EUROBANK
Cyprus

PILLAR 3 REPORT

FOR THE YEAR ENDED
31 DECEMBER 2022

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Table of Content

Index of Tables

1. Introduction – General Information

Eurobank Cyprus Ltd ("the Bank") is a credit institution based in Cyprus and supervised by the Central Bank of Cyprus ("CBC") and the European Central Bank ("ECB"). The Bank's principal activity is the provision of banking and financial services and is a wholly owned subsidiary of Eurobank S.A[1] ("Parent Entity"). Although its strategic focus remains concentrated to its main pillars of Wealth Management, Corporate and Commercial Banking, International Business Banking, Global Markets and Affluent Banking, the Bank is also targeting to grow in new business areas that fit its successful business model and its commitment to providing services of the highest standard.

Review of position and performance of the Bank's business

The main financial highlights for 2022 and 2021 are as follows:

Key Financial results	**31 December 2022 € thousands**	31 December 2021 € thousands
Net interest income	127.280	80.705
Operating income	164.484	112.008
Operating expenses	(47.307)	(41.899)
Profit from operations before impairment losses and provisions	**117.117**	**70.109**
Impairment losses and provisions	(1.440)	(3.378)
Profit before tax and government levies	115.737	66.731
Profit for the year	**94.336**	**55.227**
Balance sheet Highlights	**€ thousands**	**€ thousands**
Customer deposits	7.202.822	6.619.640
Loans & advances to customers	2.729.918	2.600.550
Total assets	8.930.915	8.156.866
Equity	636.316	571.473
NPEs	69.999	62.616
Financial Ratios*	**%**	**%**
Cost to income	28,8	37,4
Return on equity	15,6	9,5
Loans to deposits	37,9	39,3
Cost of risk	0,1	0,2
NPE provisions coverage	77,0	83,1
Credit-impaired loans/gross loans	2,5	2,4
Capital adequacy ratio**	27,3	25,4
MREL ratio	28,6	25,4
Leverage ratio	7,2	7,1

* Definitions of the selected financial ratios and the source of the financial data are provided in Appendix II.

** The capital adequacy ratio of the Bank is maintained with CET1 capital.

- The Bank's profit for the year amounted to €94,3 million compared to €55,2 million in 2021. The liquidity position of the Bank is satisfactory, maintaining high liquid ratios on all regulatory and internal liquidity measures.
- Cost discipline was sustained in line with expectations supported by the low Cost/income ratio of 28,8% for 2022 recording a further improvement vs last year's respective ration of 37,4%.

[1] Eurobank S.A is a banking organization incorporated in Greece. 100% of the Eurobank S.A. shares are owned by the Eurobank Ergasias Services and Holdings S.A., a holding company listed in the Athens Stock Exchange.

- The quality of the loan portfolio remained strong in 2022 as depicted by the credit-impaired loans/gross loans ratio of 2,5%. In addition, the NPE provisions coverage remained at high levels of 77,0% in 2022.
- Customer deposits for 2022 amounted to €7,2 billion, an increase of ca. 9% vs 2021 of €0,6 billion.
- Loans & advances to customers reported an increase of €130 million vs 2021 with the Bank continuing to implement a selective credit expansion policy as demonstrated by the low ratio on credit-impaired loans.
- Total Capital Adequacy ratio reached 27,3% [all Common Equity Tier 1 ("CET1")] and MREL ratio at 28,6% well above the total minimum requirements.

Financial risk management

The Bank is exposed to risks, the most significant of which is credit risk. Other risks which the Bank is exposed include operational risk, liquidity risk and market risk including interest rate risk in the banking book. The Bank monitors, manages and mitigates these risks through various control mechanisms. Detailed information relating to the Bank's risk management is set out in Sections 3-8 of the Report.

1.1 Basis of preparation

The Bank prepares the Pillar 3 report ("the Report") in accordance with Part Eight of the Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013 ("CRR" or "Capital Requirements Regulation"), as well as any relevant implementing Regulations and guidelines from the European Banking Authority ("EBA").

Regulation (EU) No 876/2019 was published in June 2019, where revisions were provided included, amongst others the reporting and disclosure framework, which 2 rules follow a phased implementation with significant elements entering into force in 2021.

Moreover, in April 2021 the European Commission published Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards with regard to the disclosures to be made by banks of the information referred to in Titles II and III of Part Eight of the CRR.

1.2 Regulatory framework

1.2.1 Regulatory Framework

The general Basel framework is structured around three mutually reinforcing pillars:

- Pillar 1 defines the minimum regulatory capital requirements, based on principles, rules and methods specifying and measuring credit, market and operational risk. These requirements are covered by regulatory own funds, according to the rules and specifications of the Capital Requirements Regulation.
- Pillar 2 addresses the internal processes for assessing overall capital and liquid asset holdings are adequate in relation to the risk profile of credit institutions, as performed through the Internal Capital Adequacy Assessment Process ("ICAAP") and the Internal Liquidity Adequacy Assessment Process ("ILAAP"). Moreover, Pillar 2 introduces the Supervisory Review and Evaluation Process ("SREP") which assesses the risks that credit institutions face and check that they are equipped to manage those risks properly.
- Pillar 3 intends to enhance market discipline by developing a set of quantitative and qualitative disclosure requirements, which allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes and hence the capital adequacy and the internal liquidity adequacy of credit institutions.

