).

As mentioned above, the monitoring and, especially, the risk mitigation of deposit concentrations comprise an integral part of the Bank's liquidity risk management policy and process, whereby dedicated key indicators are included in the Bank's Risk Appetite Framework and are monitored and analysed on a continuous basis, with the aim the at each time market value of the liquid and liquidable assets of the Bank, alone or in combination with other funding sources, to adequately cover potential liquidity withdrawal threats connected to concentrations

Pursuant to the new regulatory framework of Basel III, the regulatory requirements for Liquidity Risk include the continuous calculation, monitoring and compliance with minimum acceptable liquidity ratios, the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) which have gradually come into effect since October 2014.

Details on Liquidity and Liquidity Risk are included in Note 2.2 and Note 4.3 of the Financial Statements.

Market Risk

Market risk refers to the possibility of the Bank incurring losses due to adverse changes in the levels of market prices of bonds and securities, interest rates and foreign exchange rates it is exposed at.

ABBank follows a policy of maintaining limited market risk positions. Through documented policies and procedures being followed for the assumption and management of market risk, the Bank aims at timely identifying, evaluating, monitoring and minimizing such (e.g. through hedging transactions), in conjunction with the compliance with the relevant principles and limits having been set out and approved by its pertinent internal body (ALCO).

The Bank regularly conducts stress tests in relation to all major market risks, such as Interest Rates risk, Foreign Exchange Risk, Re-pricing Risk in the banking book as well as Market Value Risk for its marketable securities holdings etc. ABBank has selected the Standardized Approach for the calculation of market risk capital requirements and the relevant supervisory reporting.

Details on Market Risk are included in Note 4.4 of the Financial Statements.

Operational Risk

Operational risk involves the possibility of generating losses as a result of implementing inadequate or unsuccessful internal procedures and systems, of external events and/or the human factor.

The Bank has established a policy framework for the management of operational risk which includes the procedure of self-assessment of operational risks and the related area of control, the procedure of loss data collection and the development and update of action plans for the mitigation of operational risks.

For the calculation of the capital requirements for operational risk, the Bank follows the Basic Indicator approach.

ESG Risks

Since 2020, Environmental, Social and Governance issues (ESG) have been set by regulators and supervisors as important factors that banks and financial institutions should consider, monitor, analyze, and gradually incorporate in their risk assessment as well as their credit approval and overall decision-making procedures. The European Banking Authority (EBA) as well as the ECB and SSM regularly elaborate and issue relevant guidelines that banks and financial institutions should adopt, with the aim to upgrade accordingly their internal procedures and corporate governance framework with regards to credit risk and financial sustainability assessment, considering the role of banks towards the acceleration of the transition to a low-carbon world through the support of capital allocation in ‘greener’ activities and the financing of the transition of businesses and households to a more sustainable operating model.

In the above context, in November 2020 the SSM issued specific guidelines and a set of 13 “expectations” for ESG risks management that the Systemically Important financial institutions (SIFIs) are required to implement. It is expected that shortly, EBA and SSM will regulate additional and more specific actions to be taken in connection with the full incorporation of the ESG risks factors in the Pillar I, Pillar II and Pillar III requirements of the SIFIs, whereas it is also expected that also the Less Systemically Important financial institutions (LSIs) should gradually commence incorporating in their internal procedures and decision-making the ESG risks factors.

Although not specifically required by LSIs as yet, since 2022 ABBank has internally appointed a member of senior executive management as coordinator for the monitoring of developments in ESG risks regulatory requirements, the gradual assimilation of such in the spectrum of Bank’s and Group’s activities, exposures and internal processes and the mapping of their potential impact in risks assessment.

Proposal for Dividends’ Distribution

In relation to dividend distribution for the fiscal year 2022, the Board of Directors, after taking into consideration the Bank’s performance, proposes to the General Assembly the distribution of dividend of amount up to 8 million euros.

Targets and Prospects

ABBank is active in corporate banking, specializing in credit and banking services towards the shipping industry. Since 2018 it started, and has been gradually expanding, its activity in corporate banking towards medium and larger Greek enterprises, focusing on export activities, commercial real estate, high-technology equipment and renewable energy sources. As at 31.12.2022, the Bank's loans portfolio consisted by 84% of shipping loan exposures and by 16% of non-shipping loan exposures, while the medium-term target is to reach a composition of 70% and 30%, respectively.

The impact of COVID-19 as well as the global economic slowdown, as a result of the Russia – Ukraine geopolitical crisis, the high inflationary pressures and the climbing interest rates of 2022 on the quality of the loans portfolio and the liquidity of the Bank and the Group was insignificant. In contrast, in 2022 ABBank achieved a further reduction of its NPEs to 1.6% and an increase in their provision coverage ratio to 86%, while it marked record profitability since its establishment, reflected in a Return on Equity exceeding 15% and 17%, for the Bank and the Group, respectively.

The Bank's Senior Management believes that the prevailing challenges for the Greek and global economy, from the lingering effects of strong inflationary pressures, high interest rates environment, economic slowdown, geopolitical tensions and uncertainties governing the supply chain, could increase the risks for all economic sectors and may negatively affect new investment decisions and credit demand, contributing also to the creation of new NPEs for banks. On the other hand, given the credit policy pursued by ABBank, both in the shipping finance and in the corporate finance to domestic large and small/medium enterprises, combined with the sectoral dispersion of the exposures among different sectors of shipping and the Greek economy, it estimates that the current challenges will not have a significant impact on the quality of ABBank's exposures.

The dynamic return to growth of the Greek Economy in 2021 and 2022 and its superior to the EU-average prospects for 2023, as well as the strong performance of the country in the utilization of the European Recovery Fund, in combination with the strong capital and liquidity adequacy ratios and maintained by the Bank, encourage the implementation of ABBank's business development strategy. At the same time, ABBank's investment in digital banking continues and its clientele already has at its disposal and utilizes the full-fledged WEB Banking electronic platform of the Bank.

ABBank's Senior Management believes that the strong economic and regulatory metrics of the Bank, the expertise of its staff, and the quality of its credit exposures, pave the way for the sustained implementation of its business plan for the further growth of its operations and further improvement of its profitability in 2023.

Athens, 30 May 2023

The Chairman of the BoD	The Managing Director
Konstantinos Hadjipanayotis	Theodore Afthonidis

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TRUE TRANSLATION FROM THE ORIGINAL IN GREEK

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of AEGEAN BALTIC BANK S.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying separate and consolidated financial statements of Aegean Baltic Bank S.A. (the Bank and the Group), which comprise the separate and consolidated balance sheet as at 31 December 2022, and the separate and consolidated statements of income and comprehensive income, changes in equity and cash flows for the year then ended, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying separate and consolidated financial statements present fairly, in all material respects, the separate and consolidated financial position of Aegean Baltic Bank S.A. and the Group as at 31 December 2022 and its separate and consolidated financial performance and its separate and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), as endorsed by the European Union.

Basis for Opinion

We concluded our audit in accordance with International Standards on Auditing (ISAs) as they have been incorporated into the Greek legislation. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements" section of our report. We have been independent of the Bank and the Group during the whole period of our appointment, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as incorporated into the Greek legislation and the ethical requirements in Greece, relevant to the audit of the separate and consolidated financial statements. We have fulfilled our ethical requirements in accordance with 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 Matters

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

Key audit matter	How our audit addressed the Key audit matter
Expected Credit Loss (ECL) on loans and advances to customers at amortized cost	
Loans and advances to corporate customers at amortized cost amounted for both the Bank and the Group to € 528,232 (Gross amount) thousand as at 31 December 2022 (€ 573,124 thousand at 31 December 2021), and accumulated impairment loss on these loans amounted to €9,596 thousand for the year ended 31 December 2022 (€ 7,614 thousand for the year ended 31 December 2021). Out of the total of these loans an amount of € 20.670 (Gross amount) as at 31 December 2022 (€ 25,795 thousand at 31 December 2021) for both the Bank and the Group has been assessed at Stage 2 and Stage 3. The ECL estimate on loans and advances to customers at amortized cost of Stage 2 and Stage 3 individually assessed loans, involves critical Management judgement with high level of subjectivity and complexity, and therefore is considered a key audit matter. The most significant Management judgements and accounting estimates in connection with the ECL measurement of individually assessed Stage 2 and Stage 3 loans relates to: - the criteria used for the staging of loans at amortized cost (Significant Increase in Credit Risk – SICR and Unlikeness to Pay –UTP) - assumptions of expected future cash flows, including assessment approach, valuation and time to liquidate the collaterals, macro economic variables and economic scenarios that are incorporated in the ECL measurement. Management has provided additional information regarding the accounting policies and principles when determining the allowance on impairment loss on loans and advances to customers at amortized cost, the management of credit risk and the evaluation of impairment losses in Notes 2.10, 3.1, 4, 12 and 17 to the separate and consolidated financial statements.	Based on our risk assessment and following a risk-based approach, we have evaluated the impairment methodologies applied and assumptions made by Management in relation to this key audit matter, which included, inter alia, the following audit procedures: • We assessed the design and implementation of internal controls relevant to the ECL estimate, including controls around the determination of staging criteria and staging allocation, the significant assumptions and methodologies applied by Management for the ECL measurement of Stage 2 and Stage 3 individually assessed loans as well as controls around the accuracy and completeness of data used in the ECL calculations. • On a sample basis we tested whether the criteria used to allocate loans to stages in accordance with the provisions of IFRS 9, including SICR and UTP, are appropriate and timely identified. • On a sample basis, we assessed whether the approach used by Management for the calculation of the estimated future cash flows of Stage 2 and Stage 3 individually assessed loans is appropriate and accurate and we assessed the reasonableness of the significant assumptions used by Management, including assessment approach, valuation and time to liquidate the collaterals, macro economic variables and economic scenarios that are incorporated in the ECL measurement. For the selected sample we tested the accuracy of ECL calculation. Given the complexity and granularity of the related disclosures, we assessed the completeness and accuracy of the disclosures in accordance with the relevant accounting standards.

Other Information

Management is responsible for the other information. The other information, included in the Board of Directors Report, referred to in the section" Report on Other Legal and Regulatory Requirements". Other Information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

The Audit Committee (article 44 of Greek Law 4449/2017) of the Bank is responsible for overseeing the Bank's and the Group's financial reporting process.

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current year and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

1. Board of Director's Report

Taking into consideration that Management is responsible for the preparation of the Board of Director's report, according to the provisions of paragraph 5 of article 2 of Law 4336/2015 (part B) we note the following:

a) In our opinion, the Board of Director's report has been prepared in accordance with the applicable legal requirements of article 150 of Greek Law 4548/2018 and its content is consistent with the accompanying financial statements for the year ended 31 December 2022.
b) Based on the knowledge we obtained during our audit of the Bank and the Group and its environment, we have not identified any material inconsistencies in the Board of Director's Report.

2. Additional Report to the Audit Committee

Our audit opinion on the financial statements is consistent with the additional report to the Audit Committee referred to in Article 11 of the European Union (EU) Regulation 537/2014..

3. Non-audit Services

We were first appointed as statutory auditors by virtue of Bank's articles of association at incorporation, which was approved based on 25/9/2002 decision of Prefecture of Athens. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Bank for 20 consecutive years.

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4. Appointment

We were first appointed as statutory auditors by virtue of Bank's articles of association at incorporation, which was approved based on 25/9/2002 decision of Prefecture of Athens. Our appointment has been, since then, uninterrupted renewed by the Annual General Assembly of shareholders of the Bank for 20 consecutive years.

Athens, 30 May 2023

The Certified Public Accountant

Foteini D. Giannopoulou
Reg. No. SOEL: 24031
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GR 151-25 Maroussi, Athens, Greece
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AEGEAN BALTIC BANK GROUP

Separate and Consolidated Financial Statements
In accordance with International Financial Reporting Standards

31 December 2022

May 2023

Income Statement

	Notes	**2022** €' 000 Group	**2022** €' 000 Bank	**2021** €' 000 Bank
Interest and similar income*		35,858	35,858	20,369
**of which calculated based on effective interest rate*		*33,086*	*33,086*	*20,191*
Interest expense and similar charges		(5,471)	(5,472)	(2,445)
Net interest income	5	**30,387**	**30,386**	**17,924**
Fee and commission income		5,043	5,043	4,228
Fee and commission expense		(264)	(264)	(393)
Net fee and commission income	6	**4,779**	**4,779**	**3,835**
Net result from derivatives and investment securities	7	2,118	2,118	1,597
Other operating income	8	2,471	26	33
Total income		**39,755**	**37,309**	**23,389**
Personnel expenses	9	(9,094)	(9,094)	(8,187)
General administrative expenses	10	(4,781)	(4,756)	(3,754)
Depreciation and amortization	11	(1,054)	(1,054)	(1,062)
Impairment losses on loans and advances to customers	12 & 4	(2,184)	(2,184)	(1,733)
ECL of investment securities	18 & 19	(198)	(198)	107
Profit/(Loss) before tax		**22,444**	**20,023**	**8,760**
Income Tax	13	(4,972)	(4,439)	(1,887)
Profit/(Loss) for the year		**17,472**	**15,584**	**6,873**

The notes on pages 33 to 103 are an integral part of these separate and consolidated financial statements.

Statement of Comprehensive Income

	Notes	2022 €' 000 Group	2022 €' 000 Bank	2021 €' 000 Bank
Profit for the year		**17,472**	**15,584**	**6,873**
Other comprehensive income / (expense)				
Items that may be reclassified subsequently to profit or loss				
Fair value reserve (FVOCI financial assets including ECL)	18	(3,507)	(3,507)	(790)
Related tax	25	772	772	181
Total items that may be reclassified subsequently to profit or loss		**(2,735)**	**(2,735)**	**(609)**
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of the defined benefit obligations	31	346	346	(68)
Related tax from remeasurement of defined benefit obligations	25	(76)	(76)	3
Revaluation surplus from land & building	24	1,252	1,252	610
Related tax from revaluation surplus from land & building		(275)	(275)	(97)
Total items that will not be reclassified subsequently to profit or loss		**1,247**	**1,247**	**448**
Other comprehensive income for the year		**(1,488)**	**(1,488)**	**(161)**
Total comprehensive income for the year		**15,984**	**14,096**	**6,712**

The notes on pages 33 to 103 are an integral part of these separate and consolidated financial statements.

Statement of Financial Position

				€' 000
		31.12.2022		31.12.2021
	Notes	Group	Bank	Bank
ASSETS				
Cash and balances with Central Bank	14	227,118	227,118	239,214
Due from banks	16	114,420	114,420	68,714
Loans and advances to customers	17	519,212	519,212	566,022
Investment securities FVTOCI	18	186,064	186,064	68,067
Debt securities at amortized cost	19	67,380	67,380	39,314
Derivative financial instruments	20	-	-	18
Investment Property	21	8,900	-	-
Investments in Subsidiaries	22	-	7,500	-
Intangible assets	23	1,347	1,347	1,529
Property and equipment	24	9,004	9,004	8,000
Other assets	26	7,610	7,607	9,000
Total assets		**1,141,055**	**1,139,652**	**999,878**
LIABILITIES				
Due to banks	27	750	750	48,546
Due to customers	28	1,010,602	1,011,607	842,360
Derivative financial instruments	20	165	165	139
Retirement benefit obligations	31	1,580	1,580	1,762
Liabilities for current income tax and other taxes	30	4,038	4,038	1,805
Deferred tax liabilities	25	2,294	1,761	1,279
Other liabilities	29	4,276	4,289	2,619
Total liabilities		**1,023,705**	**1,024,190**	**898,510**
SHAREHOLDERS' EQUITY				
Share capital	32	37,980	37,980	37,980
Share premium	33	50,207	50,207	50,207
Reserves	34	1,692	1,598	2,308
Retained earnings	35	27,471	25,677	10,873
Total shareholders equity		**117,350**	**115,462**	**101,368**
Total liabilities and equity		**1,141,055**	**1,139,652**	**999,878**

The notes on pages 33 to 103 are an integral part of these separate and consolidated financial statements.

Statement of Changes in Equity

	Notes	Share Capital	Share Premium	Reserves	Retained Earnings	Total
Bank						
Balance at 01.01.2021		**37,980**	**50,207**	**2,124**	**4,344**	**94,655**
Movement in the OCI reserve – valuation, net of tax		-	-	(609)	-	(609)
Remeasurement of the defined benefit obligations, net of tax	34	-	-	(63)	-	(63)
Revaluation gain on land & building, net of tax		-	-	513	-	513
Statutory reserve		-	-	343	(343)	-
Profit (Loss) for the year		-	-	-	6,873	6,873
Balance at 31.12.2021		**37,980**	**50,207**	**2,308**	**10,873**	**101,368**
Group						
Balance at 01.01.2022		**37,980**	**50,207**	**2,308**	**10,873**	**101,368**
Movement in the OCI reserve – valuation, net of tax		-	-	(2,735)	-	(2,735)
Remeasurement of the defined benefit obligations, net of tax	34	-	-	270	-	270
Revaluation gain on land & building, net of tax		-	-	976	-	976
Statutory reserve		-	-	874	(874)	-
Profit (Loss) for the year		-	-	-	17,472	17,472
Balance at 31.12.2022		**37,980**	**50,207**	**1,692**	**27,471**	**117,350**
Bank						
Balance at 01.01.2022		**37,980**	**50,207**	**2,308**	**10,873**	**101,368**
Movement in the OCI reserve – valuation, net of tax		-	-	(2,735)	-	(2,735)
Remeasurement of the defined benefit obligations, net of tax	34	-	-	270	-	270
Revaluation gain on land & building, net of tax		-	-	976	-	976
Statutory reserve		-	-	779	(779)	-
Profit (Loss) for the year		-	-	-	15,584	15,584
Balance at 31.12.2022		**37,980**	**50,207**	**1,598**	**25,677**	**115,462**

The notes on pages 33 to 103 are an integral part of these separate and consolidated financial statements.

Cash Flow Statement

€' 000

	Notes	31.12.2022 Group	31.12.2022 Bank	31.12.2021 Bank
Cash flows from operating activities				
Profit before tax		**22,444**	**20,023**	**8,760**
Adjustments for:				
Depreciation and amortization charges	11	1,054	1,054	1,062
Credit provisions and other impairment charges	12 & 18	2,382	2,382	1,593
Provisions for retirement benefit obligations	31	164	164	130
Fair value adjustment of Investment Property	21	(2,445)	-	-
(Gain) / Loss from sale of investment securities FVTOCI	7	2	2	(164)
(Gain) / Loss from sale of investment securities FVTPL	7	-	-	(125)
Foreign exchange (profit) / loss on financial assets at FVTOCI	18	5,080	5,080	-
Foreign exchange (profit) / loss on cash and cash equivalents		(2,056)	(2,056)	749
		26,625	**26,649**	**12,005**
Net (increase)/decrease in operating assets:				
Loans and advances to customers	12 & 17	44,626	44,626	(200,612)
Financial assets at fair value through P&L		-	-	466
Derivative financial assets	2	18	18	(2)
Other assets		2,067	2,070	(653)
Net increase/(decrease) in operating liabilities:				
Due to banks	27	(47,796)	(47,796)	(9,022)
Due to customers	28	168,242	169,247	395,257
Derivative financial liabilities	20	26	26	135
Other liabilities	29	1,567	1,580	2,247
Cash flow from operating activities before tax payment		195,375	196,419	199,821
Income Tax paid		(1,972)	(1,972)	(1,191)
Net cash flow from operating activities		**193,403**	**194,447**	**198,630**
Cash flows from investing activities				
Acquisition of property and equipment	24	(137)	(137)	(442)
Acquisition of intangible assets	23	(229)	(229)	(322)
Acquisition of investment securities FVTOCI	18	(353,153)	(353,153)	(188,488)
Acquisition of debt securities at amortised cost	19	(30,065)	(30,065)	(5,254)
Proceeds from disposal of investment securities	18 & 19	228,373	228,373	155,898
Acquisition of investment property	21	(6,455)	-	-
Investments in Subsidiaries	22	-	(7,500)	-
Net cash flow from investing activities		**(161,666)**	**(162,711)**	**(38,608)**
Cash flows from financing activities				
Cash payments of lease elements	29	(182)	(182)	(168)
Net cash flow from financing activities		**(182)**	**(182)**	**(168)**
Net increase / (decrease) in cash and cash equivalents		**31,555**	**31,555**	**159,854**
Cash and cash equivalents at beginning of period	15	**307,928**	**307,928**	**148,823**
Foreign exchange profit /(loss) on cash and cash equivalents		2,056	2,056	(749)
Cash and cash equivalents at end of period	15	**341,538**	**341,538**	**307,928**

The notes on pages 33 to 103 are an integral part of these separate and consolidated financial statements.

Note 1: General Information

The Bank is registered under the trade name "AEGEAN BALTIC BANK BANKING SOCIETE ANONYME", ("the Bank"), with the distinctive title "AB Bank S.A.". Its registered office is located at 91 Megalou Alexandrou & 25th Martiou street 151 24, Marousi, Attica, Greece (Reg. 52755/06/B/02/34 and GEMI Registration No. 4918201000). The Bank's term shall expire on 31.12.2099, however it may be extended or abridged following a resolution of the General Assembly of the Shareholders.

The Bank's objectives is to conduct, on its own behalf or on behalf of third parties, in Greece and abroad, by itself or in a joint venture with third parties, without restriction and in any form or shape, the entirety of the services and activities, which domestic banking institutions are permitted, from time to time, to conduct. The Bank's objectives include, but are not limited to, the services and activities indicated in Article 4 of its Article of Association.