According to the provisions of the CRR, the following minimum required thresholds apply:

- CET1 ratio: 4,5%;
- Tier 1 ratio: 6%;
- Total Capital Adequacy ratio: 8%

Tier 1 capital comprises of CET1 capital plus Additional Tier 1 ("AT1") capital, while the Total Capital comprises of Tier 1 capital plus Tier 2 ("T2") capital. To calculate each ratio we divide the required capital with the Risk Weighted Assets ("RWAs"). The Bank doesn't employ AT1 nor T2 capital, thus all ratios are to be met with CET1 capital.

Furthermore, Directive (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU ("CRD" or "Capital Requirements Directive") requires banks to maintain a Capital Conservation Buffer ("CCB") equal to 2,5% of their total risk exposure amount calculated. The CCB must be met with CET1 capital.

Additional capital buffers that are introduced by the CRD through the CBC's Macroprudential Oversight of Institutions Law of 2015 are the following:

a) **Countercyclical Capital buffer ("CCyB")**: The purpose of this buffer is to counteract the effects of the economic cycle on banks' lending activity, thus making the supply of credit less volatile and possibly even reduce the probability of credit bubbles or crunches. Credit institutions are required under the aforementioned Law to build up an additional buffer of 0% – 2,5% of CET1 during periods of excess credit growth, according to national circumstances. According to the CBC, the countercyclical buffer was calibrated at 0,11% for 2022 (2021: 0%).

   The institution-specific CCyB is calibrated periodically by the Bank; calculated as the weighted average of the CCyBs that apply in the jurisdictions where the relevant credit exposures of the Bank are located[2]. During December 2022, the CBC communicated to that all Banks in Cyprus, that from 30 November 2023, should apply a rate of 0,5% to exposures in Cyprus.

b) **Global Systemically Important Institutions ("G-SIIs") buffer**: The CBC's Macroprudential Oversight of Institutions Law of 2015 includes a mandatory systemic risk buffer of CET1 for banks that are identified by the relevant authority as globally systemically important, which is not applicable to Cypriot banks.

c) **Other Systemically Important Institutions ("O-SIIs") buffer**: On 29/11/2021, the CBC published its updated list of O-SIIs in Cyprus accompanied by the O-SII buffer rate applicable to each. O-SIIs are those institutions which are deemed systematically important in addition to G-SIIs already identified. The CBC may require each O-SII to maintain an O-SII capital buffer of up to 3% of its total risk exposure. The O-SII buffer rates applied to Cyprus banks as of 29/11/2011 range from 0,25% to 1,5% and are gradually phased-in within a period from 2021 - 2023.

   The Bank maintained its designation as an O-SII in Cyprus and should meet a transitional additional requirement of 0,75% of CET1 by 1 January 2023, 0,625% by 1 January 2022 and 0,5% of which is applicable from 1 January 2021.

[2] In order to calculate the weighted average, the Bank applies to each applicable countercyclical buffer rate its total own funds requirements for credit risk that relates to the relevant credit exposures in the territory in question, divided by its total own funds requirements for credit risk that relates to all of its relevant credit exposures.

d) **Systemic Risk buffer ("SyRB")**: According to CRD, SyRB can be used to address a broad range of systemic risks, which may also stem from exposures to specific sectors, as long as they are not already covered by the Capital Requirements Regulation or by the CCyB or the G-SII/O-SII buffers. The level of the SyRB may vary across institutions or sets of institutions as well as across subsets of exposures. There is no maximum limit for this buffer. Competent authority is in charge of setting the systemic risk buffer and of identifying the sets of institutions to which it applies. As prescribed by the aforementioned Law, the CBC, in cooperation and communication with other competent authorities, may decide to introduce a Systemic Risk buffer of Common Equity Tier 1 capital for the Cyprus financial sector or for one or more subsets of that sector, in order to prevent and mitigate long term non-cyclical systemic or macroprudential risks not covered by the CRR, in the sense of a risk of disruption in the financial system with the potential to have serious negative consequences to the financial system and the real economy of Cyprus.

   During 2022 and similar to 2021 no Systemic Risk buffer was imposed to Cypriot banks by the CBC.

e) **Pillar 2 Requirement ("P2R")**: During the conclusion of Supervisory Review and Evaluation Process performed by supervisory authorities, the communication received by the Bank was that, effective on 1 January 2020, a capital requirement of 2,25% should be maintained by the Bank in the form of CET1 capital. This is a capital requirement set on an individual basis in order to cover risks which are underestimated or not covered by the minimum regulatory requirement. Future SREP reviews have not resulted in a different P2R, thus the 2,25% remains the same.

f) **Pillar 2 Guidance ("P2G")**: Part of the same evaluation process mentioned in e) above, again on an individual basis, supervisory authorities recommended a Pillar 2 Guidance which they expect the Bank to adhere to, which was set at 1,5%. If adhered to, it should be maintained in the form of CET1 capital. This is a recommendation for the Bank's management towards the minimum requirements however it's not binding to the Bank. The Bank's management opted to adhere to the P2G from 2020 onwards. Future SREPs have not resulted in a different P2RG thus the 1,5% remains the same.