The Aegean Baltic Bank Group, ("the Group"), besides the parent company includes one subsidiary as at 31.12.2022 under the trade name 'ACQUA BLUE PROPERTIES SINGLE MEMBER S.A.'

The five-year term of the Board of Directors (BoD) of the Bank, elected by the General Assembly of the Shareholders on 28 June 2022, shall expire on the date of convocation of the Ordinary General Meeting of the year 2027.

The current BoD constituted into body on 28 June 2022.

The composition of the Board of Directors on 31.12.2022 is as follows:

Konstantinos Hadjipanayotis	Chairman & Deputy Managing Director	Executive Member
Theodore Afthonidis	Vice Chairman and Managing Director	Executive Member
Petros Christodoulou	Member	Non-Executive
Lampros Theodorou	Member	Non-Executive
Dimitris Potamitis	Member	Non-Executive, Independent
Emmanouil Kavussanos	Member	Non-Executive, Independent
Dimitris Anagnostopoulos	Member	Non-Executive
Panagiotis Konstantaras	Member	Non-Executive, Independent
Anastasios Tourkolias	Member	Non-Executive

Pedro Miguel Weiss was a non-executive member of the Board of Director until 27.06.2022 as replaced by Lampros Theodorou election on 28.06.2022.

The standalone and consolidated financial statements (hereinafter the "Financial Statements") have been approved for issue by the Group's BoD on 30th May 2023.

The Financial Statements are subject to the approval of the Annual General Meeting of the Group's shareholders.

Note 2: Summary of significant accounting policies

2.1 Consolidation

The consolidated financial statements include the financial statements of Aegean Baltic Bank SA and its subsidiary. Aegean Baltic Bank does not have any joint ventures or associates. The only subsidiary of the Bank is Acqua Blue Properties Single Member S.A. and therefore no non-controlling interest exists.

Income and expenses and other comprehensive income acquired during the year are presented in the Consolidated Income Statement and in the Consolidated Statement of Other Comprehensive Income. Adjustments are made to financial statements of the subsidiary to bring its accounting policies in line with those adopted by the Group. All intercompany transactions, balances, income and expenses all eliminated in full consolidation.

2.2 Basis of preparation

The consolidated financial statements of the Group and the Bank have been prepared in accordance with International Financial Reporting Standards (IFRSs) as endorsed by the European Union (the E.U.). E.U. endorsed IFRSs may differ from IFRSs as issued by the International Accounting Standards Board (IASB) if at any point in time, new or amended IFRSs have not been endorsed by the E.U. At 31 December 2022, there were no unendorsed standards effective for the year ended 31 December 2022, which affect these financial statements, and there was no difference between IFRSs endorsed by the E.U. and IFRSs issued by the IASB in terms of their application to the Group and the Bank. Accordingly, the financial statements for the year ended 31 December 2022 are prepared in accordance with IFRSs as issued by the IASB. The financial statements were prepared under the historical cost convention, except for Investment securities at FVTOCI, Investment Property and all derivative financial instruments which are measured at fair value.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Please refer to note 3

The financial statements are presented in Euro, rounded to the nearest thousand unless otherwise indicated.

a) <u>**Standards, interpretations and amendments to published standards effective in 2022**</u>

IFRS 3 (Amendment) "Business Combinations". The amendment updates a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

IAS 16 (Amendment) "Property, Plant and Equipment". The amendment prohibits the deduction from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, such sales proceeds and related cost are recognized in profit or loss.

IAS 37 (Amendment) "Provisions, Contingent Liabilities and Contingent Assets". The amendment specifies which costs a company includes when assessing whether a contract is loss making.

Annual Improvements to IFRS Standards 2018-2020 Cycle

- **IFRS 1 (Amendment) "First-time Adoption of International Financial Reporting Standards"**

The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter of IFRS Standards after its parent company has already adopted them. The proposed amendment relates to the measurement of cumulative translation differences

- **IFRS 9 (Amendment) " Financial Instruments "**

The amendment clarifies the fees a company includes in assessing the terms of a new or modified financial liability to determine whether to derecognize a financial liability

- **IFRS 16 (Amendment) "Leases"**

The amendment removes the potential for confusion regarding lease incentives by amending an Illustrative Example accompanying IFRS 16.

The Group and the Bank have not yet adopted the above amendments; however, it is not expected to have any material impact on the Group's and the Bank's Financial Statements.

b) New standards, amendments and interpretations to existing standards, effective after 2022.

- **IAS 1 "Presentation of Financial Statements"**

sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.

- **IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"**

is applied in selecting and applying accounting policies, accounting for changes in estimates and reflecting corrections of prior period errors. The standard requires compliance with any specific IFRS applying to a transaction, event or condition, and provides guidance on developing accounting policies for other items that result in relevant and reliable information. Changes in accounting policies and corrections of errors are generally retrospectively accounted for, whereas changes in accounting estimates are generally accounted for on a prospective basis.

- **IAS 12, "Income Taxes"**

implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.

2.3 Going Concern

The annual financial statements have been prepared on a going concern basis, as the Board of the Directors considered the level of the Bank's Common Equity Tier 1 (CET1) ratio which is 18.9% for the Group and 18.6% for the Bank at 31.12.2022 (see note 4.8) including the expected credit losses from the full adoption of the IFRS 9 (fully loaded), the high level of Liquidity Coverage Ratio (LCR) (276.2% at 31.12.2022 for the Group and the Bank), and the very low Non performing Loans Ratio (NPL) at 31.12.2022 of 1.6% for the Group and the Bank. The Board believes on the appropriateness of the use of going concern basis for the preparation of the financial statements.

The Board does not expect that the Group and the Bank will face liquidity issues as it remains in the high level of Liquidity Coverage Ratio (LCR) 287% during the first quarter of 2023 and has significant increase in deposits until the end of April 2023.

In April, 2023, Standard & Poor's re-affirmed ABBank's credit rating of B +/ B (long-term / short-term), with a stable outlook , noting that "The stable outlook on ABB reflects our view that the bank will likely maintain its stable creditworthiness over the next 12 months, balancing the risks from its lending and deposit concentrations that stem from its focus on servicing the shipping industry against its sound capital position and improved profitability prospects".

Macroeconomic environment

Given the adversities and challenges posed in the international economic environment during 2022, the Greek economy performed well, maintaining its expansionary momentum. The Greek GDP grew by 5.9% in 2022 (2021: 8.3%), outperforming the EU average for a second year in succession. The General Government debt-to-GDP ratio is expected to decline to 171.4% in 2022, from 194.5% in 2021, and further to 159.3% in 2023. Notably, although the Greek sovereign debt remains the highest in the EU, it exhibits also the highest pace of reduction in the last two years period.

Looking ahead, with energy supplies becoming more secure at Eurozone level (according to the ECB), and the continued rebalancing of energy prices, confidence has increased and economic activity is expected to rise in the short-term and real income to improve. Moreover, declining inflation and the implementation of the Recovery and Resilience Facility (RRF) are expected to gradually ease burden on real income and promote private consumption and investment, while the anticipated improvement of macroeconomic conditions is expected to positively impact exports and receipts from tourism, which are forecasted to increase in 2023 and 2024.

Concerning the Greek Banking system, in 2022, Greek banks returned to profitability, improved their capital adequacy ratios and strengthened their assets and capital mix. The trends of increasing deposits and accelerated credit expansion towards non-financial enterprises, that prevailed in the last two years, continued also in 2022. The gradual transmission of increased base interest rates to banking transactions is expected to affect both the level of credit expansion and the mix of customer deposits, let alone banks' earnings capacity, in the future.

The Bank's Senior Management believes that the prevailing challenges for the Greek and global economy, from the lingering effects of strong inflationary pressures, high interest rates environment, economic slowdown, geopolitical tensions and uncertainties governing the supply chain, could increase the risks for all economic sectors and may negatively affect new investment decisions and credit demand, contributing also in the creation of new NPEs for banks. On the other hand, given the credit policy pursued by ABBank, both in the shipping finance and in the corporate finance to domestic large and small/medium enterprises, combined with the sectoral dispersion of the exposures among different sectors of shipping and the Greek economy, it estimates that the current challenges will not have a significant impact on the quality of ABBank's exposures.

The dynamic return to growth of the Greek Economy in 2021 and 2022 and its superior than the EU-average prospects for 2023, as well as the strong performance of the country in the utilization of the European Recovery Fund, in combination with the strong capital and liquidity adequacy ratios and maintained by the Bank, encourage the implementation of ABBank's business development strategy

2.4 Foreign currency transactions

The financial statements are presented in Euro, which is the currency of the country of incorporation of the Group ans the Bank (functional currency). Transactions in foreign currencies are translated in Euro at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Euro at the closing exchange rate on that date. Foreign exchange differences (profit or loss) arising from translations are recognized in the income statement. Non-monetary assets and liabilities are recognized at the exchange rate prevailing on initial recognition, except for non-monetary items denominated in foreign currencies that are stated at fair value.

2.5 Interest income and expense

Interest income and expense are recognized in the income statement for all interest-bearing instruments on a time proportion basis, taking account of the principal outstanding and using the effective interest rate method based on the actual purchase price. The effective interest rate method is a method of calculating the amortized cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or the next re-pricing date, in order for the present value of the future cash flows to be equal to the carrying amount of the financial instrument.

In particular due to the implementation of IFRS 9 the Group and the Bank apply:

- For the interest-bearing financial assets classified within Stage 1 or Stage 2, interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial asset.
- For the interest-bearing financial assets classified within stage 3, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.
- For the purchased or originated credit impaired interest-bearing financial assets, interest income is calculated similar to the Stage 3 loans and by applying the credit adjusted effective interest rate of the financial asset.

In case of negative interest rates, interest is presented within interest income for interest bearing financial liabilities and within interest expense for interest bearing assets.

As of 31st December 2022, the Group or the Bank did not possess any or originated credit impaired financial assets.

2.6 Net Fee and commission income

To recognize fees and commission income/expense under IFRS 15, the Group and the Bank apply the following five step model to all contracts with customers other than those in scope with other standards such as financial leasing, financial instruments in scope of IFRS 9:

- Identify the contract with the customer.
- Identify the performance obligations in the contracts.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contracts.
- Recognizing revenue when the entity satisfies a performance obligation.

As such, the Group and the Bank recognize revenue when a performance obligation is satisfied, that is when control of the services or goods is transferred to the customer. Fee and commission income is recognized on an accrual basis over the period the relevant services have been provided. Transaction revenues relating to the origination of a financial instrument which is measured at amortized cost, such as loans and receivables, are capitalized and recognized in the income statement using the effective interest rate method.

2.7 Financial assets at fair value through profit or loss (“FVTPL”)

A. Financial assets at fair value through profit or loss (“FVTPL”)

This category includes financial assets that do not meet the criteria of being measured at either amortized cost or fair value through other comprehensive income (“FVTOCI”) (please refer to Note 2.7). All financial assets acquired principally for the purpose of selling in the short term or if so, designated by the management, are recognized on the trade date, which is the date that the Group and the Bank commit to purchase or sell the asset and are classified under this category which has the following two sub-categories:

A1: Trading securities

Trading securities are securities, which are either acquired for generating a profit from short term fluctuations or are securities included in a portfolio in which a pattern of short-term profit making exists. Trading securities are initially recognized at cost and subsequently re-measured at fair value. Gains and losses realized on disposal or redemption and unrealized gains and losses from changes in fair value are included in net trading income/ (loss). Interest earned with holding trading securities is reported in interest income. Trading securities held are not reclassified out of the respective category. Respectively, investment securities are not reclassified into trading securities category while they are held.

A2: Designated at fair value through profit or loss

Upon initial recognition the Group and the Bank may designate any financial assets as at fair value through profit or loss except for investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, when either.

I. The Group and the Bank estimate or significantly reduces a measurement or recognition in consistency (i.e., an accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognizing gains and losses on them on different bases.

II. A group of financial assets is managed, and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group and the Bank is provided internally on that basis to key management personnel.

III. This category is measured at fair value. The determination of fair values of financial assets at fair value though profit or loss securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. Changes in fair value are included in net trading income.

B. Financial assets mandatorily at FVTPL

The financial assets that their contractual terms do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI Fail) are classified mandatorily at FVTPL. This category is measured at fair value. As at 31st December 2022 the Group and the Bank did not have any financial instruments classified mandatorily at FVTPL.

C. Equity Securities

Equity securities are measured at FVTPL unless the management of the Group and the Bank irrevocably elects to measure equity securities at FVTOCI (please refer to Note 2.7). The determination of fair values of financial assets at fair value though profit or loss securities is based on quoted market prices, dealer price quotation and pricing models, as appropriate. Changes in fair value are included in net trading income.

2.8 Investment Securities measured at fair value through other comprehensive income "FVTOCI"

Debt securities measured at fair value through other comprehensive income "FVTOCI"

In this category the Group and the Bank classifiy the debt securities that satisfy both of the following criteria:

- The debt security is held within a business model whose objective is to both collect the contractual cash flows and sell assets (Hold to Collect and Sell "HTCS") and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These securities are not sold with the intention of short-term profit and that is why sales might be more frequent and significant in value in comparison with the Hold to Collect ("HTC") Business Model.

The Group and the Bank may elect to classify debt securities under the HTC Business Model due to the following reasons:

- manage everyday liquidity needs,
- maintain a particular interest yield profile, or
- match the duration of the financial assets to the duration of the financial liabilities that those assets are funding.
- manage the return on the portfolio on an opportunistic basis, by reinvesting in higher yielding assets, without a clear intention of holding the financial assets to collect contractual cash flows (although the Group and the Bank might end up holding the assets if no other investment opportunities occur).

The debt instruments, after initial recognition, are measured at FVTOCI with any fair value changes recorded directly in other comprehensive income.

In the Income Statement, the Group and the Bank recognize interest income using the effective interest rate method, the expected credit losses and the foreign exchange changes. On the date of derecognition, the cumulative fair value gains/losses of debt securities are reclassified from other comprehensive income to profit and loss ("P&L").

Default Definition

A key issue in measuring expected losses is identifying when a "default" may occur. For debt securities the Group and the Bank identify that a default has occurred when:

- Significant financial difficulty of the issuer exists.
- A breach of contract, such as a default or past due event (i.e., an issuer has failed to make a payment when contractually due).
- The issuer, for economic or contractual reasons relating to the issuer's financial difficulty, has granted a concession that the lender would not otherwise consider.
- It is becoming probable that the issuer will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties within such market.
- The purchase of a debt security at a deep discount that reflects incurred credit losses.

Impairment losses on Debt securities

In line with the IFRS 9 provisions the Group and the Bank in the process of calculating ECL, assesses if SICR of debt securities exist. The identification of SICR is based on qualitative and quantitative criteria depending on the availability, quality and quantity of the information. SICR is identified in the following cases:

- Investment grade debt instruments which experience a downgrade to the "non-investment grade" range of the relevant ECAIs (hereinafter External Credit Assessment Institutions.)
- Non-investment grade debt instruments that do not fall within the "default" rating range as provided by an ECAI and experience more than 2 notches credit rating downgrade.
- Debt instruments where the Probability of Default (PD) at each reporting date is higher than the PD at origination date by 200%.
- Should neither a credit rating nor a PD exist for a debt instrument, but the instrument is traded in an organized market then SICR is considered when there is a significant increase of the credit spread by more than 5% in absolute terms at the reporting date vs the origination date.

The Group and the Bank classify debt securities measured at FVTOCI in three stages for the ECL calculation.

- Stage 1 – The Group and the Bank classify all debt securities rated by an ECAI that fall under the "Investment grade/non speculative" range at Stage 1, provided that it continues to fall within the "investment grade" range of the relevant ECAI. The Group estimates 12-month ECL for stage 1 debt securities.
- Stage 2 – The Group and the Bank classify all debt securities which are a classified in stage 1 at the date of initial recognition and experience significant increase in credit risk "SICR" at the reporting date. The Group estimates lifetime ECL for stage 2 debt securities.
- Stage 3 – The Group and the Bank classify all debt securities which meet the criteria below:
  - (i) There is objective evidence of impairment at the reporting date, or
  - (ii) The debtor is compliant with the default definition as defined above, or
  - (iii) The instrument's credit rating is equivalent to "default".

  The Group and the Bank estimate Lifetime ECL for stage 3 debt securities.

The Group and the Bank in the ECL calculation consider a weighted average estimated effect of two scenarios (base – adverse). The base scenario refers to the current macro-economic environment and consequently all the macro-variant risk parameters, specifically debt instrument's PD and LGD are known. The adverse scenario refers to a worse than the current macro-economic environment and it is characterized by a percentage increase.

Equity instruments

Equity instruments are measured at FVTPL. The management of the Group and the Bank may irrevocably elect to present in other comprehensive income subsequent changes in the fair value of an equity instrument. In the case that the management of the Group and the Bank irrevocably elects to present equity instruments at FVTOCI, the accumulated gains and losses recognized in other comprehensive income are not subsequently reclassified to the P&L but may be reclassified within equity (to the retained earnings).

The equity instruments presented at FVTOCI are not subject to impairment. The dividend income on such equity instruments is recognized in the Income Statement, unless the dividend clearly represents a recovery of part of the cost of the investment. All other gains and losses (including those relating to foreign exchange) are recognized in Other Comprehensive Income.

2.9 Reclassification of financial assets

The Group and the Bank only reclassify a financial asset on the assignment of an alternate business model to its portfolio. In this event, the Group and the Bank reclassifiy an asset, and the reclassification is applied prospectively, from the reclassification date onwards. The measurement adjustments are dependent on the original classification as well as the new classification of the asset. This does not give rise to a prior period error in the Financial Statements (as defined in IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors") nor does it change the classification of the remaining financial assets held in that business model (i.e., those financial assets that the Group and the Bank recognized in prior periods and still holds), as long as the Group and the Bank have considered all relevant information that was available at the time that they made the business model assessment. Accordingly, any previously recognized gains, losses (including impairment losses) or interest should not be restated.

Changes in the business model for managing financial assets are expected to be infrequent. They must be determined by the Group's and the Bank's senior management as a result of external or internal changes and must be significant to the Group's operations and demonstrable to external parties. Accordingly, a change in the objective of the Group's Business Model will occur only when the Group and the Bank either begins or ceases to carry on an activity that is significant to its operations such as the acquisition or disposal of a business segment.

If the Group and the Bank reclassify a financial asset from the amortized cost measurement category to the FVTPL or FVTOCI measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in the Income Statement for FVTPL and in the Statement of Total Comprehensive Income for FVTOCI.

For reclassifications to FVTOCI measurement category, the effective interest rate and the measurement of Expected Credit Losses are not adjusted as a result of the reclassification. However, the loss allowance would be derecognized and instead would be recognized as an accumulated impairment amount in other comprehensive income.

If the Group and the Bank reclassify a financial asset from the FVTPL measurement category and into the amortized cost measurement category, its fair value at the reclassification date becomes its new gross carrying amount. The date of the reclassification is the date of initial recognition for impairment calculation purposes and the date for the effective interest rate calculation of the financial asset.

If the Group and the Bank reclassify a financial asset from the FVTPL measurement category and into the FVTOCI measurement category, the financial asset continues to be measured at fair value. At the reclassification date, the effective interest rate of the asset is calculated while the date of the reclassification is the date of initial recognition for impairment calculation purposes.

If a financial asset is reclassified from FVTOCI measurement category and into the amortized cost measurement category, the asset is reclassified at its fair value at the measurement date. However, the cumulative gain or loss previously recognized in other comprehensive income is reversed and adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost. This reversal affects other comprehensive income but does not affect profit or loss and therefore is not a reclassification adjustment under IAS 1. The effective interest rate and the calculation of Expected Credit Losses are not affected. The loss allowance is recognized as an adjustment to the gross carrying amount of the financial asset from the reclassification date.

If the Group and the Bank reclassify a financial asset from FVTOCI into the FVTPL measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (in accordance with IAS 1 “Presentation of Financial Statements”) at the reclassification date.

Reclassification of equity instruments is prohibited.

2.10 Loans and advances to customers measured at Amortized Cost (“AC”)

Loans and advances to customers measured at AC include financial assets for which both of the following conditions are met:

- the financial asset is held within a Business Model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI pass).

Loans and advances to customers are initially recognized at fair value (plus any transaction costs) and measured subsequently at amortized cost using the effective interest rate method. Interest on loans and advances to customers is included in the Income Statement and is reported as “Interest and similar income”.

Default

A key issue in measuring expected losses is identifying when a “default” may occur. The definition of default applied by the Group and the Bank, is consistent with Regulation 575/2013 of the European Parliament (CRR) Article 178, “Default of an obligor”. An obligor is considered as defaulted when either or both of the following have taken place:

- The debtor is past due more than 90 days on any material credit obligation to the institution;
- The debtor is assessed as unlikely to pay (UTP) its loans obligations in full without realization of collateral, regardless of the existence of any past-due amount or of the number of days past due.

Impairment losses on loans and advances to customers

In accordance with the IFRS 9 principles, Expected Credit Losses (“ECL”) are calculated on loans and advances to customers measured at amortized cost. More specifically, the Group and the Bank recognize ECL on loans and advances to customers at amortized cost when it is estimated that it will not be able to receive all payments due, as defined by the contract of the loan.

The amount of the ECL allowance for impairment on loans and advances to customers at amortized cost is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive discounted at the original effective interest rate of the loan (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

The Group and the Bank perform calculation for expected loans and advances to customers at each reporting date. The loans and advances to customers are grouped per counterparty group, per industry or per type of loan and impairment provisions are calculated individually and collectively.

The Group and the Bank evaluate expected credit losses (ECL) for all its loan exposures through a discounted cash flow model, whereby the present value of the cash flows that the Group and the Bank anticipate receiving in respect of a loan (including the present value of the collateral's residual value) are compared to the loan exposure (netted against any cash collateral) performing the present value estimations are made using each facility's effective interest rate as discounting factor (recalculated annually at each impairment testing, given the variable interest rate contained in the Group's facilities). The ECL calculation has been based on information obtained by the submitted credit applications, reviews or internal update memos, data and information obtained from and/or confirmed directly by the officers, as well as the available market reports and databases.

For the estimation of ECLs, all loan exposures are categorized in 3 stages, depending on whether they are credit impaired or present a significant increase in credit risk ("SICR"), as follows:

- **Stage 1**: includes all loans that are not credit impaired, nor do they present a SICR and are rated within the first 5 grades of the Group's and the Bank's rating system. For stage 1 Loans, ECL resulting from default events within the next 12 months.
- **Stage 2**: includes all loans that present the following criteria. The Group and the Bank according to their policy recognize SICR when :
  (i)All loans that present a SICR. The Group and the Bank according to their policy recognize SICR when there is a more than 2 notches downgrade in the loan's credit rating between the origination date and reporting date,
  (ii) customers that are subject to the two-year probation period for performing forborne exposures
  all loans with the existence of early arrears (past due between 30 and 90 days, for stage 2 Loans, ECL resulting from default events that are possible within the lifetime of the loan.
- **Stage 3**: Credit impaired loans (loans that present objective evidence of impairment and/or are considered "defaulted" under the CRR definition (see Note 2.9)

The stage allocation and the ECL calculation is conducted per borrower exposure for stage 3 Loans, for stage 1 and stage 2 loans the ECL calculation is conducted both on individual and on collective base. The Group and the Bank have developed 2 scenarios for the calculation of expected credit losses, one base and one adverse. The Group and the Bank weight 60% the base scenario and 40% the adverse scenario. The Group and the Bank for the ECL calculation consider several assumptions. These assumptions are based on forward-looking and historical data available at the date when the estimates were made.

The Group and the Bank adjusts the allowance for loans and advances to customers at every reporting date, to account for further expected credit losses, or reversals in the event of a decrease in credit risk, through recognition of impairment gains or losses accordingly.

For the Forborne exposures the Group and the Bank have adopted the EBA definition. Forborne exposures are debt contracts in respect of which forbearance measures have been extended. Forbearance measures consist of concessions towards a debtor facing or about to face difficulties in meeting its financial commitments ("financial difficulties"). Forborne loans are tested for impairment in accordance with the Group's and the Bank's Impairment policy for loans and advances to customers at amortized cost as described above.

2.11 Debt Securities measured at amortized cost ("AC").

In this category the Group and the Bank classify the debt securities that satisfy both of the following criteria:

- The debt security is held within a business model whose objective is to collect the contractual cash flows (Hold to Collect "HTC") and
- The contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Group and the Bank may elect to classify debt securities under the HTC Business Model due to the following reasons:

- manage everyday liquidity needs,
- maintain a particular interest yield profile, or
- match the duration of the financial assets to the duration of the financial liabilities that those assets are funding.
- manage the return on the portfolio on an opportunistic basis, by reinvesting in higher yielding assets, without a clear intention of holding the financial assets to collect contractual cash flows (although the Group might end up holding the assets if no other investment opportunities occur).

The debt instruments, after initial recognition, are measured at AC. In the Income Statement, the Group recognizes interest income using the effective interest rate method, the expected credit losses and the foreign exchange changes are recognised in P&L. On the date of derecognition, the cumulative fair value gains/losses of debt securities are reclassified from other comprehensive income to profit and loss ("P&L").

The identification of default for Debt securities measured at AC remains the same with the identification of default for debt securities measured at FVTOCI, see Note 2.9 section Default definition.

For the calculation of expected credit losses for Debt securities measured at AC and the identification of significant increase in credit risk please see Note 2.7 section Impairment losses on Debt securities.

2.12 Modification of financial assets and derecognition of financial assets and financial liabilities

Modifications of financial assets

The Group and the Bank, in the normal course of its business activities, modify the contractual terms of a loan either as a concession granted to a client facing or that is about to face financial difficulties or due to other commercial reasons such as changes in market conditions, competition within the Grouping industry, customer retention, etc.

Upon modification of the contractual terms of a loan, an assessment follows, in order to conclude on whether the forbearance qualifies as concession or due to other commercial reasons.

In all cases a modification of terms may result in expiry of the asset's original rights to cash flows, although it would not always do so. This is because it is implicit within the requirements for measuring impairment losses that a modification would sometimes be regarded as a continuation of the original, albeit impaired, asset. Therefore, the Group and the Bank would assess the modifications made against the notion of 'expiry' of the rights to the cash flows.

When the cash flows of a loan are modified the Group and the Bank assess whether the rights over the cash flows have been modified substantially, or not. As such, the Group and the Bank determine whether the restructured loan should be regarded as:

- The continuation of the original loan if loan terms have not been modified substantially, with modification gain or loss recognized as a consequence of the restructuring, in this case the Group and the Bank recognize modification gain or loss as the difference between the cash flows of the loan after modification discounted by the effective interest rate of the original loan and the carrying amount of the original financial asset; or

- A new loan which replaces the original loan that is hence derecognized if the Loan terms have been modified substantially. In this case the Group and the Bank would recognize a gain or loss based on the difference between the fair value of the new loan and the carrying amount of the original financial asset.

Derecognition of financial assets

According to IFRS 9, the Group and the Bank is entitled to derecognize a financial asset when, and only when:

- The contractual rights to the cash flows from the financial asset seize to exist or expire; or
- When the risk and rewards of the financial asset are transferred.

As such, the Group and the Bank determines that the restructured debt should be regarded as a derecognition of the original loan when:

- The collateral of the related exposure has been realized in full or is of zero value; or
- The claims on the related exposure were waived in part or in full; and
- No more payments on the remaining claim are to be expected.
- Change in the currency that the lending exposure is denominated.
- Change in Borrower.
- Modifications on the interest rate type.
- Changes of the product type of the facility.
- Derecognition of financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expires.

If an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or substantial modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the Income Statement.

2.13 Derivative financial instruments

Derivative financial instruments are initially recognized in the statement of financial position at fair value and subsequently are re-measured at their fair value.
All derivatives are presented in assets when favorable to the Group and the Bank and in liabilities when unfavorable to the Group and the Bank.

Derivatives are entered into for either hedging or trading purposes and they are recognized at fair value irrespective of the purpose for which they have been entered into. Valuation differences arising from these derivatives are recognized in net result from derivatives and investment securities in P&L. The Group uses mostly FX SWAPs and FX Futures. The FX Swaps and the FX Futures are purchased in order to hedge the currency risk of the open FX position derived from Loans and Customer deposits in foreign currency.

The Group and the Bank do not use hedge accounting and therefore the gains and losses from derivative financial instruments are recognized in net result from derivatives and investment securities. However, the above instruments are effective economic hedges.

2.14 Intangible assets

Includes software carried at cost less amortization. Amortization is charged using the straight-line method over the estimated useful life, which the Group and the Bank have estimated as three years. Expenditure incurred to maintain the software programs is recognized in the income statement as incurred.

2.15 Property and equipment

Includes land, buildings, additions and improvements cost to leased property and other equipment. Property and equipment are initially recorded at cost.

Property and equipment (building and land) are measured at fair value based on periodic valuations by external independent valuers, less accumulated depreciation and accumulated impairment losses if any. A revaluation surplus is credited to other reserves in shareholders' equity. As at 31 December 2022 the fair values of property and equipment have been determined by external, independent, certified valuators. For more details please refer to Note 24.

Other property and equipment are initially recorded at cost. Subsequent to initial recognition, property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses if any.

Subsequent expenditure is capitalized or recognized as separate asset only when it increases the future economic benefits. All costs for repairs and maintenance are recognized in the income statement as incurred.

Depreciation is charged to the income statement on a straight-line basis to allocate their cost or revalued amounts, net of their residual value, over the estimated useful life of each part of an item of property, plant and equipment.

The estimated useful lives are as follows:

- Land: No depreciation
- Buildings: Not exceeding 50 years
- Significant Components of the Building Not exceeding 10 years
- Additions to leased fixed assets and improvements: Over the term of the lease.
- Motor Vehicles and Equipment: 3 to 5 years.

Gains and losses arising from the sale of property and equipment are recognized in the income statement.

2.16 Investment Property

Investment property , acquired through auction, includes buildings with their respective portion of land that are held for the purpose of capital appreciation. Investment property is initially measured at cost which includes any expenditure directly attributable to the acquisition of the asset. Subsequently, investment property is carried at fair value. The difference between the fair value and cost of acquisition is recorded in profit and loss. The fair value measurement is carried out by certified independent valuers with appropriate professional qualifications and experience related to the locations and types of the property under assessment on an annual basis.

The change in the fair value of investment property for the closing year 2022 is presented within "Other Operating income" in the income statement (Note 8).

2.17 Investment in Subsidiaries

Includes Bank's investments in subsidiaries carried at cost, plus any expenses directly attributable to their acquisition less impairment losses. The Aegean Baltic Bank Group, ("the Group"), besides the parent company includes one subsidiary as at 31.12.2022 under the trade name 'ACQUA BLUE PROPERTIES SINGLE MEMBER S.A.'

The Bank assesses for impairment its investment in subsidiaries at each reporting date. If an indication of impairment exists, the Bank performs an impairment test by comparing the carrying value of the investment in the subsidiary with its estimated recoverable amount, determined as the higher of its fair value less cost to sell and its value in use, based on reasonable and supportable information. The calculation of the recoverable amount involves the exercise of judgement in selecting the appropriate parameters.

2.18 Deferred and current income Tax

Deferred tax

Deferred taxation is the tax that will be paid or for which relief will be obtained in the future resulting from the different period that certain items are recognized for financial reporting and tax purposes. Deferred tax is provided for temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are provided based on the expected manner of realization or settlement using tax rates (and laws) enacted at the reporting date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, taking into consideration the enacted tax rates at reporting date. Current and deferred tax is recognized in the income statement except to the extent that it relates to items recognized directly to equity in which case it is recognized in equity.

The Group and the Bank has offset deferred tax assets and deferred tax liabilities based on the legally enforceable right to set off the recognized amounts i.e., offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Current income tax

Current Income tax liability is based on taxable profit for the year. Taxable profit differs from profit/(loss) for the period as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current income tax liability is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2.19 Provisions and other liabilities

A provision is recognized when the Group and the Bank have a constructive or legal obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount has been reliably estimated. Provisions are measured by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

2.20 Employee benefits

Defined contribution plan

For defined contribution plan, the Group and the Bank pay contributions to publicly or privately administrated pension insurance plan, to insurance companies and other funds on a mandatory or voluntary basis. The Group and the Bank have no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefit expense on an accrual basis and charged to the income statement in the year to which they relate.

Defined benefit plan

The net liability of the Group and the Bank, in respect of defined benefit plans, is calculated based on the amount of the future benefits, for which the employees are entitled to and is dependent on their present and former service. The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of high credit rating company securities, which have terms to maturity approximating the terms of the related liability. The obligation deriving from benefit plan has been calculated and recognized on the basis of an independent actuarial study using the "Projected Unit Credit Method". The current service cost is the increase in the present value of a defined benefit obligation arising from employee service during the current period. Past service cost is the change in the present value of the defined benefit obligation resulting from a plan amendment and is recognized directly to profit or loss, when the plan amendment occurs.

Actuarial gains and losses are recognized directly to the equity of the Group, as they occur. These gains and losses are not recycled to profit or loss.

The Group's and the Bank's policy for the indemnities aligns with the 2021 IFRIC decision of IAS 19 fact pattern, concerning the method of attributing benefits to period of service. The change in the attribution methodology constitutes a change in accounting policy.

2.21 Offsetting

Financial assets and liabilities are offset, and the net amount is reported in the statement of financial position and only when there is a legally enforceable right to offset the recognized amounts and there is an intention to realize the asset and settle the liability simultaneously or on a net basis.

2.22 Share issue expenses

Incremental costs of share capital increase

Incremental external costs directly attributable to the issue of shares are deducted from share premium net from any related income tax benefit.

2.23 Share premium

The difference between the nominal value and the offering price of the shares issued is recorded as share premium.

2.24 Related party transactions

Related parties include:

(a) an entity that has control over the Group and the Bank and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
(b) members of key management personnel, their close family members and entities controlled or jointly controlled by the abovementioned persons;
(c) associates and joint ventures of the Group and the Bank; and
(d) subsidiaries.

2.25 Cash and cash equivalents

Cash and cash equivalents include cash on hand, unrestricted balances held with Central Bank, amounts due from other banks and highly liquid financial assets are those that upon initial recognition mature within three months.

2.26 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. The Group and the Bank is involved only in operating leases and is acting only as a lessee.

When the Group and the Bank enter into a lease agreement as a lessee, it recognizes a lease liability and a corresponding right-of-use (RoU) asset at the commencement date of the lease term when the Group and the Bank acquire control of the physical use of the asset.

Lease liabilities are presented within Other liabilities and RoU assets within Property and Equipment. Lease liabilities are measured based on the present value of the future lease payments over the lease terms, discounted using an incremental borrowing rate (IBR) concerning buildings and respectively using the rate implicit in the car leases. The interest expense on the lease liabilities is presented within Net interest income.

The RoU asset is initially at an amount equal to the lease liability and is adjusted for rent prepayments, initial direct costs, or lease incentives received. Subsequently, the RoU asset is depreciated over the shorter of the lease term or the useful life of the underlying asset, with the depreciation presented within Depreciation and Amortization charges.

For short-term leases (lease term of 12 months or less) and leases of low-value assets (below €5,000), the Group and the Bank recognizes a lease expense on a straight-line-basis as permitted by IFRS 16 using the relevant practical expedient. This expense is presented within General & Administrative Expenses.

Note 3: Critical accounting estimates and judgments

The preparation of financial statements in accordance with IFRSs requires management to make subjective judgments, estimates and assumptions, which affect not only the carrying amount of assets and liabilities, but also the level of the income and expenses recognized in the financial statements and the notes which are an integral part of the financial statements. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Management considers that the subjective judgments, estimates and assumptions, made for the preparation of the financial statements are appropriate and reflect the facts and conditions prevailing on 31 December 2022. The accounting principles, estimates and judgments adopted by the Group and the Bank which are material for the understanding of the financial statements are as follows:

Use of available information and application of judgment are inherent in the formation of estimates in the following areas: valuation of over the counter ("OTC") derivatives, retirement benefits obligation, and recoverability of deferred tax assets, expected credit losses and assessment of fair value of property.

3.1 ECL Estimation

Determination of ECL of loans and advances to customers

The ECL measurement requires Management to apply a high degree of judgment.

The impairment loss on loans and advances to customers results from a continuous evaluation of the customer's portfolio for expected losses. The evaluation of the customer's portfolio is performed by officers responsible for each credit category, using specific methodology and guidance in accordance with IFRS 9, which are continuously reexamined.
Management of the Group and the Bank performs individual and collective assessment of customers.

The individual provisions relate to loans and advances separately examined for allowance based in the best management's estimation for the present value of future cash flows. Estimating the present value of future cash flows, the management evaluates the financial position of each customer and the recoverable amount of the collateralized assets (e.g., prenotation on Vessels and property). Each case is evaluated separately, whereas the followed methodology is reviewed periodically.

Determination of ECL of debt securities

The Group's and the Bank's estimated ECL for debt securities is the output of a probability weighted model for each scenario with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies.
For the purposes of the ECL measurement, the Group and the Bank perform the necessary model parameterization based on observed point-in-time data. The ECL calculations are based on input parameters, i.e. Exposure At Default ("EAD"), Probability of Default ("PDs"), Loss Given Default ("LGDs"), etc. incorporating Management's view of the future, by using the current macro-variant risk parameters and the respective ones of a worse than the current macro-economic environment and it is characterized by a percentage increase of the debt instrument's PD and LGD. The exact values of the percentage increase are not constant and they are subject to the macroeconomic state at the date of the exercise.

Determination of a significant increase of credit risk (SICR)

The objective of the impairment requirements is to recognize lifetime expected credit losses for all financial assets for which there has been significant increase in credit risk ("SICR") since initial recognition, whether assessed on an individual or collective basis considering all reasonable and supportable information, including forward-looking.
The assessment is performed at each reporting period by considering primarily the change in the risk of default occurring over the remaining life of the financial instrument and requires Management to apply a high degree of judgment in determining the allowance for impairment losses.
The identification of SICR is based on qualitative and quantitative criteria depending on the availability, quality and quantity of the information.

Determination of scenarios, scenario weights and macroeconomic factors of loans and advances to customers

To achieve the objective of measuring ECL, the Group and the Bank evaluate a range of possible outcomes in line with the requirements of IFRS 9 through the application of macroeconomic scenarios i.e., base and adverse, in a way that reflects an unbiased and probability weighted outcome, which express potential future developments in the Shipping Industry. Each of the aforementioned scenarios, are based on Management's assumptions for future economic conditions in the form of macroeconomic, market and other factors. Changes in the scenarios and weights, the corresponding set of macroeconomic variables and the assumptions made around those variables would have an effect on the ECL.

3.2 Retirement benefit obligations

The retirement benefit obligations are estimated with actuarial techniques using assumptions for future salary levels, benefit levels and discounting factors. These assumptions are in compliance with annual salary increases affected by the Group's and the Bank's labor agreements and relevant policies. Any changes in these assumptions will impact the carrying amount of retirement benefit obligations. The independent qualified actuaries determine the appropriate discount rate at the end of each year by reference to yield curves based on corporate bond indices.

3.3 Determining fair value of properties classified under Property, plant and equipment and Investment properties

Property and equipment and investment properties are carried at fair value, as determined by external, independent, certified valuators on an annual basis or more or less often if deemed appropriate upon assessment of relevant circumstances. For the determination of the Fair Value a combination of the Market Approach (Comparative) and Investment Approach (Income) is used. According to the comparative method the valuation will be based on the conclusions drawn from research and collecting comparative data of property with similar characteristics. The method of the income approach calculates the fair value of each property based on capitalized value of the present lease.

Note 4: Financial risk management

4.1 Introduction and overview

The Group and the Bank are exposed to the following risks:

- Credit Risk
- Liquidity Risk
- Market Risks
- Operational Risk

This note presents the Group's and the Bank's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk, as well as the management of capital.
The Group and the Bank, acknowledge their exposure to banking risks as well as the need to control and effectively manage those risks in the most optimum way and provide continuous and high quality returns to its shareholders.

The Board of Directors (BoD) has total responsibility for the development and overseeing of the risk management framework. The implementation and ongoing development of the Risk Management Framework is a priority and is taken into account in the formulation of annual business plans.

The responsibility for the specification and implementation of the risk management framework, according to directions by the Board of directors, has the Risk Management unit. The head of the Management unit reports directly to the Board of directors. The Risk Management Unit is comprised of the following divisions: a) Credit Risk Management division and b) Market, Liquidity and Operational Risk Management division.

4.2 Credit risk

4.2.1 Credit risk management strategies and procedures

The Group and the Bank engages in activities that can expose it to the credit risk. Credit risk is the risk of default of a counterparty regarding its contractual obligations. Credit risk is the most significant risk for the Group and the Bank and therefore its effective monitoring and persistent management constitutes a top priority for senior management.

Group's and Bank's main exposure to credit risk is loans and advances to customers and due from banks. Management gives great consideration to the proper management of credit risk having set up the necessary infrastructure and procedures.

The implementation of the credit policy, that describes the principles of credit risk management of the Group and the Bank, ensures effective and uniform credit risk monitoring and control.
Under the Risk Management, there is the Credit Risk Management Division which operates with the mission of continuous monitoring, measurement and control of the Group's credit risk exposures against enterprises.

4.2.2 Credit risk measurement and reporting systems

Given that the Group's and the Bank's loans portfolio exclusively consist of unrated by External Credit Assessment Institutions (ECAI) obligors of the shipping sector, the Group has established and follows its own, ten-grade, credit risk rating system.

The Group and the Bank have also developed internally a shipping credit rating interface between its ten-grade rating system and the object finance slotting criteria methodology of the IRB-Basic approach included in the Basel-II framework. To date, this model is being used by the Group's and the Bank'σ Risk Management Department to validate the credit ratings of the ten-grade risk methodology used internally as well as for shipping credit risk stress-testing purposes.

Each category of the credit rating scale corresponds to a specific policy of the Group and the Bank as far as the relationship with the respective obligors is concerned. The credit rating scale for borrowing customers comprises 10 grades from which 5 grades correspond to obligors that have not defaulted on their contractual obligations, 1 grade corresponds to obligors who have not defaulted on their contractual obligations, or who have undergone a mild distress restructuring, 1 grade corresponds to obligors who have recorded or are expected to record sporadic (non-continuing) payment defaults, or who have undergone a distress restructuring, 1 grade corresponds to obligors who have recorded continuing payment defaults, or who have undergone a significant distress restructuring and the last 2 grades correspond to obligors who have defaulted on their contractual obligations and the Group and the Bank have commenced legal action against them.