The Bank underwent future evaluation processes (as mentioned in e) above, with the capital requirements of P2R and P2G remaining at the same levels. The result of the latest evaluation comes into effect on 1 January 2023.

Due to Covid-19, in 2020 the ECB announced a capital buffer relaxation to all banks to operate temporarily below the level of capital defined by the P2G (of 1,5% for the Bank), the CCB (of 2,5%) and the liquidity coverage ratio. Also, the ECB allowed banks to exclude certain central bank exposures from the denominators of their leverage ratios owing to the exceptional macroeconomic circumstances. In its press release of 17 December 2021, the ECB announced that it expected all banks to comply with the general LCR minimum level of 100% as of 1 January 2022, while on 10 February 2022, the ECB announced that it sees no need to allow banks to operate below the level of capital defined by their P2G beyond December 2022.

1.2.2 Regulatory Developments

On 29 May 2020, EBA published its Guidelines on loan origination and monitoring that expect Banks to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines set requirements for assessing the borrowers' creditworthiness together with the handling of information and data for the purposes of such assessments. In these requirements, the Guidelines bring together the EBA's prudential and consumer protection objectives. The application of the Guidelines for newly originated loans needs to be in place within Q2 2021, while gradually and until Q2 2024 the application of the Guidelines needs to be expanded to existing loans that have been renegotiated and to the stock of existing loans.

On 24 January 2022, EBA published its final draft ITS on Pillar 3 disclosures on Environmental, Social and Governance ("ESG") risks. The final draft ITS put forward disclosures to show how climate change may exacerbate other risks within institutions' balance sheets, how institutions are mitigating those risks, and their ratios, including the Green Asset Ratio ("GAR"), on exposures financing taxonomy-aligned activities. Disclosure of information on ESG risks is a vital tool to promote market discipline, allowing stakeholders to assess banks' ESG related risks and sustainable finance strategy. In line with the requirements laid down in CRR, the draft ITS set out comparable quantitative disclosures on climate-change related transition and physical risks, including information on exposures towards carbon related assets and assets subject to chronic and acute climate change events. They also include quantitative disclosures on institutions' mitigating actions supporting their counterparties in the transition to a carbon neutral economy and in the adaptation to climate change. In addition, they include Key Performance Indicators on institutions' assets financing activities that are environmentally sustainable according to the European Union ("EU") taxonomy (GAR and Banking Book Taxonomy Alignment Ratio ("BTAR")).

On 18 March 2022, EBA published its final revised Guidelines on common procedures and methodologies for Supervisory Review and Evaluation Process (''SREP'') and supervisory stress testing. The revisions aim at implementing the amendments to CRD V and CRR II and promoting convergence towards best supervisory practices. The revision of the SREP Guidelines, while keeping the original framework with the main SREP elements intact, reflects the amendments at Level 1, which include, among other things, the introduction of the assessment of the risk of excessive leverage and the revision of the methodology for the determination of the Pillar-2 Guidance. This revision is also aimed at aligning the text with other relevant guidelines, technical standards, as well as enhancing the guidance by incorporating identified best practices. Additional relevant changes are related to the enhancement of the principle of proportionality as well as the encouragement of cooperation among prudential supervisory authorities and AML/CFT supervisors, as well as resolution authorities.

On 2 May 2022, EBA published a Discussion Paper on the role of environmental risks in the prudential framework for credit institutions and investment firms. The Paper provides an analysis of the extent to which environmental risks are already reflected in the Pillar 1 own funds requirements via internal and external ratings, valuation of financial instruments and collateral, or scenario analysis. It launches the discussion on the potential incorporation of a forward-looking perspective in the prudential framework. It also stresses the importance of collecting relevant and reliable information on environmental risks and their impact on institutions' financial losses. While the Discussion Paper focuses on Pillar 1 own funds requirements, it highlights the need for a holistic regulatory approach and should be seen as part of the EBA's broader work in the area of ESG risks, which includes transparency, risk management, Pillar 2 supervision and macroprudential capital buffers. The Paper also highlights interlinkages with the accounting framework. The consultation ran until 2 August 2022.

On 24 May 2022, EBA published an updated mapping between quantitative disclosure data points and the relevant supervisory reporting data points. The updated mapping applies to the reporting framework 3.0 and the Implementing Technical Standards ("ITS") on institutions' Pillar 3 public disclosures. The amendments mainly address issues raised by competent authorities and the industry.

On 8 November 2022, the Council of the EU published its position (general approach) on the proposals amending:

- Regulation (EU) No 575/2013 as regards requirements for credit risk, credit valuation adjustment risk, operational risk, market risk and the output floor the capital requirements directive and the capital requirements regulation;
- Directive 2013/36/EU as regards supervisory powers, sanctions, third-country branches, and environmental, social and governance risks, and amending Directive 2014/59/EU (CRD).