Rating	Credit Worthiness	Policy
1	Excellent	Develop relationship
2	Strong	Develop relationship
3	Very Good	Develop relationship
4	Good	Develop relationship
5	Satisfactory	Develop on a case by case basis (lower leverage, strong collateral) / Maintain relationship
6	Acceptable	Maintain relationship / Increase exposure on very selective basis. Strengthen collateral. Improve through mild restructuring.
7	Vulnerable	Limit exposure / Maintain relationship subject to very strong collateral. Improve through preferably mild or distress restructuring
8	Substandard	Limit exposure / Restructure (distress) subject to very strong collateral and/or much stronger debt servicing potential
9	Doubtful	Restructure / Terminate relationship through liquidation. Enforce legal rights with the aim to avoid incurring loss.
10	Loss	Terminate relationship through liquidation. Enforce legal rights or restructure (forbearance) with the aim to limit loss.

These information sources (credit rate) are first used to determine the appropriate IFRS 9 stage of the shipping exposures and assess if an event of significant increase in credit risk ("SICR") has been occurred.

When the Group and the Bank consider that the borrower has become risky, it takes the necessary measures to reduce its exposure to that risk and furthermore to reduce all the financial facilities towards that borrower. The Group and the Bank, before the approval and during the term of the loan, at least annually at the reporting date, measures the creditworthiness of the counterparty as well as the quality and sufficiency of the collateral. During each counterparty's evaluation of creditworthiness, classification in a category and determination of credit limit, the financial information is examined quantitatively and qualitatively.

The most common practice used by the Group and the Bank to mitigate credit risk is requiring collaterals for loans and advances to customers. The major collateral types for loans and advances to customers are vessels, mortgages, cash collaterals and corporate or personal guarantees.

The collateral associated with a credit is initially evaluated during the credit approval process, based on their current or fair value and is reevaluated at regular intervals at least once a year.

Significant Increase in Credit Risk

The implementation of credit policy, that describes the principles of the Group's and the Bank's credit risk policy and practices with respect to credit assessment, ensures its effective monitoring procedures. Management implements a credit quality control procedure, for the timely detection of possible changes in the creditworthiness of the counterparties, as well as collaterals' regular control. All credit limits are determined through credit rating system which is regularly reviewed for each borrower. The above credit quality control process helps Management to assess the expected credit loss resulting from the risks exposed, taking structural measures.

The assessment of significant increase in credit risk is key in establishing the point of switching between the requirement to measure an allowance based on 12-month expected credit loss or based on lifetime ECL. If, following this assessment, a significant increase in credit risk occurs, the Group and the Bank recognize a loss allowance amount equal to the expected credit loss (ECL) amount over the life of that financial instrument.

Under IFRS 9 significant deterioration in a borrower's credit rating should be considered a factor of equal importance to its absolute credit rating. In compliance with the framework and for the purposes of stage allocation, the Group and the Bank use a combination of the following criteria for the purposes of identifying a Significant Increase in Credit Risk (SICR):

a) **Relative Rate Threshold**. The Group and the Bank recognize a significant increase in credit risk for exposures to borrowers that have been downgraded by two (2) or more notches since their initial recognition and as a result of such downgrade fall within the credit ratings five (5) and seven (7). Essentially, such exposures for which the Group and the Bank recognize a significant increase in credit risk are classified to stage 2
b) **Forbearance**. All Forborne Performing Exposures (FPE) are classified as having a significant increase in credit risk.
c) **Backstop indicators**. Lending exposures that are overdue more than 30 days, are considered as exposures with Significant Increase in Credit Risk and are classified into Stage 2.

Expected Credit Loss Estimation

<u>Loans and advances to customers</u>

The Group and the Bank assess the impairment losses on individual facility level. Due to the small size and diversity of the Group's and the Bank's loan portfolio, the individual calculation approach is deemed to be the most accurate and efficient for the Group's and the Bank's needs. As such, the stage allocation and the expected credit loss calculation is conducted per borrower exposure. Notable exceptions are cases whereby certain exposures to a specific group are legally or commercially bound.

ECL is defined as the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows expected to be received (i.e., all cash shortfalls), discounted at the original EIR (or credit-adjusted EIR for purchased or originated credit-impaired financial assets). All contractual cash flows of the loan and cash flows resulting from the sale of collateral or other credit enhancements are considered.

The Group and the Bank measure the ECL after classifying the companies under "Going Concern" or "Gone Concern" depending on their servicing capacity and financial standing while due to the nature of the business and the characteristics of the shipping loans (which usually include mortgaged ships and balloon payments due at maturity), the liquidation of the operating collateral (vessels) is considered in both cases as a source of repaying the loan and especially the final balloon payment.

The calculation of the expected future cash flows is carried out in accordance with two approaches Going Concern approach and Gone Concern approach.

The Group and the Bank distinguish between two ECL measurement approaches, after classifying its obligors under "going concern" or "gone concern", as analyzed further below. It is clarified that the selection of each approach is dependent on the operational and financial status, as well as the cash-flow generating and debt servicing capacity of each obligor and, may therefore be applicable irrespective of the classification status of the underlying exposure (performing or non-performing).

Going Concern

“Going Concern” methodology is applied for cases of borrowers whose businesses continue to operate and are expected to remain operational in the foreseeable future. In such cases, their future operational cash flows along with potential cash flows from liquidation or refinancing of collaterals are taken into account when calculating ECL, as the Group and the Bank would reasonably expect to have a legal claim to those cash flows in the event of a default.

The Group and the Bank calculate the best possible estimation of the present value of the related recoverable amount, based on the following:

- Calculation of the obligor’s net cash flow until the contractual maturity of the facility (lifetime impairment);
- Estimation of the collateral’s residual market value. Customarily, the collateral comprises one or more vessels and the residual value is calculated by taking into account factors such as the asset’s present market value and scrap value, and the historical correlation between asset prices and vessel earning levels, as well as by applying linear interpolations when necessary. A haircut is then applied on the calculated residual value so as to reflect potential refinancing or forced sale of the asset;

In calculating the factors above, certain assumptions are employed by the Group and the Bank, regarding the future generated income and present market value of the underlying assets, various operating expenses, interest rates, scrap metal prices etc. These assumptions are generally based on forward-looking and historical data available at the date when the estimates were made.

Additional factors, which are considered significant in affecting the debt servicing outcome (such as minimum liquidity / cash collateral requirement, other collateral, cash sweep provisions, fixed employment contracts, asset sale contracts, advanced negotiations for the restructuring of the repayment terms, potential contributions by the shareholders, etc.) are also incorporated in the aforesaid framework.

Provided that the relevant obligor continues to be operational and capable of generating cash flows (thus the use of the "going concern" methodology can be applied), if the contractual maturity of the relevant facility has expired, the impairment test horizon is usually set at twelve (12) months from the test reference date, or at an earlier or later date which represents a reasonable time frame for the due repayment of the exposure through the obligor's prospective cash flows and/or the potential liquidation of collateral, as the case may be.

Gone Concern

The "Gone Concern" methodology is applied to business which either have ceased their operations or their cash flows are significantly reduced to an extent, where they can no longer service any of their debt obligations.

In such cases, the Credit Risk Management Division “CRMD” does not take into account any future cash flows in its calculations. The estimated recovery amount is solely based on the present value of expected cash flows that stem from liquidation of connected collaterals taking into account the time and the liquidation costs.

Provided that the obligor's activity and cash-flow generating capacity has greatly diminished or ceased (thus the use of the "gone concern" methodology can be applied) if the contractual maturity of the relevant facility has expired, the impairment test horizon is usually set at twelve (12) months from the test reference date, or at an earlier or later date which represents a reasonable time frame for the liquidation of the collateral depending on the case and the prevailing liquidation scenario.

The time horizon over which the ECL of loans advances to customers is assessed depends on the stage where each lending exposure has been allocated to:

- Exposures that display neither significant increases in credit risk nor indications of impairment, and thus are classified in Stage 1, have their expected credit losses measured within a 12month time period.
- Exposures that display significantly increased credit risk (SICR), yet do not have any indications of impairment, are classified at Stage 2, and lifetime expected credit losses are estimated.
- Exposures that display objective evidence of impairment have their impairment losses measured through the calculation of Lifetime ECL.

For off- balance sheet exposures, the Group and the Bank calculate the exposure amount at risk calculated through an appropriate credit conversion factor (CCF) and subsequently, measures the expected credit loss through the aforementioned methods.

Macroeconomic Scenario Integration
According to IFRS 9 financial institutions should integrate available information about potential future economic developments into their ECL calculation. As such, the Group and the Bank base their estimations of future cash flows on the weighted average of two scenarios (base – adverse), which express potential future economic developments affecting the cash flows of the obligors.

With regard to its shipping corporate loan exposures, the Group and the Bank integrate future economic developments by using expected freight rates to estimate the impact on expected cash flows and collateral liquidation values. Market value of collateral is assessed either through straight line depreciation after taking into account the current market and scrap value of the ship or based on the income method after consideration of the spot and forward freight rates and their correlation with market values. For lifetime ECL calculations, the Group and the Bank estimate cash flows based on forward freight rates (1-year and 3-year) using interpolation methods for a period up to six (6) years. For periods above six (6) years, estimations are based on historical data of the market, as the Group and the Bank assume that the freight market will converge back to its historical averages over extended periods of time.

With regard to its non-shipping corporate loan exposures, considering the small size and diversity of such portfolio, the Group and the Bank incorporate reasonable and conservative estimates of future economic impact on the individualized cash flow projections performed for each exposure. These estimates are generic (i.e. not factor-specific), may vary among different cases and depend on the particular characteristics of each obligor and the sector within which it operates, as well as on the existence and strength of legal rights to specific cash flows or assets in favor of the Group and the Bank, including, where applicable, assessment of potential economic impact on the counterparties through which such cash flows are originated.

Debt Securities
In compliance with the impairment requirement under IFRS 9, the Group and the Bank assess the expected credit losses for each of the debt instruments. The time horizon over which the ECL is assessed depends on the stage where each debt instrument exposure has been allocated.

The amount of expected credit losses (ECL) recognized as an impairment loss allowance depends on the extent of credit deterioration since initial recognition. The assessment of significant deterioration is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL.

Debt instruments that display neither significant increases in credit risk nor indications of impairment, and thus are classified in Stage 1, have their expected credit losses measured within a 12month time period.

Debt instruments that display significantly increased credit risk (SICR), yet do not have any indications of impairment, are classified at Stage 2.

Debt instruments that display objective evidence of impairment have their impairment losses measured through the calculation of Lifetime ECL.
The risk parameters used to estimate ECL for the respective financial instruments are:

- **Exposure at Default**: represents the amount of book value or carrying amount at each reporting period
- **Loss Given Default (LGD):** represents the estimation of loss over the EAD at the default date. LGD for sovereign and corporate debt securities is taken from respective recovery rating tables provided by ECAIs, the Bloomberg, paper surveys, or based on historical data of the Group and the Bank
- **Probability of Default (PD):** represents the probability that a debt instrument will default over a period of time since the date of assessment (reporting date). There are two PD types that are used for the expected credit loss calculation, as shown below:
  - **12-month PD:** the PD of the shortest period between a period of 12 months and the maturity (if it matures earlier than 12 months) of the debt instrument. The 12-month PD is used for the estimation of the 12 month ECL on Stage 1.
  - **Lifetime PD:** the PD over the remaining lifetime of the debt instrument. The lifetime PD is used for the estimation of the lifetime ECL on Stage 2. Lifetime PD is the sum of the marginal PDs with the latter being the incremental probability of default in a specific time period.

Purchased or Originated Credit Impaired

Purchased or originated credit impaired financial assets ("POCI assets") are financial assets that are credit-impaired on initial recognition. The corresponding assessment for POCI-assets is performed at initial recognition instead of subsequent periods.

POCI assets are not subject to stage allocation and are always measured on the basis of lifetime expected credit losses.

Write-offs

- Where the Group and the Bank has no reasonable expectations of recovering a financial asset either in its entirety or a portion of it, the gross carrying amount of that instrument is reduced directly, partially or in full, against the impairment allowance. After all the relevant investigations and legal required actions have been performed, the loan is written-off through the use of the allowance account.

- Write-offs are approved by the competent Credit Committee members and Bank's Board of Directors.

4.2.3 Expected Credit Loss for loans and advances to customers and for the off balance credit exposures

The following tables depict the expected credit loss per loan category, financial Guarantees and Undrawn commitments of the closing balance 31.12.2022 and 31.12.2021 for the Group and the Bank, based on the weighted probability of two different macroeconomic scenarios, as described above:

Group			**31.12.2022**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	(1,716)	(36)	(5,842)	(7,594)
Loans and advances to corporate sector	(446)	(17)	(1,539)	(2,002)
Other loans & Staff loans	-	-	-	-
Total on Balance sheet Credit Losses	**(2,162)**	**(53)**	**(7,381)**	**(9,596)**
Financial Guarantees	(84)	-	-	(84)
Undrawn Commitments	(38)	-	-	(38)
Total off Balance sheet Credit Losses	**(122)**	**-**	**-**	**(122)**
Total Credit Losses	**(2,284)**	**(53)**	**(7,381)**	**(9,718)**

Bank			**31.12.2022**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	(1,716)	(36)	(5,842)	(7,594)
Loans and advances to corporate sector	(446)	(17)	(1,539)	(2,002)
Other loans & Staff loans	-	-	-	-
Total on Balance sheet Credit Losses	**(2,162)**	**(53)**	**(7,381)**	**(9,596)**
Financial Guarantees	(84)	-	-	(84)
Undrawn Commitments	(38)	-	-	(38)
Total off Balance sheet Credit Losses	**(122)**	**-**	**-**	**(122)**
Total Credit Losses	**(2,284)**	**(53)**	**(7,381)**	**(9,718)**

Bank			**31.12.2021**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	(1,700)	(45)	(5,381)	(7,126)
Loans and advances to corporate sector	(474)	(14)	-	(488)
Other loans & Staff loans	-	-	-	-
Total on Balance sheet Credit Losses	**(2,174)**	**(59)**	**(5,381)**	**(7,614)**
Financial Guarantees	(32)	-	-	(32)
Undrawn Commitments	(51)	-	-	(51)
Total off Balance sheet Credit Losses	**(83)**	**-**	**-**	**(83)**
Total Credit Losses	**(2,257)**	**(59)**	**(5,381)**	**(7,697)**

Exposure from loans and advances to customers in corporate sector derives from Greece and in shipping sector derives from the rest of the world.

4.2.4 Gross Balances for loans and advances to customers and for the off balance credit exposures

The below table shows the gross amounts of the Group's and the Bank's credit exposures for financial instruments at amortized cost as well as the off balance credit exposures as at as at 31 December 2022 and 31 December 2021.

Group			**31.12.2022**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	408,921	8,447	5,953	423,321
Loans and advances to corporate sector	98,641	3,641	2,629	104,911
Other loans & Staff loans	576	-	-	576
Total Loans and advances to customers (on Balance sheet exposure)	**508,138**	**12,088**	**8,582**	**528,808**
Financial Guarantees	54,493	-	-	54,493
Undrawn Commitments	16,973	-	-	16,973
Total off Balance sheet Exposure	**71,466**	**-**	**-**	**71,466**
Total Exposure	**579,604**	**12,088**	**8,582**	**600,274**

Bank			**31.12.2022**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	408,921	8,447	5,953	423,321
Loans and advances to corporate sector	98,641	3,641	2,629	104,911
Other loans & Staff loans	576	-	-	576
Total Loans and advances to customers (on Balance sheet exposure)	**508,138**	**12,088**	**8,582**	**528,808**
Financial Guarantees	54,493	-	-	54,493
Undrawn Commitments	16,973	-	-	16,973
Total off Balance sheet Exposure	**71,466**	**-**	**-**	**71,466**
Total Exposure	**579,604**	**12,088**	**8,582**	**600,274**

Bank			**31.12.2021**	(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	430,657	11,599	10,823	453,079
Loans and advances to corporate sector	116,671	3,374	-	120,045
Other loans & Staff loans	512	-	-	512
Total Loans and advances to customers (on Balance sheet exposure)	**547,840**	**14,972**	**10,823**	**573,636**
Financial Guarantees	46,618	18	9	46,645
Undrawn Commitments	19,434	-	-	19,434
Total off Balance sheet Exposure	**66,052**	**18**	**9**	**66,079**
Total Exposure	**613,894**	**14,990**	**10,832**	**639,715**

The following table presents the Group's and the Bank's maximum credit risk exposure as at 31 December 2022 and 31 December 2021, without including collateral held or other credit enhancements. For on-balance sheet items, credit exposures are based on their carrying amounts as reported in the statement of financial position.

			€' 000
	31.12.2022		**31.12.2021**
ASSETS	**Group**	**Bank**	**Bank**
Due from banks	114,420	114,420	68,714
Loans and advances to customers at amortized cost	519,212	519,212	566,022
Investment securities – FVTOCI	186,064	186,064	68,067
Debt Securities at amortized cost	67,380	67,380	39,314
Derivative financial instruments	-	-	18
Maximum exposure from financial instruments	**887,076**	**887,076**	**742,135**
OFF BALANCE SHEET ITEMS			
Undrawn commitments	16,973	16,973	19,434
Financial guarantees	54,493	54,493	46,645
Maximum exposure from off balance sheet items	**71,466**	**71,466**	**66,079**

4.2.5 Collaterals and guarantees

The collaterals are measured at fair value. When the value of the collaterals exceeds the loan balance, the value of collateral is capped to the total exposure (on & off-balance sheet) before allowance for impairment.

The below tables provide an analysis of the closing balance 31.12.2022 and 31.12.2021 of collaterals held for all stages of loans and advances to customers at amortized cost and Off-balance sheet Exposures.

Group			**31.12.2022**	(€' 000)
Collateral amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	417,599	8,447	228	**426,274**
Loans and advances to corporate sector	129,298	3,641	2,632	**135,571**
Other loans & Staff loans	-	-	-	**-**
Total Loans and advances to customers	**546,897**	**12,088**	**2,860**	**561,845**

Bank			**31.12.2022**	(€' 000)
Collateral amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	417,599	8,447	228	**426,274**
Loans and advances to corporate sector	129,298	3,641	2,632	**135,571**
Other loans & Staff loans	-	-	-	**-**
Total Loans and advances to customers	**546,897**	**12,088**	**2,860**	**561,845**

Bank			**31.12.2021**	(€' 000)
Collateral amount	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Loans and advances to shipping corporations	521,431	11,604	10,028	543,063
Loans and advances to corporate sector	57,014	3,373	-	60,387
Other loans & Staff loans	-	-	-	-
Total Loans and advances to customers	**578,445**	**14,977**	**10,028**	**603,450**

Group's Breakdown of collateral and guarantees as at 31.12.2022

			31.12.2022	(€' 000)
	Real estate collateral	Financial collateral	Other collateral / Vessels	**Total value of collateral**
Collaterals and guarantees of loans and advances	33,716	122,141	405,989	561,846
Total	**33,716**	**122,141**	**405,989**	**561,846**

Bank's Breakdown of collateral and guarantees as at 31.12.2022

			31.12.2022	(€' 000)
	Real estate collateral	Financial collateral	Other collateral / Vessels	**Total value of collateral**
Collaterals and guarantees of loans and advances	33,716	122,141	405,989	561,846
Total	**33,716**	**122,141**	**405,989**	**561,846**

Bank's Breakdown of collateral and guarantees as at 31.12.2021

			31.12.2021	(€' 000)
	Real estate collateral	Financial collateral	Other collateral / Vessels	**Total value of collateral**
Collaterals and guarantees of loans and advances	40,929	99,262	463,259	603,450
Total	**40,929**	**99,262**	**463,259**	**603,450**

The group of collaterals that are subject to individual valuations and revaluations on a regular basis should be updated at the time when the exposure is classified as non-performing and at least annually while it continues to be classified as such. The Group and the Bank ensure that, for the collateral subject to indexation or other similar methods, the indexation is updated at least annually. For properties with an updated individual valuation that has taken place within the past 12 months, the property value may be indexed up to the period of the impairment review.

Particular consideration is given to the value and strength of the collateral securing each credit facility, and especially the asset to be financed or being financed and mortgaged (e.g. ship type, age, condition, and technical characteristics, present and prospect market value). The Group and the Bank have defined categories of acceptable collaterals in its credit policy such as ship mortgage, real estate mortgage, bills of exchange, pledged depos etc.

4.2.6 Credit Concentration risk management

The concentration of exposure to credit risk can arise mostly from two types of inadequate risk diversification within a portfolio: (a) group concentration and (b) sector concentration. Group concentration is associated with inadequate risk diversification arising from large exposure to individual groups of connected borrowing clients. The sector concentration arises from large exposures to customer groups affected by common factors such as the macroeconomic environment, industry activity, currency etc. Moreover, country risk reflects the risk arising from macroeconomic instability, social events or political uncertainty in a country, including debt restructuring, nationalizations that may affect the Group's and the Bank's earnings. The Group’s exposures to the Greek corporate sector mainly concerns the country risk of Greece, whereas the Group’s exposures to the shipping sector are not connected to a particular country’s risk due to the international activity nature of the shipping sector.

Credit risk concentrations arising from significant credit exposures to a counterparty or a group of counterparties of common ownership and business interest, whose probability of default depends on common risk factors, is monitored through the Large Financial Exposures (LFE) and Large Obligors (LO) supervisory reports

As of 31.12.2022, the gross loan balances of the 10 largest obligor groups of the Group accounted for 33% of the total gross balance of the customers’ loans portfolio, on-balance sheet, and for 31% of the total amount of customers’ credit limits, on-and-off balance sheet (31.12.2021: 29% and 30%, respectively). As of the same dates, none of the Group’s credit exposures to customers exceeded the maximum limit set out by the regulatory framework regulation, of 25% of Regulatory Capital, (Part Four, Regulation (EU) No 575/2013 (CRR), articles 387-403). In order to comply with the regulatory limits, the Group sets specific limits for concentration risk, mostly in group concentration. These limits are set in absolute terms (maximum exposure). The Group monitors credit risk concentrations on a continuous basis, as part of its Credit Risk Management Policy and related processes, particularly monitoring and analysing the repayment sources and re-evaluating the credit risk mitigation techniques (collaterals and guarantees) applicable to such exposures.

Finally, within the Internal Capital Adequacy Assessment Process (ICAAP), the Group and the Bank have adopted a methodology to measure the risk arising from concentration to economic sectors (sectoral concentration) and to individual companies (name concentration). Additional capital requirements are calculated, if necessary, and Pillar 1 capital adequacy is adjusted to ultimately take into account such concentration risks.

4.2.7 Loans and advances to customers

4.2.7.1 Credit quality of loans and advances to customers

The Group and the Bank perform quality analysis of Loans and advances to customers at amortized cost on an individual basis. The below tables present the closing balance 31.12.2022 and at 31.12.2021 of quality analysis with IFRS 9 of impaired loans and advances to customers at amortized cost:

Group			**31.12.2022**	(€' 000)
Stage 1	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	397,732	11,189	-	408,921
Loans and advances to corporate sector	98,641	-	-	98,641
Other loans & Staff loans	-	-	576	576
Total loans and advances to customers stage 1	**496,373**	**11,189**	**576**	**508,138**
Stage 2	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	4,462	3,986	-	8,448
Loans and advances to corporate sector	-	3,641	-	3,641
Total loans and advances to customers stage 2	**4,462**	**7,626**	**-**	**12,088**
Stage 3	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	-	5,953	-	5,953
Loans and advances to corporate sector	-	2,629	-	2,629
Total loans and advances to customers stage 3	**-**	**8,582**	**-**	**8,582**
Total Loans and advances to customers	**500,835**	**27,397**	**576**	**528,808**

Bank			**31.12.2022**	(€' 000)
Stage 1	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	397,732	11,189	-	408,921
Loans and advances to corporate sector	98,641	-	-	98,641
Other loans & Staff loans	-	-	576	576
Total loans and advances to customers stage 1	**496,373**	**11,189**	**576**	**508,138**
Stage 2	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	4,462	3,986	-	8,448
Loans and advances to corporate sector	-	3,641	-	3,641
Total loans and advances to customers stage 2	**4,462**	**7,626**	**-**	**12,088**
Stage 3	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	-	5,953	-	5,953
Loans and advances to corporate sector	-	2,629	-	2,629
Total loans and advances to customers stage 3	**-**	**8,582**	**-**	**8,582**
Total Loans and advances to customers	**500,835**	**27,397**	**576**	**528,808**

Bank			**31.12.2021**	(€' 000)
Stage 1	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	429,562	1,095	-	430,657
Loans and advances to corporate sector	105,319	11,353	-	116,672
Other loans & Staff loans	-	-	512	512
Total loans and advances to customers stage 1	**534,881**	**12,448**	**512**	**547,841**
Stage 2	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	5,497	6,103	-	11,600
Loans and advances to corporate sector	2,424	948	-	3,372
Total loans and advances to customers stage 2	**7,921**	**7,051**	**-**	**14,972**
Stage 3	**Satisfactory**	**Watchlist**	**Unrated**	**Total**
Loans and advances to shipping corporations	-	10,823	-	10,823
Total loans and advances to customers stage 3	-	**10,823**	-	**10,823**
Total Loans and advances to customers	**542,802**	**30,322**	**512**	**573,636**

4.2.7.2 Credit quality of forborne loans and advances to customers at amortized cost

			31.12.2022 (€' 000)
Group	**Loans and Advances to customers at amortized cost**	**Of which: Forborne Loans and Advances to customers at amortized cost**	**% of Forborne Loans and Advances to customers at amortized cost**
Stage 1	508,138	-	0%
Stage 2	12,088	3,985	33.0%
Stage 3	8,582	-	0%
Total Gross exposure	**528,808**	**3,985**	**0.8%**
Stage 1 ECL allowance	(2,162)	-	0%
Stage 2 ECL allowance	(53)	(16)	31.1%
Stage 3 ECL allowance	(7,381)	-	0%
Total ECL allowance	**(9,596)**	**(16)**	**0.2%**
Stage 1	505,976	-	0%
Stage 2	12,035	3,969	33.0%
Stage 3	1,201	-	0%
Total Loans and advances to customers at amortized cost (net amount)	**519,212**	**3,969**	**0.8%**
Value of collateral	528,717	3,688	0.7%

			31.12.2022 (€' 000)
Bank	**Loans and Advances to customers at amortized cost**	**Of which: Forborne Loans and Advances to customers at amortized cost**	**% of Forborne Loans and Advances to customers at amortized cost**
Stage 1	508,138	-	0%
Stage 2	12,088	3,985	33.0%
Stage 3	8,582	-	0%
Total Gross exposure	**528,808**	**3,985**	**0.8%**
Stage 1 ECL allowance	(2,162)	-	0%
Stage 2 ECL allowance	(53)	(16)	31.1%
Stage 3 ECL allowance	(7,381)	-	0%
Total ECL allowance	**(9,596)**	**(16)**	**0.2%**
Stage 1	505,976	-	0%
Stage 2	12,035	3,969	33.0%
Stage 3	1,201	-	0%
Total Loans and advances to customers at amortized cost (net amount)	**519,212**	**3,969**	**0.8%**
Value of collateral	528,717	3,688	0.7%

Bank	Loans and Advances to customers at amortized cost	Of which: Forborne Loans and Advances to customers at amortized cost	**31.12.2021** (€' 000) % of Forborne Loans and Advances to customers at amortized cost
Stage 1	547,841	-	0%
Stage 2	14,972	6,103	40.8%
Stage 3	10,823	-	0%
Total Gross exposure	**573,636**	**6,103**	**1.1%**
Stage 1 ECL allowance	(2,174)	-	0%
Stage 2 ECL allowance	(59)	(23)	39.9%
Stage 3 ECL allowance	(5,381)	-	0%
Total ECL allowance	**(7,614)**	**(23)**	**0.3%**
Stage 1	545,667	-	0%
Stage 2	14,913	6,080	40.8%
Stage 3	5,442	-	0%
Total Loans and advances to customers at amortized cost (net amount)	**566,022**	**6,080**	**1.1%**
Value of collateral	603,450	6,107	1%

The below tables presents the movement of forborne loans and advances to customers at amortized cost for the year ending 31.12.2022 and 31.12.2021:

Reconciliation of forborne loans and advances to customers measured at amortized cost	**31.12.2022** (€' 000)		**31.12.2021** (€' 000)
	Group	**Bank**	**Bank**
Opening balance under (net amount) 01.01	**6,080**	**6,080**	**9,789**
Forbearance measures during the year	-	-	-
Repayment of loans and advances (partial or total)	(552)	(552)	(1,235)
Loans and advances that exited forbearance status	(1,799)	(1,799)	(3,117)
ECL allowance / Allowance for Impairment	5	5	91
Foreign exchange differences and other movements	234	234	552
Closing balance (net amount) 31.12	**3,969**	**3,969**	**6,080**

4.2.7.3 Ageing analysis of loans and advances

Group

Shipping Sector	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	408,921	8,150	-	417,071
1-30Days	-	297	158	455
Past due Over 180 days	-	-	5,795	5,795
Total amount Shipping Sector	**408,921**	**8,447**	**5,953**	**423,321**

Corporate Sector	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	67,711	-	-	67,711
1-30Days	29,314	3,641	2,629	35,584
0ver 180 days	1,616	-	-	1,616
Total amount Corporate Sector	**98,641**	**3,641**	**2,629**	**104,911**

Other Loans & Staff Loans	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	576	-	-	576
Total amount Other Loans & Staff Loans	**576**	**-**	**-**	**576**
Total	**508,138**	**12,088**	**8,582**	**528,808**

Bank

Shipping Sector	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	408,921	8,150	-	417,071
1-30Days	-	297	158	455
Past due Over 180 days	-	-	5,795	5,795
Total amount Shipping Sector	**408,921**	**8,447**	**5,953**	**423,321**

Corporate Sector	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	67,711	-	-	67,711
1-30Days	29,314	3,641	2,629	35,584
0ver 180 days	1,616	-	-	1,616
Total amount corporate sector	**98,641**	**3,641**	**2,629**	**104,911**

Other Loans & Staff Loans	31.12.2022			(€' 000)
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Current	576	-	-	576
Total amount Other Loans & Staff Loans	**576**	**-**	**-**	**576**
Total	**508,138**	**12,088**	**8,582**	**528,808**

Bank

Shipping Sector	31.12.2021 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Current	430,657	9,801	-	440,458
1-30Days	-	1,798	-	1,798
Past due Over 180 days	-	-	10,823	10,823
Total Shipping Sector	**430,657**	**11,599**	**10,823**	**453,079**

Corporate Sector	31.12.2021 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Current	116,671	3,374	-	120,045
Total amount corporate sector	**116,671**	**3,374**	**-**	**120,045**

Other Loans & Staff Loans	31.12.2021 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Current	512	-	-	512
Total amount Other Loans & Staff Loans	**512**	**-**	**-**	**512**
Total	**547,841**	**14,972**	**10,823**	**573,636**

4.2.7.4 Interest income recognized by quality of loans and advances to customers

Group	31.12.2022 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to shipping industry	26,328	594	163	27,085
Loans and advances to corporate sector	4,509	128	157	4,794
Other loans and staff loans	11	-	-	11
Total	**30,848**	**722**	**320**	**31,890**

Bank	31.12.2022 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to shipping industry	26,328	594	163	27,085
Loans and advances to corporate sector	4,509	128	157	4,794
Other loans and staff loans	11	-	-	11
Total	**30,848**	**722**	**320**	**31,890**

Bank	31.12.2021 (€' 000)			
	Stage 1	Stage 2	Stage 3	Total
Loans and advances to shipping corporations	17,446	937	334	18,717
Loans and advances to corporate sector	1,194	-	-	1,194
Other loans and staff loans	10	-	-	10
Total	**18,650**	**937**	**334**	**19,921**

4.2.7.5 Movement of loans and advances to customers

The tables below present the movement in stages of gross loans and advances to customers for the years 2022 and 2021:

	2022 '(000)		**2021** '(000)
Movement of Loans and advances to customers stage 1	**Group**	**Bank**	**Bank**
Gross Loans and advances to customers 01.01	**547,841**	**547,841**	**328,581**
Repayments	(213,148)	(213,148)	(126,845)
New originations	113,536	113,536	293,673
Transfer from stage 1 to stage 2 Gross Loans	-	-	(2,288)
Transfer from stage 2 to stage 1 Gross loans	1,799	1,799	13,590
Interest Income	30,848	30,848	18,650
FX difference	27,262	27,262	22,481
Total gross amount of Loans and advances to customers 31.12, Stage 1	**508,138**	**508,138**	**547,841**

	2022 '(000)		**2021** '(000)
Movement of Loans and advances to customers stage 2	**Group**	**Bank**	**Bank**
Gross Loans and advances to customers 01.01 (IFRS 9)	**14,972**	**14,972**	**24,044**
Repayments	(2,644)	(2,644)	(4,687)
New originations	2,691	2,691	136
Transfer from stage 1 to stage 2 Gross Loans	-	-	2,288
Transfer from stage 3 to stage 2 Gross Loans	-	-	4,305
Transfer from stage 2 to stage 1 Gross loans	(1,799)	(1,799)	(13,590)
Transfer from stage 2 to stage 3 Gross Loans	(2,424)	(2,424)	-
Interest Income	722	722	937
FX difference	570	570	1,539
Total gross amount of Loans and advances to customers 31.12, Stage 2	**12,088**	**12,088**	**14,972**

	2022 '(000)		**2021** '(000)
Movement of Loans and advances to customers stage 3	**Group**	**Bank**	**Bank**
Gross Loans and advances to customers 01.01 (IFRS 9)	**10,823**	**10,823**	**24,530**
Repayments	(5,324)	(5,324)	(7,184)
New originations	288	288	100
Transfer from stage 2 to stage 3 Gross Loans	2,424	2,424	-
Transfer from stage 3 to stage 2 Gross Loans	-	-	(4,305)
Write off	-	-	(3,798)
Interest Income	320	320	334
FX difference	51	51	1,146
Total gross amount of Loans and advances to customers 31.12, Stage 3	**8,582**	**8,582**	**10,823**

The tables below present the movement in stages of ECL of loans and advances to customers for the year 2022 and 2021:

	2022 '(000)		2021 '(000)
Movement of ECL stage1	**Group**	**Bank**	**Bank**
ECL of Loans and advances to customers 01.01 (IFRS 9)	**(2,174)**	**(2,174)**	**(993)**
Transfer from stage 1 to stage 2 ECL	-	-	10
Transfer from stage 2 to stage 1 ECL	(7)	(7)	(49)
ECL impairment (charge)/release for the year (P&L)	651	651	230
ECL impairment (charge)/release for the year (P&L)	(525)	(525)	(1,305)
FX difference	(107)	(107)	(67)
ECL of Loans and advances to customers 31.12, Stage 1	**(2,162)**	**(2,162)**	**(2,174)**

	2022 '(000)		2021 '(000)
Movement of ECL stage2	**Group**	**Bank**	**Bank**
ECL of Loans and advances to customers 01.01 (IFRS 9)	**(59)**	**(59)**	**(73)**
Transfer from stage 1 to stage 2 ECL	-	-	(10)
Transfer from stage 3 to stage 2 ECL	-	-	(97)
Transfer from stage 2 to stage 1 ECL	7	7	49
Transfer from stage 2 to stage 3 ECL	10	10	-
ECL impairment (charge)/release for the year (P&L)	4	4	81
ECL impairment (charge)/release for the year (P&L)	(13)	(13)	(5)
FX difference	(2)	(2)	(4)
ECL of Loans and advances to customers 31.12, Stage 2	**(53)**	**(53)**	**(59)**

	2022 '(000)		2021 '(000)
Movement of ECL stage 3	**Group**	**Bank**	**Bank**
ECL of Loans and advances to customers 01.01 (IFRS 9)	**(5,381)**	**(5,381)**	**(8,979)**
Transfer from stage 2 to stage 3 ECL	(10)	(10)	-
Transfer from stage 3 to stage 2 ECL	-	-	97
ECL impairment (charge)/release for the year (P&L)	80	80	169
ECL impairment (charge)/release for the year (P&L)	(2,018)	(2,018)	(100)
Write off	-	-	3,798
FX difference	(52)	(52)	(366)
ECL of Loans and advances to customers 31.12, Stage 3	**(7,381)**	**(7,381)**	**(5,381)**

4.2.8 Bond portfolios

The table below presents an analysis of the Group's and the Bank's bond portfolios, using the higher of the two lower rating of Moody's, Standard & Poor's and Fitch, as publicly disclosed by bond issuers and/or other providers of financial information (e.g. Bloomberg), as at 31 December 2022 and 2021 :

Group's Bond portfolios as at 31.12.2022

	At Fair Value Through OCI	At Amortized Cost	Total
A- till AAA	55,739	32,254	**87,993**
B- till BBB+	128,967	35,126	**164,093**
Unrated	1,358	-	**1,358**
Total	**186,064**	**67,380**	**253,444**

Bank's Bond portfolios as at 31.12.2022

	At Fair Value Through OCI	At Amortized Cost	Total
A- till AAA	55,739	32,254	**87,993**
B- till BBB+	128,967	35,126	**164,093**
Unrated	1,358	-	**1,358**
Total	**186,064**	**67,380**	**253,444**

Bank's Bond portfolios as at 31.12.2021

	At Fair Value Through OCI	At Amortized Cost	Total
A- till AAA	-	2,124	**2,124**
B- till BBB+	66,622	37,190	**103,812**
Unrated	1,445	-	**1,445**
Total	**68,067**	**39,314**	**107,381**

4.3 Liquidity risk

Liquidity Risk is the current or prospective risk that a financial institution will not be able to meet its obligations as they become due, because of lack of required liquidity.

The Assets and Liabilities Committee (ALCO) monitors the gap in maturities between assets and liabilities as well as the funding requirements based on various assumptions, including conditions that might have an adverse impact on the Group's and the Bank]s ability to liquidate investments and trading positions and the ability to access capital markets.

In general, liquidity risk analysis relates to the financial, operating and investing activities of the Group and the Bank. This risk involves both the risk of unexpected increases in the cost of funding the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

For the Group and the Bank, the main resources which ensure liquidity are customers' deposits, interbank credit lines and ECB funding. Effective liquidity risk management enables the Group to comfortably fulfill its client needs and to meet all its payment obligations.

Liquidity risk also includes the risk of concentration of funding and, in particular, the concentration of deposits. Due to the Group's specialization in corporate banking in the shipping sector, a capital-intensive activity by nature, deposit concentrations have been inherent to its business model since its inception. Monitoring. managing and reducing this deposits concentration risk is an integral part of the Bank's liquidity risk management policy and procedures, and specific monitoring indicators are included in the Bank's Risk Appetite Framework, which are followed up and analyzed on an ongoing basis, aiming to ensure that the, at each time, market/fair value of the Bank's liquid and liquidable assets, independently or in combination with other alternative funding sources, sufficiently cover the threat of any potential outflows of deposits due to concentrations. On 31.12.2022 the balances of the 10 largest depositors of the Group, excluding those pledged (in favour of the Group) as security for loans provided by the Group, corresponded to 34% of the total deposits of the Bank (31.12.2021: 26%), whereas their cover by the sum of the value of Group liquidity placed with the Central Bank and the interbank market, together with the value of the Group's investments in marketable debt securities (measured at their fair value as of the reference date), amounted to 171% (31.12.2021: 188%).

Group's contractual undiscounted cash outflow as at 31.12.2022

(€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
LIABILITIES						
Due to banks	750	-	-	-	-	**750**
Due to customers	789,417	140,500	37,957	35,485	7,243	**1,010,602**
Derivatives financial instruments	165	-	-	-	-	**165**
Finance Lease Liabilities (included in other liabilities)	16	31	132	347	-	**526**
Total on balance sheet	**790,348**	**140,531**	**38,089**	**35,832**	**7,243**	**1,012,043**
Off Balance sheet (Loan Commitments)	2,300	8,537	-	6,137	-	**16,973**
Total (On & Off Balance sheet)	**792,648**	**149,068**	**38,089**	**41,969**	**7,243**	**1,029,016**

Bank's contractual undiscounted cash outflow as at 31.12.2022

(€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
LIABILITIES						
Due to banks	750	-	-	-	-	**750**
Due to customers	790,422	140,500	37,957	35,485	7,243	**1,011,607**
Derivatives financial instruments	165	-	-	-	-	**165**
Finance Lease Liabilities (included in other liabilities)	16	31	132	347	-	**526**
Total on balance sheet	**791,353**	**140,531**	**38,089**	**35,832**	**7,243**	**1,013,048**
Off Balance sheet (Loan Commitments)	2,300	8,537	-	6,137	-	**16,973**
Total (On & Off Balance sheet)	**793,653**	**149,068**	**38,089**	**41,969**	**7,243**	**1,030,021**

Bank's contractual undiscounted cash outflow as at 31.12.2021

(€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	Total
LIABILITIES					
Due to banks	40,644	7,068	834	-	**48,546**
Due to customers	636,076	114,615	90,657	1,012	**842,360**
Derivatives financial instruments	139	-	-	-	**139**
Finance Lease Liabilities (included in other liabilities)	14	33	89	302	**438**
Total on balance sheet	**676,877**	**121,724**	**91,567**	**1,313**	**891,483**
Off Balance sheet (Loan Commitments)	526	6,710	10,999	1,200	**19,435**
Total (On & Off Balance sheet)	**677,402**	**128,434**	**102,566**	**2,513**	**910,918**

4.4 Market risks

Market risk is the risk that changes in market prices, such as interest rates, equity prices, foreign exchange rates and credit spreads (not related to changes in the obligor's credit standing), will affect the Group's income or the value of its financial instruments. Specifically for the Group and the Bank, market risk is further analyzed in the following risks:

- Risk from the change in bond prices classified as FVTOCI.
- Interest rate risk arising from transactions in bonds that are classified as FVTOCI.
- Interest rate risk arising from interest rate swaps.
- Foreign exchange risk arising from transactions in outright FX forwards.

4.4.1 Interest rate risk

Interest rate risk is the current or prospective risk to earnings (Net Interest Income) and capital arising from adverse movements in interest rates affecting the Grouping book positions. Assets and liabilities are analyzed with respect to interest rate risk (gap analysis). Assets and liabilities are categorized into time periods (gaps) by either contractual repricing in the case of variable interest rate instruments or maturity date in the case of fixed interest rate instruments.