Following the usual legislative procedure, the Council's general approach will be discussed together with European Parliament's final position and the European Commission's initial legislative proposal to agree on a final version of the texts. The trilogue is expected to start during 2023.

On 20 October 2022, EBA published a final set of Guidelines and two final draft Regulatory Reporting Standards ("RTS") specifying technical aspects of the revised framework capturing Interest Rate Risk in the Banking Book ("IRRBB" positions. These regulatory products complete the onboarding into EU law of the Basel standards on IRRBB and are of crucial importance given the current interest rate environment. The EBA will also closely monitor their implementation and more generally the impact of the evolving interest rates on the management of IRRBB by EU institutions and on other related prudential aspects. The Guidelines will replace the current Guidelines on technical aspects of the management of interest rate risk arising from non-trading activities under the SREP published in 2018.

On 12 December 2022, the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) published a joint advice in response to the European Commission's October 2021 call for advice on the review of the securitisation prudential framework. The ESAs welcomed the current review as an opportunity to assess the performance of the current framework and support the objective of reviving the EU securitisation market. The targeted proposals in the advice aim at improving the consistency and risk sensitivity of the capital framework for banks whereas the liquidity framework for banks and the prudential framework for (re)insurers should be maintained as it currently stands. However, the ESAs believe that re-calibrating the securitisation prudential framework would not be a solution that in itself would ensure the revival of the securitisation market.

On 19 December 2022, the ECB published a report on good practices for climate stress testing. With this report, the ECB aims to give banks good examples and suggestions for improving their climate stress testing capabilities and for aligning their practices with ECB expectations. The ECB emphasises that Climate and Environmental risks ("C&E risks") remain key priorities and banks are expected to properly manage their C&E risks by the end of 2024.

On 31 January 2023, EBA published a consultation on draft ITS on supervisory reporting with respect to IRRBB. The consultation paper proposes new, harmonised reporting requirements for the assessment and monitoring of institutions' IRRBB across the EU. This new reporting will provide supervisors the necessary data to monitor IRRBB risks in credit institutions, taking into careful consideration the concept of proportionality.

The consultation runs until 2 May 2023. EBA expects to submit this draft ITS to the European Commission in mid-2023. The expected application of the revised requirements is for 30 June 2024 reporting reference date.

On 14 February 2023, EBA published the final draft RTS setting out the conditions for the assessment of the homogeneity of the underlying exposures in a pool of a Simple Transparent and Standardised ("STS") on-balance-sheet securitisation. In general, the proposed amendments consider the specificities of on-balance-sheet securitisations and aim at enabling both the originators and the investors to assess the underlying risks of the pool of the underlying exposures on the basis of common methodologies and parameters in line with the overarching objective of the homogeneity requirement.

The final draft RTS will be submitted to the Commission for endorsement. Following the submission, RTS will be subject to scrutiny by the European Parliament and the Council before being published in the Official Journal of the European Union.

On 21 March 2023, EBA launched a public consultation on its draft ITS amending the ITS on specific reporting requirements on market risks (Fundamental Review of the Trading Book ("FRTB") reporting), aiming at providing supervisors with the necessary tools to monitor these risks. The consultation runs until 21 June 2023. As the full implementation of the FRTB in the EU approaches, the proposals set out in the consultation paper complement the already existing reporting requirements with a comprehensive set of information on the instruments and positions to which institutions apply related to the FRTB approaches.

1.2.3 COVID-19 regulatory measures

The Covid-19 pandemic constitutes an unprecedented challenge with very severe socio-economic consequences. Regulatory authorities have responded to this challenge with a number of regulatory measures.

In November 2021, the Republic of Cyprus, through the Ministry of Finance, issued a decree announcing a scheme to provide government guarantees to credit institutions, where eligible beneficiaries are companies and self-employed persons. The purpose of the scheme is to (i) provide liquidity to the market in view of the pandemic and (ii) to give incentive to banks to provide such liquidity with reduced risks. The government will cover 70% of the damages of loans (possible losses) from the facilities granted under the scheme. During 2022 the Bank granted a total of eight newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

On 17 January 2022, EBA confirmed the need to continue monitoring exposures and the credit quality of loans benefitting from various public support measures due to the uncertainty over Covid-19 developments. To facilitate such monitoring by the competent authorities, especially in the jurisdictions where loans under moratoria and public guarantee schemes remain a concern, the EBA confirms that the Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis adopted on 2 June 2020 continue to apply until further notice.

On 10 February 2022, ECB announced the end of the last temporary relief measures still available to banks, hence confirming the return to normality under the initially envisaged timeline. More specifically, ECB decided that banks are expected to operate above the Pillar 2 Guidance from January 2023, while it will not extend beyond March 2022 the supervisory measure that allows banks to exclude central bank exposures from their leverage ratios.

On 16 December 2022, EBA announced the repeal of the EBA Guidelines on Covid-19 reporting and disclosure from 1 January 2023, in response to the decreasing relevance of the related public support measures, and the overall EBA proportionate approach to reporting. Additionally, EBA has published its closure report of Covid-19 measures which provides an overview of the wide range of policy measures taken on the back of the pandemic, their state of play and the path out of policy support. Although the EU banking system proved overall resilient, the ample support provided does not give room to complacency, and the framework is to be further strengthened with a loyal and prompt implementation of Basel III. The conclusion of the report highlights the need to accomplish the transition out of Covid-19 and notes the risks associated to an orderly phase-out. The publication is accompanied by an update to the list of Public Guarantee Schemes and general payment moratoria schemes issued in response to the pandemic.

1.2.4 Supervisory Review and Evaluation Process

Based on Council Regulation 1024/2013, the ECB conducts annually a SREP, in order to define the prudential requirements of the institutions under its supervision, by defining a total SREP capital requirement. The key purpose of SREP is to ensure that institutions have adequate arrangements, strategies, processes and mechanisms as well as capital and liquidity to ensure a sound management and coverage of their risks, to which they are or might be exposed, including those revealed by stress testing and risks the institution may pose to the financial system.

The common SREP framework introduced is built around:

- a business model and profitability assessment;
- an internal governance and risk management assessment;
- an assessment of risks to capital on a risk-specific basis (i.e. credit risk, market risk, operational risk, IRRBB), of the institution's ICAAP and of capital adequacy; and
- an assessment of risks to liquidity and funding on a risk-specific basis (i.e. short-term funding, long-term funding and the institution's internally identified risks in normal scenarios and under stressed conditions), of the institution's ILAAP and of the adequacy of liquidity.

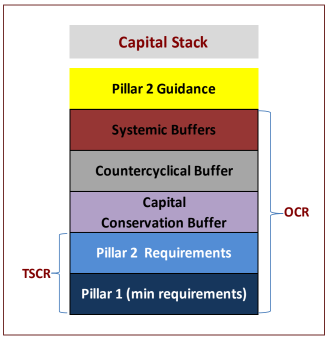
On the basis of the ECB's assessment of the institution's risk profile (through SREP), the following capital adequacy requirements apply:

- The minimum required CET1 ratio and the minimum required Total capital adequacy ratio ("TSCR" or "Total SREP Capital Requirements") that the Bank must meet at all times;
- The Overall Capital Requirements ("OCR"), which include, in addition to the TSCR, the Combined Buffer Requirement ("CBR")[3], which in case of breach, leads to the trigger of the Maximum Distributable Amount ("MDA");
- The P2G, which is an additional capital buffer recommended by the ECB to be kept over and above the OCR.

1.2.5 Pillar 2 Requirement

The P2R is a capital requirement, determined via the SREP, which applies in addition to the Pillar 1 minimum capital requirement and covers risks which are underestimated or not covered by the Pillar 1 minimum capital requirements. The P2R is binding and its breach can have direct legal consequences for an institution.

In addition to the P2R, the P2G is also determined via the SREP. Unlike the P2R, the P2G is not legally binding.



It is noted that as per the latest SREP communication received by the Bank, in 2022 the TSCR of the Bank has been set at 10,25%. In addition, the Bank is subject to a Pillar 2 Guidance capital requirement of 1,5%.

The P2R must be maintained at all times, in accordance with Article 16(2)(a) of Regulation (EU) No 1024/2013. The P2R must be held in the form of CET1 capital (at 1,27%), T1 capital (at 1,69%) and Total Capital at 2,25%.

The Bank is required to obtain the ECB's approval prior to making any distributions to its shareholders, where non-payment does not constitute an event of default. In case of banks' capital falling below the Combined Buffer Requirement, they can make distributions only within the limits of the MDA as defined by the EU law.

[3] The CBR is the sum of the CCB, CCyB and O-SII buffer

1.3 Scope of Pillar 3

The present Report is issued in response to the provisions set out in Part Eight of the CRR requiring credit institutions to publicly disclose information on their risk management practices, processes, policies and procedures, as well as their risk governance structure, accompanied by numerical information on their capital adequacy year-end calculations.

The Bank prepares the Report on a **solo basis** which consists of both qualitative and quantitative information. Considering that the **Parent Entity prepares consolidated** Pillar 3 disclosures (of the Parent Entity and its subsidiaries (together called "the Group")), the Bank draws on Article 13 of the Capital Requirements Regulation allowing limited disclosure of information, given that the Bank is a large subsidiary (as defined in the CRR) of the consolidating group entity.

Pillar 3 disclosures consist of both qualitative and quantitative information. They have been prepared according to the specific CRR Articles 437, 438, 440, 442, 450, 451, 451a and 453 of Part Eight of the Regulation (EU) No 575/2013, as in force. Consequently, it is subject to the limited disclosure requirement on annual basis. In December 2016 EBA published EBA/GL/2016/11 guidelines on revised Pillar 3 disclosures requirements to improve the consistency and comparability of institutions' regulatory disclosures. These guidelines harmonised the frequency of disclosures and updated the list of requirements to be considered for more frequent disclosures.