Group's Interest Rate Risk as at 31.12.2022 (€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with Central Bank	227,118	-	-	-	-	-	**227,118**
Due from banks	95,563	18,848	-	-	-	9	**114,420**
Loans and advances to customers	192,435	244,892	61,230	20,657	-	-	**519,212**
Investment securities – FVTOCI	20,000	63,251	84,083	6,958	11,772	-	**186,064**
Debt securities at amortized cost	7,001	-	-	54,298	6,081	-	**67,380**
Other remaining assets	-	-	-	-	-	26,861	**26,861**
TOTAL ASSETS	**542,116**	**326,991**	**145,313**	**81,913**	**17,853**	**26,870**	**1,141,055**
LIABILITIES							
Due to banks	749	-	-	-	-	1	**750**
Due to customers	788,634	140,152	37,801	35,064	7,119	1,832	**1,010,602**
Finance lease liabilities	16	31	132	347	-	-	**526**
Other remaining liabilities	-	-	-	-	-	11,826	**11,826**
TOTAL LIABILITIES	**789,399**	**140,183**	**37,933**	**35,412**	**7,119**	**13,659**	**1,023,705**
Total interest sensitivity gap	**(247,283)**	**186,808**	**107,380**	**46,501**	**10,733**	**13,211**	**117,350**

Bank's Interest Rate Risk as at 31.12.2022 (€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing	Total
ASSETS							
Cash and balances with Central Bank	227,118	-	-	-	-	-	**227,118**
Due from banks	95,563	18,848	-	-	-	9	**114,420**
Loans and advances to customers	192,435	244,892	61,230	20,657	-	-	**519,212**
Investment securities – FVTOCI	20,000	63,251	84,083	6,958	11,772	-	**186,064**
Debt securities at amortized cost	7,001	-	-	54,298	6,081	-	**67,380**
Other remaining assets	-	-	-	-	-	25,458	**25,458**
TOTAL ASSETS	**542,116**	**326,991**	**145,313**	**81,913**	**17,853**	**25,467**	**1,139,652**
LIABILITIES							
Due to banks	749	-	-	-	-	1	**750**
Due to customers	789,639	140,152	37,801	35,064	7,119	1,832	**1,011,607**
Finance lease liabilities	16	31	132	347	-	-	**526**
Other remaining liabilities	-	-	-	-	-	11,306	**11,306**
TOTAL LIABILITIES	**790,404**	**140,183**	**37,933**	**35,412**	**7,119**	**13,139**	**1,024,190**
Total interest sensitivity gap	**(248,287)**	**186,808**	**107,380**	**46,501**	**10,733**	**12,328**	**115,463**

The measurement of Interest Rate Risk sensitivity of the Group's and the Bank's Statements of Financial Position items in respect to a parallel shift of 100bp in interest rates showed no material effect on the net position of the Group and the Bank because most of the Group's and the Bank's interest bearing assets and liabilities are floating rate instruments with contractual repricing period of less than 12 months.

Bank's Interest Rate Risk as at 31.12.2021

(€' 000)	Up to 1 month	1 to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Non-interest bearing / Other	Total
ASSETS							
Cash and balances with Central Bank	239,214	-	-	-	-	-	**239,214**
Due from banks	68,714	-	-	-	-	-	**68,714**
Loans and advances to customers	236,146	309,601	24,345	7,337	10	(11,417)	**566,022**
Investment securities – FVTOCI	15,000	12,005	18,026	4,077	18,959	-	**68,067**
Debt securities at amortized cost	-	-	2,010	31,213	6,091	-	**39,314**
Other remaining assets	-	-	-	-	-	18,547	**18,547**
TOTAL ASSETS	**559,074**	**321,606**	**44,381**	**42,627**	**25,060**	**7,130**	**999,878**
LIABILITIES							
Due to banks	40,644	7,068	834	-	-	-	**48,546**
Due to customers	636,076	114,615	90,657	921	-	91	**842,360**
Finance Lease Liabilities (included in other liabilities)	14	33	89	302	-	-	**438**
Other remaining liabilities	-	-	-	-	-	7,166	**7,166**
TOTAL LIABILITIES	**676,734**	**121,716**	**91,580**	**1,223**	**-**	**7,257**	**898,510**
Total interest sensitivity gap	**(117,660)**	**199,890**	**(47,199)**	**41,404**	**25,060**	**(127)**	**101,368**

4.4.2 Foreign exchange risk

The Management of the Group has set low limits for foreign exchange exposure, which are monitored daily. The Group's and the Bank's open foreign exchange position is mainly in US Dollars because of its specialized activity. The Group and the Banks file standard foreign exchange position reports on a regular basis enabling the Central Bank to monitor its foreign exchange risk.

The foreign exchange position of the Group and the Bank as at 31 December 2022 and 31 December 2021 respectively is as follows:

Group's Foreign exchange position as at 31.12.2022

(€' 000)	USD	EURO	OTHER	TOTAL
ASSETS				
Cash and balances with Central Bank	210	226,825	83	227,118
Due from banks	41,862	67,376	5,182	114,420
Loans and advances to customers	420,535	98,676	-	519,212
Investment securities – FVTOCI	55,679	130,385	-	186,064
Debt securities at amortized cost	-	67,380	-	67,380
Other remaining assets	15	26,846	-	26,861
TOTAL ASSETS	**518,301**	**617,488**	**5,265**	**1,141,055**
LIABILITIES				
Due to banks	750	-	-	750
Due to customers	633,219	373,079	4,304	1,010,602
Other remaining liabilities	1,633	10,720		12,353
TOTAL LIABILITIES	635,601	383,799	4,304	1,023,705
Net balance sheet position	(117,300)	233,689	961	117,350
Off balance sheet net notional position	117,331	(117,315)	(16)	-
Total FX position	**31**	**116,374**	**945**	**117,350**

Bank's Foreign exchange position as at 31.12.2022

(€' 000)	USD	EURO	OTHER	TOTAL
ASSETS				
Cash and balances with Central Bank	210	226,825	83	227,118
Due from banks	41,862	67,376	5,182	114,420
Loans and advances to customers	420,535	98,676	-	519,212
Investment securities – FVTOCI	55,679	130,385	-	186,064
Debt securities at amortized cost	-	67,380	-	67,380
Other remaining assets	15	25,443	-	25,458
TOTAL ASSETS	**518,301**	**616,085**	**5,265**	**1,139,652**
LIABILITIES				
Due to banks	750	-	-	750
Due to customers	633,219	374,083	4,304	1,011,607
Other remaining liabilities	1,633	10,200		11,833
TOTAL LIABILITIES	635,601	384,283	4,304	1,024,190
Net balance sheet position	(117,300)	231,802	961	115,462
Off balance sheet net notional position	117,331	(117,315)	(16)	-
Total FX position	**31**	**114,487**	**945**	**115,462**

The measurement of foreign exchange risk sensitivity of the Group's and the Bank's Statement of Financial Position items in respect to a parallel shift of 5% in foreign currency rates showed no material effect on the net position of the Group and the Bank.

Bank's Foreign exchange position as at 31.12.2021

(€' 000)	USD	EURO	OTHER	TOTAL
ASSETS				
Cash and balances with Central Bank	284	238,794	136	239,214
Due from banks	36,670	27,406	4,638	68,714
Loans and advances to customers	458,125	107,897	-	566,022
Investment securities – FVTOCI	-	68,067	-	68,067
Debt securities at amortized cost	-	39,314	-	39,314
Other remaining assets	14	18,533	-	18,547
TOTAL ASSETS	**495,093**	**500,011**	**4,774**	**999,878**
LIABILITIES				
Due to banks	37,713	10,833	-	48,546
Due to customers	521,265	317,350	3,745	842,360
Other remaining liabilities	321	7,283	-	7,604
TOTAL LIABILITIES	**559,299**	**335,466**	**3,745**	**898,510**
Net balance sheet position	**(64,206)**	**164,546**	**1,029**	**101,368**
Off balance sheet net notional position	64,234	(64,241)	7	-
Total FX position	**28**	**100,305**	**1,036**	**101,368**

4.5 Operational Risk

Operational risk involves the possibility of generating losses as a result of implementing inadequate or unsuccessful internal procedures and systems, of external events and/or the human factor. The Group and the Bank have established a policy framework for the management of operational risk which includes the procedure of self-assessment of operational risks and the related area of control, the procedure of loss data collection and the development and update of action plans for the mitigation of operational risks. For the calculation of the capital requirements for operational risk, the Group and the Bank follow the Basic Indicator approach.

4.6 Fair value of financial assets and liabilities not measured at fair value

The following methods and assumptions were used to estimate the fair values of the Group's and the Bank's financial instruments at 31 December 2022 and 2021:

Loans and advances to customers: According to IFRSs, the fair value of loans is estimated using discounted cash flow models. The discount rates are based on current market interest rates offered for loans with similar terms to borrowers of similar credit quality. This category is carried at amortized cost. Substantially all the loans and advances of the Group and the Bank are at floating rates of interest, which re-price at frequent intervals. A number of them have considerable amount of unamortized discount. Therefore, the Group and the Bank has no significant exposure to fair value fluctuations and the carrying value of the loans and advances to customers approximates its fair value.

Debt Securities measured at amortized cost: The fair values of financial investments are determined using prices quoted in an active market when these are available. In other cases, fair values are determined using quoted market prices for securities with similar credit risk, maturity yield, quoted market prices in non-active markets for identical or similar financial instruments, or by using the discounted cash flows method.

For other financial instruments, which are not short-term or re-price at frequent intervals (cash and balances with Central Bank, due from and due to banks and due to customers), the carrying amounts represent reasonable approximations of fair values.

The fair value hierarchy categorization of financial assets and liabilities not measured at fair value on the balance sheet is presented in the following table:

31 December 2022
Group

(€' 000)	Level-1	Level-2	Level-3	**Fair value**	**Carrying value**
ASSETS					
Loans and advances to customers	-	-	519,212	**519,212**	**519,212**
Debt Securities measured at amortized cost	62,730	-	-	**62,730**	**67,380**
Total assets not measured at fair value	**62,730**	**-**	**519,212**	**581,942**	**586,592**

31 December 2022
Bank

(€' 000)	Level-1	Level-2	Level-3	**Fair value**	**Carrying value**
ASSETS					
Loans and advances to customers	-	-	519,212	**519,212**	**519,212**
Debt Securities measured at amortized cost	62,730	-	-	**62,730**	**67,380**
Total assets not measured at fair value	**62,730**	**-**	**519,212**	**581,942**	**586,592**

31 December 2021
Bank

(€' 000)	Level-1	Level-2	Level-3	**Fair value**	**Carrying value**
ASSETS					
Loans and advances to customers	-	-	566,022	**566,022**	**566,022**
Debt Securities measured at amortized cost	39,541	-	-	**39,541**	**39,314**
Total assets not measured at fair value	**39,541**	**-**	**566,022**	**605,563**	**605,336**

The fair value of the remaining financial assets and liabilities which are measured at amortized cost and include mainly due from banks and central banks as well as due to banks, does not differ materially from their respective carrying amount.

4.7 Financial assets and liabilities measured at fair value

Determining the fair value of financial instruments

The Group and the Bank measure the fair value of its financial instruments based on the framework for measuring fair value that categorizes financial instruments based on a three-level hierarchy of the inputs to the valuation technique, as described below:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market. An active market is a market in which transactions for assets or liabilities take place with sufficient frequency and volume, provide pricing information on an ongoing basis and are characterized with low bid/ask spreads.

Level 2: Observable inputs other than Level 1 quoted prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data (for example derived from prices) for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments, as well as debt securities without quoted prices and certain derivative contracts whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes government and corporate debt securities with prices in markets that are not active and certain over-the-counter (OTC) derivative contracts.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety

31 December 2022
Group

(€' 000)	Level-1	Level-2	Level-3	**Total**
ASSETS				
Investment securities – FVTOCI	186,064	-	-	**186,064**
Total assets measured at fair value	**186,064**	**-**	**-**	**186,064**
LIABILITIES				
Derivatives	-	165	-	**165**
Total liabilities measured at fair value	**-**	**165**	**-**	**165**

31 December 2022
Bank

(€' 000)	Level-1	Level-2	Level-3	**Total**
ASSETS				
Investment securities – FVTOCI	186,064	-	-	**186,064**
Total assets measured at fair value	**186,064**	**-**	**-**	**186,064**
LIABILITIES				
Derivatives	-	165	-	**165**
Total liabilities measured at fair value	**-**	**165**	**-**	**165**

There were no transfers between Level 1 and Level 2 for the Group and the Bank in the year ended 31 December 2022.

31 December 2021
Bank

(€' 000)	Level-1	Level-2	Level-3	Total
ASSETS				
Investment securities – FVTOCI	68,067	-	-	**68,067**
Derivatives	-	18	-	**18**
Total assets measured at fair value	**68,067**	**18**	-	**68,085**
LIABILITIES				
Derivatives	-	139	-	**139**
Total liabilities measured at fair value	**-**	**139**	**-**	**139**

There were no transfers between Level 1 and Level 2 in the year ended 31 December 2021.

4.8 Capital Adequacy

The Group and the Bank haωε implemented the new regulatory framework CRDIV (Basel III implementation under EU rules), which came into force with Directive 2013/36/EU and Regulation (EU) No. 575/2013.
The new regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to the undertaken risks. The minimum capital adequacy ratios, as per article 92 of the CRR, are as follows:

- Common Equity Tier 1 Ratio (CET1 Ratio): 4.5%
- Tier 1 Ratio (Tier 1): 6%
- Total Capital Ratio (CAD Ratio): 8%

Based on Council Regulation 1024/2013, the Central Bank conducts annually a Supervisory Review and Evaluation Process (SREP), in order to define the prudential requirements of the institutions under its supervision, by delimiting an overall SREP capital requirement (OCR) under Pillar 2 of the regulatory framework. Following the conclusion of the SREP for year 2022, the Group of Greece advised ABBank that as of June 29th, 2022 that it has to maintain and OCR of at least 11.08% (2019: 11.40%), consisting of
(a) CAD Ratio of 8%,
(b) additional capital requirements under Pillar 2 of 3.08%, and
(c) the Capital Conservation Buffer of 2.5%
(2020: 8%, 3.40% and 2.5%, respectively).

Taking into account the possible impact and operational challenges of the COVID-19 pandemic, the BoG has allowed all financial institution under its supervision not to cover the P2G top-up requirement until 31.12.2022.

The Bank actively manages its capital base by taking advantage of the contemporary means for raising capital, with the objective to sustain its capital adequacy ratios well above the minimum regulatory levels and, at the same time, to improve the weighted average cost of capital to the benefit of its shareholders. In this framework, both the calculation of the capital requirements and the dynamic management of the capital base are embedded in the business plan and the annual budgeting processes. The risk-weighted assets arise from the credit risk of the Grouping book and the market risk of the trading book as well as the operational risk.

The current capital ratios (Tier I ratio and capital adequacy ratio) are greater than the regulatory limits set by the relevant directive and the capital base is capable of supporting the business growth of the Group in all areas for the next years. For the calculation of regulatory capital, own share capital must undergo some regulatory adjustments, such as the deduction of intangible assets. The regulatory capital of the Group, as defined by the Group of Greece is comprised of two tiers, Tier I and Tier II capital. AB Bank has only Tier I capital.
Presented below, are the year-end capital adequacy ratios of 2022 and 2021 for the Group and the Bank. The figures have been calculated using CRD IV rules.

	2022 '(000) **Group**		**2022** '(000) **Bank**		**2021** '(000) **Bank**	
	Including Current Year's Profit	Excluding Current Year's Profit	Including Current Year's Profit	Excluding Current Year's Profit	Including Current Year's Profit	Excluding Current Year's Profit
Tier I capital						
Share capital	37,980	37,980	37,980	37,980	37,980	37,980
Share premium	50,207	50,207	50,207	50,207	50,207	50,207
Retained earnings	27,471	27,471	25,677	25,677	10,872	10,872
Statutory reserve	2,063	2,063	1,968	1,968	1,189	1,189
Revaluation Reserve Land & Building (Net of Tax)	2,900	2,900	2,900	2,900	1,924	1,924
Reserve from remeasurement of the defined benefit obligations	(195)	(195)	(195)	(195)	(464)	(464)
OCI reserve	(3,075)	(3,075)	(3,075)	(3,075)	(340)	(340)
	117,350	**117,350**	**115,462**	**115,462**	**101,368**	**101,368**
Regulatory adjustments on Tier I capital						
Less: intangible assets	(1,347)	(1,347)	(1,347)	(1,347)	(1,529)	(1,529)
Less: Adjustment for Retained earnings not yet recognized *(less statutory reserve)*	-	(16,599)	-	(14,805)	-	(6,873)
Less : other adjustments	(186)	(186)	(186)	(186)	(68)	(68)
Total regulatory adjustments on Tier I capital	**(1,533)**	**(18,131)**	**(1,533)**	**(16,338)**	**(1,597)**	**(8,470)**
Total Core Tier I capital	**115,817**	**99,219**	**113,929**	**99,124**	**99,770**	**92,898**
Risk weighted assets						
Risk weighted assets (credit risk)	563,377	563,377	561,977	561,977	589,810	589,810
Risk weighted assets (market risk)	-	-	-	-	-	-
Risk weighted assets (operational risk)	50,800	50,800	49,271	49,271	34,187	34,187
Total Risk Weighted Assets	**614,176**	**614,176**	**611,247**	**611,247**	**623,997**	**623,997**
Common Equity Tier 1 Ratio (CET1)	**18.86%**	**16.15%**	**18.64%**	**16.22%**	**15.99%**	**14.89%**
Tier 1 Ratio (T1)	**18.86%**	**16.15%**	**18.64%**	**16.22%**	**15.99%**	**14.89%**
CAD Ratio	**18.86%**	**16.15%**	**18.64%**	**16.22%**	**15.99%**	**14.89%**

It should be noted that the disclosure as regulatory requirement regarding capital adequacy and risk management information imposed by Bank of Greece Directive 2655/16.3.2012 in relation to Pillar III, will be upload on the web site www.aegeanbalticbank.com upon its issuance.

Note 5: Net interest income

	2022 '(000)		2021 '(000)
	Group	Bank	Bank
Interest and similar income			
Interest from debt securities measured at FVTOCI	973	973	163
Interest from debt securities at amortised cost	223	223	106
Interest due from banks	2,390	2,390	166
Interest from loans and advances to customers	31,890	31,890	19,922
Negative interest from interest bearing liabilities	377	377	-
Other	5	5	13
Total Interest and similar income	**35,858**	**35,858**	**20,370**
Interest expense and similar charges			
Interest due to customers	(4,682)	(4,683)	(2,230)
Interest due to banks	(187)	(187)	(205)
Interest expense from lease liability	(12)	(12)	(10)
Negative interest from interest bearing assets	(590)	(590)	-
Total Interest expense and similar charges	**(5,471)**	**(5,472)**	**(2,445)**
Net interest income	**30,387**	**30,386**	**17,925**

The increase in Interest from loans and advances to customers mainly derives from the increase of floating rates during year 2022.

The following table presents interest income calculated using the effective interest rate method, by financial asset category.

	2022 '(000)		2021 '(000)
	Group	Bank	Bank
Interest Income calculated by EIR			
Interest from debt securities measured at FVTOCI	973	973	163
Interest from debt securities at amortised cost	223	223	106
Interest from loans and advances to customers	31,890	31,890	19,922
Negative interest from interest bearing liabilities	377	377	-
Total	**33,463**	**33,463**	**20,191**

Note 6: Net fee and commission income

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

Group	2022 € '000			
	Shipping Corporations	Corporate Sector	Other sectors	Total
Fees and commission income				
Loan origination fees and commissions	435	1,319	5	**1,759**
Funds transfers	190	2,019	109	**2,318**
Other	24	880	62	**966**
Total Fees and commission income	**649**	**4,218**	**176**	**5,043**
Fees and commission expense				
Banks	-	-	(209)	**(210)**
Other	-	-	(54)	**(54)**
Total Fees and commission expense	**-**	**-**	**(263)**	**(264)**
Net fee and commission income	**649**	**4,218**	**(87)**	**4,779**

Bank	2022 € '000			
	Shipping Corporations	Corporate Sector	Other sectors	Total
Fees and commission income				
Loan origination fees and commissions	435	1,319	5	**1,759**
Funds transfers	190	2,019	109	**2,318**
Other	24	880	62	**966**
Total Fees and commission income	**649**	**4,218**	**176**	**5,043**
Fees and commission expense				
Banks	-	-	(209)	**(210)**
Other	-	-	(54)	**(54)**
Total Fees and commission expense	**-**	**-**	**(263)**	**(264)**
Net fee and commission income	**649**	**4,218**	**(87)**	**4,779**

The increase in fees and commissions mainly derives from the increase in funds transfers during year 2022.

Bank	2021 € '000			
	Shipping Corporations	Corporate Sector	Other sectors	Total
Fees and commission income				
Loan origination fees and commissions	1,042	367	313	**1,722**
Funds transfers	718	26	988	**1,732**
Other	156	240	378	**774**
Total Fees and commission income	**1,916**	**633**	**1,679**	**4,228**
Fees and commission expense				
Banks	-	(2)	(260)	**(262)**
Other	-	(20)	(112)	**(132)**
Total Fees and commission expense	**-**	**(22)**	**(372)**	**(394)**
Net fee and commission income	**1,916**	**611**	**1,307**	**3,834**

The commissions received by the Group and the Bank from loans and advances to customers at amortized cost are capitalized, then amortized over the life of the loan with the effective interest rate method and included in the interest from loans and advances to customers. The commissions received by the Group and the Bank and amortized over the life of the financial instrument with the effective interest rate method are for the year 2022 € 1,258 thousands (€ 2,293 thousands for 2021). The commissions received by the Group and the Bank as an arranger and as an agent of syndicated loans are recognized in the income statement when a performance obligation is satisfied.

Note 7: Net result from financial transactions and investment securities

	2022 '(000)		2021 '(000)
	Group	Bank	Bank
Foreign exchange contracts and derivatives	2,120	2,120	982
Net results from sale of financial assets measured at FVTOCI	(2)	(2)	164
Net results from sale of financial assets measured at FVTPL	-	-	125
Net results from debt securities at amortized cost	-	-	326
Net result from derivatives and investment securities	**2,118**	**2,118**	**1,597**

Included within the net results from foreign exchange contracts and derivatives are gains and losses from derivative contracts (FX swap) and futures committed for economic hedge purposes.

For further information about net results from debt securities at amortized cost please refer to Note 19.

Note 8: Other Operating Income

	2022 '(000)		2021 '(000)
	Group	Bank	Bank
Changes in FV of Investment Property	2,445	-	-
Other income	26	26	33
Other operating income	**2,471**	**26**	**33**

Other operating income includes changes in fair value of investment property for the year 2022 of € 2,445 thousand.

Note 9: Personnel expenses

	2022 '(000)		2021 '(000)
	Group	Bank	Bank
Wages and salaries	(6,885)	(6,885)	(6,207)
Social security contributions	(1,253)	(1,253)	(1,188)
Defined contribution plans	(201)	(201)	(186)
Defined benefit plans (see Note 31)	(164)	(164)	(130)
Other	(591)	(591)	(476)
Personnel expenses	**(9,094)**	**(9,094)**	**(8,187)**

The number of employees of the Group and the Bank at 31 December 2022 was 106 (102 as at 31 December 2021 for the Bank). The average number of employees for the period 1 January 2022 to 31 December 2022 was 105 (98 for the year 2021 for the Bank).

Note 10: General administrative expenses

	2022 '(000)		**2021** '(000)
	Group	**Bank**	**Bank**
Rental expense for buildings	(6)	(6)	(4)
Rental expense for cars	(3)	(3)	(21)
Third party fees	(1,125)	(1,106)	(1,043)
IT expense	(1,159)	(1,159)	(786)
Telecommunication – mail expense	(144)	(144)	(140)
Promotion and advertising expense	(15)	(15)	(16)
Office material	(28)	(28)	(25)
Utilities	(160)	(160)	(127)
Taxes and duties	(496)	(496)	(560)
Maintenance and other related expenses	(103)	(103)	(85)
Subscription expenses	(183)	(183)	(83)
Donations	(37)	(37)	(16)
Contributions	(842)	(842)	(526)
Officers’ and directors’ insurance	(229)	(229)	(191)
Other general administrative expenses	(251)	(245)	(131)
General and administrative expenses	**(4,781)**	**(4,756)**	**(3,754)**

Note 11: Depreciation and amortization

	2022 '(000)		**2021** '(000)
	Group	**Bank**	**Bank**
Property and equipment	(644)	(644)	(596)
Intangible assets	(410)	(410)	(466)
Depreciation and amortization	**(1,054)**	**(1,054)**	**(1,062)**

Note 12: Impairment losses on loans and advances to customers

The following table presents the impairment losses on loans and advances to customers, on letters of guarantee and undrawn loan commitments as well as recoveries:

	2022 '(000)		**2021** '(000)
	Group	**Bank**	**Bank**
Impairment losses on loans and advances for the year (on BS) (a)	(2,556)	(2,556)	(1,743)
Amounts recovered (b)	736	736	480
Effect of foreign currency movements (c)	(161)	(161)	(437)
Other technical adjustments	(164)	(164)	-
Impairment losses/gains on loans and advances (off BS)	(39)	(39)	(33)
Impairment losses/gains on loans and advances charged in IS	**(2,184)**	**(2,184)**	**(1,733)**

Movement of Impairment losses on loans and advances to customers	**2022** '(000)		**2021** '(000)
	Group	**Bank**	**Bank**
ECL of Loans and advances to customers 01.01	**(7,614)**	**(7,614)**	**(10,045)**
Impairment losses on loans and advances for the year (on BS) (a+b+c above)	(1,982)	(1,982)	(1,700)
Write off	-	-	3,798
ECL of Loans and advances to customers 31.12	**(9,596)**	**(9,596)**	**(7,614)**

Note 13: Income tax

	2022 ’(000)		**2021** ’(000)
	Group	**Bank**	**Bank**
Income tax for the year	(3,511)	(3,511)	(1,388)
Deferred income tax	(1,461)	(928)	(499)
Income tax	**(4,972)**	**(4,439)**	**(1,887)**

The calculation of the income tax expense is as follows:

Profit / (Loss) before tax	**22,444**	**20,023**	**8,760**
Tax calculation at 22%	(4,938)	(4,405)	(1,927)
Non tax deductible expenses	(34)	(34)	(14)
Impact of tax change rate on Deferred Tax	-	-	54
Income tax	**(4,972)**	**(4,439)**	**(1,887)**

The corporate tax rate is 22% for the year 2022 & 2021. Further information concerning the income tax contingent liabilities is presented in Note 36.

According to Greek tax legislation, losses can be carried forward and off-set against future gains over the next 5 years.

There was no tax loss carried forward by the Group or the Bank at 31.12.2022.

Further information concerning deferred tax is presented in Note 25.

Note 14: Cash and balances with Central Bank

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Cash on hand	1,266	1,266	1,338
Balance with Central Bank	225,852	225,852	237,876
Cash and balances with Central Bank	**227,118**	**227,118**	**239,214**

The Group and the Bank are required to maintain a current account with the Central Bank of Greece (BoG) to facilitate interbank transactions with the BoG, its member banks, and other financial institutions through the TARGET system (Trans-European Automated Real-Time Gross Settlement Express Transfer).
BoG requires all banks established in Greece to maintain deposits with BoG equal to 1% of total customer deposits as these are defined by the European Central Bank. From 1 January 2001 these deposits bear interest at the refinancing rate as set by the ECB (0.00% at 31.12.2022). It. As at 31.12.2022 the minimum required amount of the Group and the Bank amounts to € 9,906 thousands (At 31.12.2021, € 8,247 thousands).

Note 15: Cash and cash equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise the following outstanding balances as at 31.12.2022 and 31.12.2021:

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Cash on hand	1,266	1,266	1,338
Non-restricted placements with Central Bank.	225,852	225,852	237,876
Short-term balances due from banks	114,420	114,420	68,714
Cash and cash equivalents	**341,538**	**341,538**	**307,928**

All Short-term balances due from banks are classified as stage 1. The ECL is below €1 thousand.

Note 16: Due from banks

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Current accounts	13,291	16,808	51,056
Money Market Placements	101,129	97,612	17,658
Due from banks	**114,420**	**114,420**	**68,714**

Included within Current accounts is restricted amount €4,475 thousands as of 31.12.2022 (31.12.2021: €4,592 thousands) related to guarantees provided to credit institutions for swaps. As of 31.12.2022 no restricted cash was used for swaps.

Note 17: Loans and advances to customers at amortized cost

	31.12.2022 '(000)		31.12.2021
	Group	Bank	Bank
Loans and Advances to shipping corporations at amortized cost	415,727	415,727	445,953
Loans and advances to corporate sector at amortized cost	102,909	102,909	119,557
Other Loans and staff loans	576	576	512
Total Loans and advances to customers at amortized cost	**519,212**	**519,212**	**566,022**

There are no loans and advances to customers that have been pledged as collateral.

Loans and advances to customers at amortized cost are analyzed:

			31.12.2022 €' 000
Group	Gross amount	Impairment amount	Net amount
Loans and Advances to shipping corporations	423,321	(7,594)	415,727
Loans and advances to corporate sector	104,911	(2,002)	102,909
Other Loans and staff loans	576	-	576
Total Loans and advances to customers at amortized cost	**528,808**	**(9,596)**	**519,212**

			31.12.2022 €' 000
Bank	Gross amount	Impairment amount	Net amount
Loans and Advances to shipping corporations	423,321	(7,594)	415,727
Loans and advances to corporate sector	104,911	(2,002)	102,909
Other Loans and staff loans	576	-	576
Total Loans and advances to customers at amortized cost	**528,808**	**(9,596)**	**519,212**

			31.12.2021 €' 000
Bank	Gross amount	Impairment amount	Net amount
Loans and Advances to shipping corporations	453,079	(7,126)	445,953
Loans and advances to corporate sector	120,045	(488)	119,557
Other Loans and staff loans	512	-	512
Total Loans and advances to customers at amortized cost	**573,636**	**(7,614)**	**566,022**

Note 18: Financial assets at fair value through other comprehensive income (FVTOCI)

Group's Analysis per Issuer for the year ended 31.12.2022

	31.12.2022 €'000			
Investment securities at FVTOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Domestic Corporate Entities Bonds	180,404	-	-	180,404
Foreign Government Bonds	5,660	-	-	5,660
Total Investment securities at FVTOCI	**186,064**	**-**	**-**	**186,064**

Movement in Gross Carrying amount of investment securities

Investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2022	**68,067**	**-**	**-**	**68,067**
Additions	353,154	-	-	353,154
Disposals/ Maturities	(226,373)	-	-	(226,373)
Gains / (losses) from changes in fair value	(3,704)	-	-	(3,704)
FX differences	(5,080)	-	-	(5,080)
Closing Balance 31.12.2022	**186,064**	**-**	**-**	**186,064**

Movement in ECL allowance for the year ended 31.12.2022

ECL for investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2022	**178**	**-**	**-**	**178**
Domestic Corporate Entities Bonds	(15)	-	-	(15)
Foreign Government Bonds	213	-	-	213
ECL charge for the year	**198**	**-**	**-**	**198**
ECL 31.12.2022	**376**	**-**	**-**	**376**

Bank's Analysis per Issuer for the year ended 31.12.2022

	31.12.2022 €'000			
Investment securities at FVTOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Domestic Corporate Entities Bonds	180,404	-	-	180,404
Foreign Government Bonds	5,660	-	-	5,660
Total Investment securities at FVTOCI	**186,064**	**-**	**-**	**186,064**

Movement in Gross Carrying amount of investment securities

Investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2022	**68,067**	**-**	**-**	**68,067**
Additions	353,154	-	-	353,154
Disposals/ Maturities	(226,373)	-	-	(226,373)
Gains / (losses) from changes in fair value	(3,704)	-	-	(3,704)
FX differences	(5,080)	-	-	(5,080)
Closing Balance 31.12.2022	**186,064**	**-**	**-**	**186,064**

Movement in ECL allowance for the year ended 31.12.2022

ECL for investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2022	**178**	**-**	**-**	**178**
Domestic Corporate Entities Bonds	(15)	-	-	(15)
Foreign Government Bonds	213	-	-	213
ECL charge for the year	**198**	**-**	**-**	**198**
ECL 31.12.2022	**376**	**-**	**-**	**376**

Bank's Analysis per Issuer for the year ended 31.12.2021

	31.12.2021 €'000			
Investment securities at FVTOCI	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Domestic Corporate Entities Bonds	6,446	-	-	6,446
Banks - Financial institutions	-	-	-	-
Foreign Government Bonds	61,621	-	-	61,621
Total Investment securities at FVTOCI	**68,067**	**-**	**-**	**68,067**

Movement in Gross Carrying amount of investment securities

Investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2021	**19,852**	**-**	**-**	**19,852**
Additions	188,324	-	-	188,324
Disposals/ Maturities	(139,319)	-	-	(139,319)
Gains / (losses) from changes in fair value	(790)	-	-	(790)
Closing Balance 31.12.2021	**68,067**	**-**	**-**	**68,067**

Movement in ECL allowance for the year ended 31.12.2021

ECL for investment securities at FVTOCI	Stage 1	Stage 2	Stage 3	Total
Balance 01.01.2021	**157**	**-**	**-**	**157**
Domestic Corporate Entities Bonds	46	-	-	46
Banks - Financial institutions	(81)	-	-	(81)
Foreign Government Bonds	56	-	-	56
ECL charge for the year	**21**	**-**	**-**	**21**
ECL 31.12.2021	**178**	**-**	**-**	**178**

All the debt securities in the FVTOCI portfolio are traded in public markets. The ECB eligible securities included in the Group's and the Bank's portfolios (FVTOCI) amounted to €125,6 million as at 31.12.2022 versus €62,7 million the end of previous year.

Note 19: Debt Securities at amortized cost

	31.12.2022 ’(000)		31.12.2021 ’(000)
Acquisition cost:	**Group**	**Bank**	**Bank**
European Governments	37,208	37,208	39,314
European Central Banks	30,172	30,172	-
Total debt securities at amortized cost	**67,380**	**67,380**	**39,314**

During the Year, the Group and the Bank proceeded with new investments in marketable Bonds categorized in Debt securities at amortized cost (mainly European Government Bonds) in order to place a part of the excess of liquidity created form new deposits from customers and Banks in liquid interest earning assets.

Group analysis per Issuer for the year ended 31.12.2022				**2022 €’000**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**39,314**	**-**	**-**	**39,314**
European Governments	(2,106)	-	-	(2,106)
European Central Banks	30,172	-	-	30,172
Total amount Debt Securities at AC	**67,380**	**-**	**-**	**67,380**

Group’s Movement in Gross Carrying amount of debt securities				
Debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**39,314**	**-**	**-**	**39,314**
Additions	30,066	-	-	30,066
Disposals/ Maturities	(2,000)	-	-	(2,000)
Trading Profit / (loss)	-	-	-	-
ECL impairment charge for the year	-	-	-	-
Closing Balance 31.12.2022	**67,380**	**-**	**-**	**67,380**

Group’s Movement of ECL for debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**5**	**-**	**-**	**5**
ECL impairment charge for the year- European Governments	**-**	**-**	**-**	**-**
ECL for debt securities at AC as at 31.12.2022	**5**	**-**	**-**	**5**

Bank analysis per Issuer for the year ended 31.12.2022				**2022 €’000**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**39,314**	**-**	**-**	**39,314**
European Governments	(2,106)	-	-	(2,106)
European Central Banks	30,172	-	-	30,172
Total amount Debt Securities at AC	**67,380**	**-**	**-**	**67,380**

Bank’s Movement in Gross Carrying amount of debt securities				
Debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**39,314**	**-**	**-**	**39,314**
Additions	30,066	-	-	30,066
Disposals/ Maturities	(2,000)	-	-	(2,000)
Trading Profit / (loss)	-	-	-	-
ECL impairment charge for the year	-	-	-	-
Closing Balance 31.12.2022	**67,380**	**-**	**-**	**67,380**

Bank’s Movement of ECL for debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2022	**5**	**-**	**-**	**5**
ECL impairment charge for the year- European Governments	**-**	**-**	**-**	**-**
ECL for debt securities at AC as at 31.12.2022	**5**	**-**	**-**	**5**

Analysis per Issuer for the year ended 31.12.2021				**2021 €'000**
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2021	**51,322**	**-**	**-**	**51,322**
European Governments	(5,175)	-	-	(5,175)
Banks - Financial institutions	(2,738)	-	-	(2,738)
Corporate Entities Bonds	(4,095)	-	-	(4,095)
Total amount Debt Securities at AC	**39,314**	**-**	**-**	**39,314**

Movement in Gross Carrying amount of debt securities				
Debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2021	**51,322**	**-**	**-**	**51,322**
Additions	4,929	-	-	4,929
Disposals/ Maturities	(17,391)	-	-	(17,391)
Trading Profit / (loss)	326	-	-	326
ECL impairment charge for the year	128	-	-	128
Closing Balance 31.12.2021	**39,314**	**-**	**-**	**39,314**

Movement of ECL for debt securities at AC	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Balance 01.01.2021	**133**	**-**	**-**	**133**
European Governments	(17)	-	-	**(17)**
Banks - Financial institutions	(110)	-	-	**(110)**
Corporate Entities Bonds	(1)	-	-	**(1)**
ECL impairment charge for the year	(128)	-	-	(128)
ECL for debt securities at AC as at 31.12.2021	**5**	**-**	**-**	**5**

The ECB eligible securities included in the Group's and the Bank's portfolio (amortized cost) amounted to €67 million as at 31.12.2022 and €39 million as at 31.12.2021.

During 2022 one debt security with nominal value €2 million matured. During 2021 two debt securities with nominal value €10 million matured and three debt securities with nominal value €6.8 million have been sold recording a profit of €0.3 million.

Note 20: Derivative financial instruments

	Group 31.12.2022 (€' 000)			Bank 31.12.2022 (€' 000)		
	Nominal value	Fair value Assets	Fair value Liabilities	Nominal value	Fair value Assets	Fair value Liabilities
FX swaps / forwards	117,000	-	165	117,000	-	165
Derivative financial instruments	**117,000**	**-**	**165**	**117,000**	**-**	**165**

	Bank 31.12.2021 (€' 000)		
	Nominal value	Fair value Assets	Fair value Liabilities
FX swaps / forwards	120,007	18	139
Derivative financial instruments	**120,007**	**18**	**139**

The Group and the Bank does not apply hedge accounting and therefore the gains and losses from derivative financial instruments are recognized in the Net results from financial transactions and investment securities. The FX swaps and FX futures referred above are effective economic hedges.

Note 21: Investment Property

	2022 € ' 000 Group	2022 € ' 000 Bank	2021 € ' 000 Bank
Opening Balance 01.01	-	-	-
Acquisition	6,455	-	-
Adjustments to FV	2,445	-	-
Closing Balance 31.12	**8,900**	**-**	**-**

As of 31.12.2022 the value of investment property is adjusted based on appraisals carried out by certified independent valuers with appropriate professional qualifications and experience. Investment property concerns property that was acquired through auction.

Regarding the hierarchy of fair value, it is calculated by the combination of the three methods (Comparative, Income & Residual) and classified as level 3.
The change in the fair value of investment property is for the year 2022 is presented within "Other Operating Income" in the Income Statement in Note 8.

Note 22: Investments in Subsidiaries

The consolidated financial statements include the financial statements of Aegean Baltic Bank SA and its subsidiary. Aegean Baltic Bank does not have any joint ventures or associates. The only subsidiary of the Bank is Acqua Blue Properties Single Member S.A. as stated bellow and therefore no non-controlling interest exists.

Bank	**31.12.2022**				
Company name	**Country of incorporation**	**Number of shares**	**Ownership interest %**	**Equity**	**Carrying Amount**
Acqua Blue Properties Single Member S.A.	Greece	750,000	100%	7,500	7,500
Investments in subsidiaries					**7,500**

Note 23: Intangible assets

	2022 '(000)		2021 '(000)
Acquisition cost:	**Group**	**Bank**	**Bank**
Opening balance as at 1 January	5,315	5,315	4,993
Additions	229	229	322
Closing balance as at 31 December	**5,544**	**5,544**	**5,315**
Accumulated amortization:			
Opening balance as at 1 January	3,786	3,786	3,320
Amortization charge for the year	410	410	466
Closing balance as at 31 December	**4,196**	**4,196**	**3,786**
Net book value:			
Opening net book value as at 1 January	**1,529**	**1,529**	**1,673**
Closing net book value as at 31 December	**1,347**	**1,347**	**1,529**

Intangible assets include only software.

Note 24: Property and equipment

Group's Property and equipment as at 31.12.2022:

(€' 000)	Land	Building	Leasehold improvements	Motor vehicles	Furniture and other equipment	IT equipment	Right of use assets	Total
Opening balance as at 01.01.2022:	**2,030**	**4,920**	**341**	**-**	**1,125**	**1,421**	**895**	**10,731**
Additions	-	-	-	-	53	84	258	395
Elimination of accumulated depreciation on revaluation	-	(302)	-	-	-	-	-	(302)
Revaluation surplus	130	1,122	-	-	-	-	-	1,252
Closing balance at FV	**2,160**	**5,740**	-	-	-	-	-	**7,900**
Closing balance at cost	**-**	**-**	**341**	**-**	**1,178**	**1,505**	**1,152**	**4,177**
Closing balance PPE as at 31.12.2022	**2,160**	**5,740**	**341**	**-**	**1,178**	**1,505**	**1,152**	**12,076**
Accumulated depreciation:								
Opening balance as at 01.01.2022	-	-	221	-	827	1,202	482	2,731
Depreciation	-	302	27	-	64	79	173	644
Disposals and write offs	-	(302)	-	-	-	-	-	(302)
Closing balance as at 31.12.2022	**-**	**-**	**248**	**-**	**891**	**1,282**	**655**	**3,072**
Closing net book value as at 31.12.2022	**2,160**	**5,740**	**93**	**-**	**287**	**223**	**497**	**9,004**

Bank's Property and equipment as at 31.12.2022:

(€' 000)	Land	Building	Leasehold improvements	Motor vehicles	Furniture and other equipment	IT equipment	Right of use assets	Total
Opening balance as at 01.01.2022:	**2,030**	**4,920**	**341**	**-**	**1,125**	**1,421**	**895**	**10,731**
Additions	-	-	-	-	53	84	258	395
Elimination of accumulated depreciation on revaluation	-	(302)	-	-	-	-	-	(302)
Revaluation surplus	130	1,122	-	-	-	-	-	1,252
Closing balance at FV	**2,160**	**5,740**	-	-	-	-	-	**7,900**
Closing balance at cost	**-**	**-**	**341**	**-**	**1,178**	**1,505**	**1,152**	**4,177**
Closing balance PPE as at 31.12.2022	**2,160**	**5,740**	**341**	**-**	**1,178**	**1,505**	**1,152**	**12,076**
Accumulated depreciation:								
Opening balance as at 01.01.2022	-	-	221	-	827	1,202	482	2,731
Depreciation	-	302	27	-	64	79	173	644
Disposals and write offs	-	(302)	-	-	-	-	-	(302)
Closing balance as at 31.12.2022	**-**	**-**	**248**	**-**	**891**	**1,282**	**655**	**3,072**
Closing net book value as at 31.12.2022	**2,160**	**5,740**	**93**	**-**	**287**	**223**	**497**	**9,004**

Bank's Property and equipment as at 31.12.2021:

(€' 000)	Land	Building	Leasehold improvements	Motor vehicles	Furniture and other equipment	IT equipment	Right of use assets	**Total**
Opening balance as at 01.01.2021:	**1,820**	**4,780**	**341**	**-**	**1,055**	**1,258**	**686**	**9,940**
Additions	-	-	-	-	70	163	209	442
Elimination of accumulated depreciation on revaluation	-	(284)	-	-	-	-	-	(284)
Revaluation surplus	210	424	-	-	-	-	-	634
Closing balance at FV	**2,030**	**4,920**	-	-	-	-	-	**6,950**
Closing balance at cost	**-**	**-**	**341**	**-**	**1,125**	**1,421**	**895**	**3,782**
Closing balance PPE as at 31.12.2021	**2,030**	**4,920**	**341**	**-**	**1,125**	**1,421**	**895**	**10,731**
Accumulated depreciation:								
Opening balance as at 01.01.2021	-	-	194	-	766	1,130	330	2,420
Depreciation	-	284	27	-	61	72	152	596
Disposals and write offs	-	(284)	-	-	-	-	-	(284)
Closing balance as at 31.12.2021	**-**	**-**	**221**	**-**	**827**	**1,202**	**482**	**2,731**
Closing net book value as at 31.12.2021	**2,030**	**4,920**	**120**	**-**	**298**	**218**	**413**	**8,000**

No property and equipment has been pledged as collateral.