According to the above guidelines, when the disclosure is being reported for the first time, the data of the previous period is not required.

The Bank includes in its Report, all the information which it deems necessary, to provide to users with a clear, complete and accurate view of the Bank's risk profile for the purposes of the aforementioned scope, taking into consideration the applicable waivers regarding non-material, proprietary or confidential information.

In December 2018 EBA published EBA/GL/2018/10 guidelines, which include enhanced disclosure formats for credit institutions for disclosures related to non-performing exposures, forborne exposures and foreclosed assets. Some templates are applicable to significant credit institutions that have a gross NPL ratio of 5% or above, as is the case for the Bank.

In response to the COVID-19 pandemic, EBA published EBA/GL/2020/07 guidelines, which introduce additional requirements in relation to the disclosure on exposures subject to the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis and on newly originated exposures subject to public guarantee schemes.

In addition to the CRR 'quick fix', EBA issued EBA/GL/2020/12 guidelines, which amend the EBA/GL/2018/01 on uniform disclosures under Article 473a of the CRR as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds, to provide clarity to institutions and users of information on the implementation of part of the disclosure requirements included in the CRR 'quick fix' and how institutions should disclose the information required.

In June 2020, EBA published new Implementing Technical Standards ("ITS") on public disclosures by institutions and revised final draft ITS on supervisory reporting that implements changes introduced in the Capital Requirements Regulation and the Prudential Backstop Regulation. The two Implementing Technical Standards aim to promote market discipline through enhanced and comparable public disclosures for stakeholders and to keep the reporting requirements in line with the evolving needs for Supervisory Authorities' risk assessments.

On 6 August 2021, EBA published an updated tool, which specifies the mapping between quantitative disclosure data points and the relevant supervisory reporting data points. This tool aims at facilitating institutions' compliance with disclosure requirements and improving the consistency and quality of the information disclosed. On 24 May 2022, EBA published an updated mapping between quantitative disclosure data points and the relevant supervisory reporting data points. The amendments mainly address issues raised by competent authorities and the industry. The updated mapping applies to the reporting framework 3.0 and the ITS on institutions' Pillar 3 public disclosures. Following the new requirements, the Bank adopted these changes in the previous periods, in order to provide comparative information.

1.4 Location, timing and frequency of disclosures

The Bank publishes its Pillar 3 disclosures on an annual basis, in a designated location on its website (https://www.eurobank.com.cy/en-us/news?type=7&year). Regarding the timing of disclosures, the guidelines clarify that the requirement set in CRR on publishing information in conjunction with the date of publication of the financial statements, does not mean that the publication has to take place on the same date and the publication can occur within reasonable delay. Such a delay cannot exceed any national deadline for Pillar 3 disclosures publication.

The information contained in the Pillar 3 Disclosures has been reviewed by the Audit Committee and was approved by the Board of Directors on 21 April 2023.

1.5 Compliance with Pillar 3 disclosures

The Bank has in place an internal "Pillar 3 Disclosure Policy" in order to ensure consistent and continuous compliance with the Pillar 3 disclosure requirements, as these have been specified in the CRR, as well as in relevant EBA guidelines and standards. Within this framework, the following is applicable to the Bank's disclosures:

- Pillar 3 disclosures are provided on a solo basis;
- The Bank includes in its disclosures all information deemed necessary to provide users with a clear, complete and accurate view of the Bank's structure, capital management, risk management system, unencumbered assets and remuneration policy. During this procedure the Bank also identifies information that is material, confidential and proprietary;
- The Bank has opted to present the full set of Pillar 3 disclosures (considering the limited scope of disclosures referenced in Section 1.1. above) in a separate document "Pillar 3 Report", which is published at least annually on the Bank's website, in conjunction with the date of publication of its financial statements (as clarified above);
- The Bank re-examines the extent and type of information provided at each disclosure date and revises its Pillar 3 Disclosure Policy as necessary;
- The Audit Committee of the Bank is responsible to review the Report, while the Board of Directors ("BoD" or "the Board") of the Bank is responsible to approve it.

1.6 Minimum Requirements for Eligible Own Funds and Eligible Liabilities

Under the Directive 2014/59 ("BRRD" or "Bank Recovery and Resolution Directive"), as amended by Directive 2019/879 ("BRRD2"), European banks are required to meet the minimum requirement for own funds and eligible liabilities ("MREL"). The Single Resolution Board ("SRB") has determined Eurobank S.A. as the Group's resolution entity and a Single Point of Entry ("SPE") strategy for resolution purposes. The Bank is assessed by the SRB as a Material Legal Entity of the resolution Group.

Based on the latest official SRB's decision in November 2022, the Bank needs to comply with MREL on an individual basis at the level of 22,73% plus the fully loaded CBR of 3,820%[4] by 1 January 2024. The SRB allows for a transition period of the MREL requirement. The interim binding MREL target applicable since 1 January 2022 is set at 22,09% plus a CBR of 3,235%. The final MREL target is updated by the SRB on an annual basis. The MREL target must be met at all times.