The value of property and equipment is adjusted based on appraisals carried out by certified independent valuers with appropriate professional qualifications and experience. For the calculation of the Fair Value of the property the independent valuators have used a combination of the Market Approach (Comparative Method) and Income Approach (Income approach through direct capitalization method), the weighted average of the two methods with 50% weight for each method. For the calculation of the Fair Value of the Land the valuators have used the residual method of valuation. Regarding the hierarchy of fair value property and equipment valuation is classified as level 3.

Note 25: Deferred tax assets / liabilities

	2022 '(000)		**2021** '(000)
Deferred tax assets	**Group**	**Bank**	**Bank**
Loans and advances to customers	174	174	332
Defined benefits obligations	348	348	388
Derivatives and financial instruments	951	951	155
Greek Government Bonds (PSI)	930	930	979
Other temporary differences	210	210	169
Total Deferred tax assets	**2,613**	**2,613**	**2,023**
Deferred tax liabilities			
Loans and advances to customers	3,573	3,573	2,751
Revaluation of assets	801	801	551
Investment Property	533	-	-
Total Deferred tax Liabilities	**4,907**	**4,374**	**3,302**
Net Deferred tax (Liabilities) / Assets	**(2,294)**	**(1,761)**	**(1,279)**

The increase in Group's and the Bank's deferred tax liabilities balance amounting € 2,294 thousands as of 31.12.2022 compared to a net deferred tax liability balance of € 1,279 thousands as of 31.12.2021 is arising from revaluation of property and equipment, investment property as well as movements in loans and advances to customers deferred tax balance.

Movement of temporary differences analyzed as follows:

Group's movement for 2022 (€'000)	**Balance as at 1.1.2022**	Recognized through income statement 2022	Recognized through OCI 2022	**Balance as at 31.12.2022**
Revaluation of assets	**(551)**	-	(250)	**(801)**
Loans and advances to customers	**(2,419)**	(980)	-	**(3,399)**
Defined benefits obligations	**388**	36	(76)	**348**
Derivatives and investment Securities	**155**	24	772	**951**
Greek Government Bonds (PSI)	**979**	(49)	-	**930**
Investment Properties	**-**	(533)	-	**(533)**
Other temporary differences	**169**	41	-	**210**
Total	**(1,279)**	**(1,461)**	**444**	**(2,294)**

Bank's movement for 2022 (€'000)	**Balance as at 1.1.2022**	Recognized through income statement 2022	Recognized through OCI 2022	**Balance as at 31.12.2022**
Revaluation of assets	**(551)**	-	(250)	**(801)**
Loans and advances to customers	**(2,419)**	(980)	-	**(3,399)**
Defined benefits obligations	**388**	36	(76)	**348**
Derivatives and investment Securities	**155**	24	772	**951**
Greek Government Bonds (PSI)	**979**	(49)	-	**930**
Other temporary differences	**169**	41	-	**210**
Total	**(1,279)**	**(928)**	**445**	**(1,761)**

Bank's movement for 2021 (€'000)	**Balance as at 1.1.2021**	Restatement IFRIC / IAS 19	**Balance as at 1.1.2021 (restated)**	Recognized through income statement 2021	Recognized through OCI 2021	**Balance as at 31.12.2021**
Revaluation of assets	**(446)**	-	**(446)**	-	(105)	**(551)**
Loans and advances to customers	**(2,006)**	-	**(2,006)**	(413)	-	**(2,419)**
Defined benefits obligations	**467**	(91)	**376**	8	4	**388**
Derivatives and investment Securities	**(49)**	-	**(49)**	156	48	**155**
Greek Government Bonds (PSI)	**1,115**	-	**1,115**	(136)	-	**979**
Other temporary differences	**143**	-	**143**	26	-	**169**
Total	**(776)**	-	**(867)**	**(359)**	**(53)**	**(1,279)**

Note 26: Other assets

Hellenic Deposit and Investment Guarantee Fund included in other assets relate to the Group's and the Bank's participation in assets the investment and deposit cover scheme.

	31.12.2022 '(000)		31.12.2021 '(000)
	Group	Bank	Bank
Accrued income	25	25	-
Prepaid expenses	651	651	555
Hellenic Deposit and Investment Guarantee Fund	4,648	4,648	6,770
Tax Prepayments and other recoverable taxes	1,518	1,515	835
Other	768	768	840
Other assets	**7,610**	**7,607**	**8,998**

Note 27: Due to banks

	31.12.2022 '(000)		31.12.2021 '(000)
	Group	Bank	Bank
Time deposits due to credit institutions	750	750	48,546
Due to banks	**750**	**750**	**48,546**

Note 28: Due to customers

	31.12.2022 '(000)		31.12.2021 '(000)
	Group	Bank	Bank
Sight deposits	529,078	530,083	451,141
Term deposits	481,240	481,240	391,128
Other	284	284	91
Due to customers	**1,010,602**	**1,011,607**	**842,360**

The increase in 2022, of due to customers' balance of amount € 169 million, compared to the prior year, mainly derives from new deposits of the private sector with the major part coming from shipping and the rest from corporate sector.

	31.12.2022 '(000)		31.12.2021 '(000)
Due to customers include blocked deposits of:	Group	Bank	Bank
Blocked deposits for the issuance of Guarantee Letters	36,032	36,032	36,487
Blocked deposits for loans granted	127,716	127,716	98,012
Total	**163,748**	**163,748**	**134,499**

Note 29: Other liabilities

	31.12.2022 ’(000) Group	Bank	31.12.2021 ’(000) Bank
Amounts due to social security funds	338	338	304
Accrued expenses and deferred income	268	218	180
Suppliers	220	283	250
Hellenic Deposit and Investment Guarantee Fund	351	351	200
Lease liabilities	520	520	432
Other Payables	2,579	2,579	1,253
Other liabilities	**4,276**	**4,289**	**2,619**

The movement of the lease liability is summarized as follows:

Lease liabilities movement	31.12.2022 ’(000) Group	Bank	31.12.2021’(000) Bank
Opening balance, 01/01	**432**	**432**	**372**
Additions	267	267	209
Disposals	(9)	(9)	-
Interest Expense	12	12	10
Payments during the year	(182)	(182)	(159)
Closing balance, 31/12	**520**	**520**	**432**

Further information for the lease liabilities is also disclosed in note 36.

Note 30: Liabilities for current income tax and other taxes

	31.12.2022 '(000) Group	Bank	31.12.2021 '(000) Bank
Income tax liabilities	3,511	3,511	1,388
Other taxes liabilities	527	527	417
Liabilities for current income tax and other taxes	**4,038**	**4,038**	**1,805**

Note 31: Retirement benefit obligations

Defined benefit plans

According to Greek labor law 2112/1920 & Law 4093/2012 as amended and currently in force, employees are entitled to receive a lump sum benefit upon their retirement.

The lump sum amount depends on the salary of the employees and the years of service up to the date of retirement. In the event that an employee voluntarily leaves before his retirement date he is not entitled to receive such a retirement benefit. This retirement benefit meets the definition of a defined benefit plan according to provisions of IAS 19 & IFRIC decision and at 31 December 2022 the present value of this liability amounted to €1,580 thousand (in 2021 € 1,762 thousand). The Group's and the Bank's policy for the indemnities aligns with the 2021 IFRIC decision of IAS 19 fact pattern, concerning the method of attributing benefits to period of service and such change in the attribution methodology has been treated as a change in accounting policy. For further details of the impact from the change in accounting policy refer to Note 2.1

The retirement benefit obligations of the Group and the Bank have been calculated in compliance with the provisions of Greek Law, however it has decided to maintain the pre L.4093/2012 benefit formula and not decrease the number of salaries entitled.

Retired benefit obligation deriving from benefit plan has been calculated and recognized on the basis of an independent actuarial study using the "Projected Unit Credit Method".

The present value of the defined obligation is determined by the estimated future cash outflows using interest rates of high credit rating company securities, which have terms to maturity approximating the terms of the related liability.

The below table presents the analysis of the defined benefit plan:

	2022 '(000) Group	2022 '(000) Bank	2021 '(000) Bank
Amounts recognized in the Statement of Financial Position (SOFP)			
Present value of obligations	1,580	1,580	1,762
Net Liability in SOFP	**1,580**	**1,580**	**1,762**
Amounts recognized in the Income Statement			
Service cost	151	151	126
Net interest on the net defined benefit liability	13	13	5
Regular P&L Charge	**164**	**164**	**130**
Recognition of Past Service Cost	-	-	-
Total P&L Charge	**164**	**164**	**130**
Reconciliation of benefit obligation			
Defined Benefit Obligation "DBO" at start of period	**1,762**	**1,762**	1,564
Service cost	151	151	126
Interest cost	13	13	5
Actuarial (gain)/loss - financial assumptions	(386)	(386)	22
Actuarial (gain)/loss - experience	40	40	45
DBO at end of period	**1,580**	**1,580**	**1,762**
Remeasurements			
Liability gain/(loss) due to changes in assumptions	386	386	(22)
Liability experience gain/(loss) arising during the year	(40)	(40)	(46)
Total actuarial gain/(loss) recognized in OCI	**346**	**346**	**(68)**
Other adjustments recognized in OCI	-	-	-
Total amount recognized in OCI over the period	**346**	**346**	**(68)**
Movements in Net Liability in SOFP			
Net Liability in SOFP at the beginning of the period	**1,762**	**1,762**	**1,564**
Total expense recognized in the income statement	164	164	130
Total amount recognized in the OCI	(346)	(346)	68
Net Liability in SOFP	**1,580**	**1,580**	**1,762**
Cash flows			
Expected benefits paid by the plan for next financial year	674	674	554
Assumptions:			
Discount rate	3.84%	3.84%	0.88%
Price inflation	2.00%	2.00%	2.00%
Rate of compensation increase	3.00%	3.00%	3.00%
Plan duration	6.96	6.96	8.41

The amounts recognized in the Statement of Financial Position of the Group and the Bank are determined as follows:

	2022	2021	2020 as restated	2019	2018
	€' 000	€' 000	€' 000	€' 000	€' 000
Present value of obligations	1,580	1,762	1,564	1,685	1,526
Total obligation	**1,580**	**1,762**	**1,564**	**1,685**	**1,526**

Sensitivity analysis for 2022 for the significant assumption (discount rate):

- If the discount rate used were 0.5% higher, (i.e. 4.34% pa rather than 3.84% pa) then the DBO would be lower by 3.20%.
- If the discount rate used were 0.5% lower, (i.e. 3.34% pa rather than 3.84% pa) then the DBO would be higher by 3.40%.

Sensitivity analysis for 2021 for the significant assumption (discount rate):

- If the discount rate used were 0.5% higher, (i.e. 1.38% pa rather than 0.88% pa) then the DBO would be lower by 3.92%.
- If the discount rate used were 0.5% lower, (i.e. 0.38% pa rather than 0.88% pa) then the DBO would be higher by 4.24%.

Note 32: Share capital

Share capital for the year ended at: **(Amounts in €)**

	31.12.2022			**31.12.2021**		
	Number of Shares	Nominal Value	Share Capital	Number of Shares	Nominal Value	Share Capital
Opening balance	2,110,000	18	37,980,000	2,110,000	18	37,980,000
Issue of new shares	-	-	-	-	-	-
Closing balance	2,110,000	18	37,980,000	2,110,000	18	37,980,000

Note 33: Share premium

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Share premium	50,513	50,513	50,513
Less: Share capital issue related expenses (Net of Tax)	(306)	(306)	(306)
Share premium	**50,207**	**50,207**	**50,207**

Note 34: Reserves

	31.12.2022 '(000)		31.12.2021 '(000)
	Group	Bank	Bank
Statutory reserve	2,063	1,969	1,189
Valuation of FVTOCI portfolio	(3,943)	(3,943)	(436)
Deferred tax on valuation of FVTOCI portfolio	867	867	96
Actuarial Gain (Loss) of Retirement Benefit Obligations	(250)	(250)	(595)
Deferred tax on Remeasurement of the defined benefit obligations	55	55	131
Revaluation reserve land & building	3,718	3,718	2,465
Deferred tax on revaluation reserve land & building	(818)	(818)	(542)
Reserves	**1,692**	**1,598**	**2,308**
Movement of Reserves			
Opening Balance	**2,308**	**2,308**	**2,124**
Statutory reserve	**873**	**778**	**343**
Net gain/(losses) from changes in fair value of FVTOCI investments	(3,507)	(3,507)	(790)
Deferred tax on valuation of FVTOCI portfolio	772	772	181
Net change in Fair value	**(2,735)**	**(2,735)**	**(609)**
Remeasurement of the defined benefit obligations, net of tax	346	346	(66)
Deferred tax on Remeasurement of the defined benefit obligations	(76)	(76)	3
Net change in Fair value	**270**	**270**	**(63)**
Revaluation surplus (gain) from land & building	1,252	1,252	**610**
Deferred tax on revaluation surplus (gain) from land & building	(275)	(275)	**(97)**
Net change in Fair value	**977**	**977**	**513**
Closing Balance	**1,692**	**1,598**	**2,308**

Note 35: Retained earnings

	31.12.2022 '(000)		31.12.2021 '(000)
	Group	Bank	Bank
Opening balance 01 January	**10,873**	**10,873**	**4,344**
Statutory reserve movement	(874)	(779)	(343)
Profit / (Loss) for the year	17,472	15,584	6,873
Closing balance 31 December	**27,471**	**25,677**	**10,873**

Pursuant to article 158 of Law 4548/2018, and as in conjunction with the Group's Articles of Association, a percentage of 5% is deducted from the net profit of the period for the formation of statutory reserve.
According to article 149A par.2 of Law 4261/2014, voted within reference period, by way of derogation from item c) of par.2 of article 160 and par. 2 of article 161 of law 4548/2018, credit institutions are no longer subject to obligation to distribute a minimum dividend.

Note 36: Lease Liabilities

Leases

The Group and the Bank has liabilities from the lease of its branches in Piraeus and Glyfada and company cars that it uses. The duration of the lease contracts is 12 years for the buildings and 3 to 6 years for the company cars. The rents are usually subject to annual adjustments due to inflation. It is the Group's and the Bank's policy to renew these contracts.

The table below presents the contractual undiscounted cash flows of the Group and the Bank gross lease liabilities as at 31 December 2022 and 31 December 2021. The Group and the Bank have elected to take a recognition exemption for short-term and low-value leases (contracts that were on hold of contract renewal with an annual rental expense of €4 thousands), hence the analysis below does not include any leases with a residual term lower than 12 months and any leases with value less than €5 thousands, as of 31 December 2022 and 31 December 2021. Lease liabilities are included within the line item "Other liabilities".

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
No later than 1 year	179	179	137
Later than 1 year and no later than 5 years	345	345	301
Total undiscounted gross liabilities	**526**	**526**	**438**
Less discount effect (IFRS 16)	5	5	6
Total discounted lease liabilities	**520**	**520**	**432**

Note 37: Contingent liabilities and commitments

Legal issues

There are no material legal claims against the Group and the Bank as at 31.12.2022 that require disclosure in the Financial Statements.

Tax issues

The Group and the Bank has been audited by the tax authorities for the financial years up to and including 2009 while the financial year 2010 remains unaudited by the tax authorities. For the financial year 2010, it is expected that no additional taxes and penalties can be imposed based on the legislative framework with respect to the expiration of the time limitation period of the Greek State's right to impose additional taxes and penalties as of 31.12.2022.

The financial years 2011, 2012, 2013 and 2014 have been audited by its certified auditors, Deloitte Certified Public Accountants S.A. (the statutory auditor), in accordance with article 82 of Law 2238/1994. The relevant tax compliance reports were issued at 11.07.2012 at 26.09.2013 at 10.07.2014 and at 29.09.2015 respectively.

The years 2011, 2012, 2013 and 2014 are considered statute barred in accordance with the provisions of the circular POL.1208 / 20.12.2017 of the Independent Public Revenue Authority.

The financial years 2015, 2016, 2017, 2018, 2019, 2020 and 2021 have been audited by the Group's statutory auditor in accordance with article 65A of law 4174/2013. The relevant tax audit certificates were issued with no qualifications at 28.09.2016, 23.10.2017, 29.10.2018, 30.10.2019, 30.10.2019, 29.10.2020, 25.10.2021 and at 19.10.2022 respectively. For the financial year 2022 the audit from the statutory auditor is in progress and the relevant tax compliance report is expected to be issued after the publication of the financial statements of the year ended. If any additional tax liabilities arise after the completion of the tax audit, we estimate that they will not have significant effect on the financial statements.

Based on Ministerial Decision 1006/05.01.2016, there is no exception from tax audit by the tax authorities to those entities that have been tax audited by the statutory auditor and its tax audit certificate was unqualified. Therefore, the tax authorities may re-audit the tax books.

Consequently, additional taxes and penalties may be imposed as a result of such tax audits. Although the amounts cannot be reliably determined, it is not expected to have a material effect on the statement of financial position of the Group and Bank.

Capital commitments

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Undrawn commitments	54,493	54,493	46,645
Financial guarantees	16,973	16,973	19,434
Total	**71,466**	**71,466**	**66,079**

Syndicated Loans

The Group and the Bank act as an agent and administrator for syndicated loans granted to shipping corporations. The total amount of the syndicated loans administrated or participated by the Group and the Bank analyzed as follows:

	31.12.2022 '(000)		**31.12.2021** '(000)
	Group	**Bank**	**Bank**
Participation of other banks in drawdowned syndicated loans	49,000	49,000	662,555
AB Bank's participation in drawdown syndicated loans	-	-	-
Total amount of drawdowned syndicated loans	**49,000**	**49,000**	**662,555**
Other banks participation in unused credit facilities of syndicated loans	23,000	23,000	23,000
Total amount of unused credit facilities of syndicated loans	**23,000**	**23,000**	**23,000**
Total amount of syndicated loans administrated with the participation of AB-Bank	**72,000**	**72,000**	**685,555**

Note 38: Events after the reporting period

There are no important events to be disclosed.

Note 39: Related party transactions

Related parties include:
(a) an entity that has control over the Group and entities controlled, jointly controlled or significantly influenced by this entity, as well as members of its key management personnel and their close family members;
(b) members of key management personnel, their close family members and entities controlled or jointly controlled by the abovementioned persons;
(c) associates and joint ventures of the Group; and
(d) fellow subsidiaries.
Transactions of similar nature are disclosed on an aggregate basis. All banking transactions entered into with related parties are in the normal course of business and are conducted on an arm's length basis.

Transactions with subsidiary of Aegean Baltic Bank Group :

	2022 €' 000	2021 €' 000
Liabilities		
Due to customers	1,005	-
Total liabilities	**1,005**	**-**

Outstanding balances and results of related transactions with the Group:

	2022 €' 000	2021 €' 000
Assets		
Loans and advances to customers	224	119
Total assets	**224**	**119**
Liabilities		
Due to customers	2,665	2,921
Total liabilities	**2,665**	**2,921**
Income		
Interest and similar income	4	37
Fees and commission income	2	104
Total income	**6**	**141**
Expenses		
Interest expense and similar charges	25	3
Total expenses	**25**	**3**

Due to customers balance related transaction with the Bank amounts to €3,670 thousand. The rest of the amounts remain the same with the above table.

Remuneration, short term employee and post-employment benefits of the Board of Directors (BoD) members and General Managers, charged to the Income statement, summarized as follows for the Group and the Bank:

	2022 €' 000	2021 €' 000
Remuneration	2,056	1,873
Short Term employee and post-employment benefits	107	108
Total	**2,163**	**1,981**

There are no other transactions related to the Board of Directors or the General Managers of the Group and the Bank.

Note 40: Independent auditor's fees

On 28 June 2022, the Ordinary General Meeting of the Shareholders appointed Deloitte Certified Public Accountants S.A. as the statutory auditor for the year ended 31 December 2022. The following table presents the total fees for statutory audit, other audit and non-audit related rendered in 2022 and 2021:

	2022 '(000)		**2021** '(000)
	Group	**Bank**	**Bank**
Statutory audit fees	109	101	96
Tax audit fees	25	25	24
Other audit related fees	7	7	6
Total	**141**	**133**	**126**

Athens, 30 May 2022

The Chairman of the BoD	The Managing Director	The Chief Financial Officer
Konstantinos Hadjipanayotis	Theodore Afthonidis	George Kalantzis