Due to the phasing in of the MREL target, in an effort to be pro-active, the Bank's management has decided (for internal monitoring purposes) to meet the MREL target 1-day forward. So as at 31/12/2022 the Bank assessed actual MREL against the target to be met as of 1 January 2023, which stood at 25,77% (inclusive of a CBR of 3,36%).

The MREL Ratio is calculated as (Own Funds + Eligible Liabilities) / Risk Weighted Assets ("RWAs"). In May 2022, the Bank issued MREL Eligible Liabilities (which count in the numerator of the MREL ratio) to the Parent Entity, which is the Group's Resolution Entity, for an amount of €30m with a 3NC2Y maturity. The MREL ratio stood at 28,60% as at 31/12/2022, which is above the regulatory minimum of 25,77%.

1.7 Implementation of Capital Adequacy framework

1.7.1 Credit risk

The Bank is using the Standardised approach for the calculation of the capital requirements for credit risk. The Bank's policy regarding credit risk is to enter into transactions with an acceptable level of credit risk, which has to be fully commensurate to the corresponding pricing policy and market conditions. The Bank's lending decisions are based on the adequacy of the repayment ability of the client, through sufficient and steady cash flows.

1.7.2 Market risk

The Bank's management and monitoring of market risk is achieved through the use of the 'Value at Risk' ("VaR") methodology. VaR is a methodology used in measuring financial risk based upon a 99% confidence level and a holding period of 10 days. For the measurement of market risk exposure and the calculation of capital requirements, the Bank applies the Standardised Approach.

1.7.3 Operational risk

Based on the provisions of the CRR, the Bank uses the Basic Indicator Approach to calculate its Pillar 1 regulatory capital requirements for operational risk.

[4] Fully loaded CBR of 3,820% includes a projected CCyB of 0,57%

1.8 Environmental sustainability, social responsibility and governance

Our approach towards sustainable development

Eurobank Cyprus is committed to investing in sustainable development and in designing its actions to improve its impact on environmental sustainability, social responsibility and corporate governance. Among its strategic objectives is to adapt its business and operation in a way that addresses climate change challenges, to accommodate social needs within its business model, and to safeguard prudent governance for itself and its counterparties, in accordance with supervisory initiatives and following international best practices.

The Bank is in close communication with the Eurobank Group for the development of its ESG program in order to ensure alignment with the latest regulatory requirements/guidelines on ESG related issues as the environment surrounding ESG is dynamic with a number of frameworks and standards in place.

In line with the United Nations Sustainable Development Goals and the 2030 Agenda goals, Eurobank Cyprus develops its approach across the ESG spectrum and business objectives across two distinct levels of impact:

- Financed impact: Impact resulting from the Bank’s lending and investing activities to specific sectors and clients;
- Operational impact: Impact arising from the Bank’s operational activities and footprint.

In 2022, the Bank initiated a number of activities on environmental impact (operational net zero, paperless banking, circular economy) as well as on employer impact (diversity and inclusion, wellbeing, innovative environment), and social/business impact (socio-economic effect, transparency). The Bank’s aim is to support its operational impact strategy through a set of actions with measurable targets and Key Performance Indicators (“KPIs”), indicating the Bank’s vision for the forthcoming decade in relation to environment, its social footprint, with focus on its people, and the ESG impact in the market.

In parallel, in 2022 the Bank has undertaken a number of actions in relation to the Financed Impact, aiming to support customers and society in their transition efforts towards a more ESG-friendly economic environment.

Protection of environment

Eurobank Cyprus is committed to minimizing its environmental footprint and to promoting a green economy.

In this context, the Bank has adopted and promoted environmentally friendly practices during 2022 on energy consumption, renewable energy sources, greenhouse gases emissions, paper and water consumption. Indicatively, the Bank has proceeded during 2022 with the following actions:

- Installation of Photovoltaic and other Energy Saving Systems;
- Transfer of basic services to Cloud thus improving the environmental imprint of the Organisation;
- Replacement of hardcopy paper statement by e-statements / e-Banking;
- Reduction of average monthly paper consumption by 10% (2022 vs 2019);
- Recycling of papers, PMD, inks/toner cartridges, lamps/batteries and e-waste (electrical and electronic equipment waste);
- Replacement of consumables with reusable, recyclable and biodegradable materials;
- Dissemination of informative materials to staff about recycling, efficiency, energy, water saving, rational use of energy, electrical and IT equipment creating a cultivating and environmental culture.

The Bank is also in the process to implement a) targets and KPIs in order to measure and monitor the Bank's performance over time on the ESG themes, including on the environmental issues, b) an Environmental Management System (ISO 14001, EMAS) and c) an Energy Management System (ISO 50001).

Lastly, the upgrading of the Bank's infrastructure and further digitisation of its services through a large-scale IT project, expected to be completed within 2023, will significantly contribute in minimizing its environmental footprint.

EU Taxonomy Regulation

The EU Taxonomy (Regulation (EU) 2020/852 of the European Parliament and of the Council) was adopted in 2020 by the European Parliament and represents an important step for the EU to achieve the Paris Agreement climate neutrality goals. It sets out the criteria to establish a common classification system for sustainable economic activities.

The EU Taxonomy Regulation determines whether an economic activity is environmentally sustainable and obligates financial and non-financial entities subject to the Non-Financial Reporting Directive ("NFRD") to disclose the alignment of their activities. Separate reporting requirements and extensive criteria are established for financial and non-financial undertakings under the Art.8 Delegated Act of EU Taxonomy Regulation.

The key indicator of alignment for Credit Institutions is the GAR, which companies will be required to publish starting in 2024. It determines the extent to which activities comply with the criteria of Taxonomy. It is the ratio of a company's taxonomy-aligned assets to covered assets (total assets excluding exposure to sovereigns, central banks and the trading portfolio).

Integration of Taxonomy in the Bank's business strategy, operating model, products and customers

The Bank recognises the significance of the impact of its activities to the society and the environment. It places high importance on the effective integration of Sustainability principles and ESG aspects throughout the activities of the organisation, the governance model and related commitments.

The Bank established its Governance Model on ESG issues in September 2022 with the establishment of a new ESG Management Committee, chaired by the Bank's CEO, while responsibilities have been assigned to all 3 lines of defence. Moreover, the Bank's Board of Directors monitors on a regular basis the ESG developments including the Bank's actions to address climate-related and environmental risks.

A project was initiated by the Bank in 2022 focusing on the development of the Bank's Sustainable Finance Framework and on ensuring full compliance with the ECB expectations as stated in the relevant ECB guide on climate and environmental risks.

Through the Sustainable Finance Framework, the Bank classifies sustainable lending solutions offered to its customers, specifying the applied classification approach and the activities defined as eligible to access sustainable financing (eligible green and social assets). The Framework's scope encompasses a wide range of ESG lending sustainable financial products and services covering the portfolios of the Bank. Conditions for granting lending sustainable financial products apply, according to the eligibility and exclusionary criteria which are laid down in the relevant framework. The Bank aims to fully integrate the Sustainable Finance Framework into its core operations within 2023.

The project on climate and environmental risks is a 2-year project and the Bank is expected to be fully aligned with the ECB's supervisory expectations by the end of 2024 at the latest in line with deadlines set by ECB. Through the activities that will be performed in the context of this project, the Bank is expected among others to i) categorise climate and environmental risks as drivers of existing risk categories within their risk management framework, and to conduct a full assessment of their impact on the Bank's activities, ii) include climate and environmental risks in their governance, strategy and risk management and iii) integrate climate and environmental risks in the ICAAP and stress testing.

Employee Engagement

Human capital constitutes the Bank's most valuable asset. Starting from the recruitment process, the Bank aims to establish a long-term and mutually beneficial relationship with every member of staff.

As of 31 December 2022, the Bank employed 450 (31 December 2021: 435) members of staff with an average age of ~40. Percentage of women and men in the workplace during the years 2020 – 2022 remain unchanged with women representing 62% of the Bank's total workforce.

To ensure equal and fair opportunities to all employees, the Bank implements several policies covering Compensation, Recruitment, People & Talent Development, Performance Management, Learning, Engagement & Communication, and Health & Safety. The Bank recognises the significance and the impact of its activities for its members of staff, customers and society.

Eurobank Cyprus is committed to fostering a culture of Diversity, Equity & Inclusion ("DE&I") whereby the DE&I principles are integrated throughout the everyday working practices of the Bank, its governance model and related commitments. The DE&I Policy outlines the Bank's corporate values, scope, related regulatory documents, commitments and approach to incorporating applicable regulatory requirements, initiatives as well as adopted international best practices in the formation of a diverse, equitable and inclusive working environment, responsive to different cultures and groups, where everyone can have the opportunity to flourish. The Bank welcomes and embraces multiple viewpoints and perspectives which help towards becoming more open and inclusive.

2. Capital Management

The amount and quality of the capital held by the Bank is subject to certain rules and guidelines. The composition of the Bank's available regulatory capital under Pillar 1 is as follows:

2.1 Regulatory capital – definition

The Pillar 1 regulatory capital of the Bank is calculated on the basis of IFRS figures and in accordance with the rules set by the CRR. According to the CRR, the available regulatory capital is classified under two main categories: Tier 1 and Tier 2 capital. Tier 1 consists of CET1 and AT1 capital.

The Bank's Own Funds as at 31 December 2022 were composed entirely out of CET1 capital, and more specifically of ordinary shareholders' equity, share premium, retained earnings, year-end 2022 profits and accumulated other comprehensive income, from the sum of which the following items were deducted:

- Intangible assets; and
- Additional Valuation Adjustments; adjustments relating to all on balance sheet items measured at fair value.

IFRS 9 transitional impact rules

Regarding IFRS 9 adoption from 1.1.2018 and according to Regulation (EU) 2017/2395 of the European Parliament and the Council, a five year transition period is introduced, which allows banks to add back to their CET1 capital 95% of IFRS 9 impact in 2018 and 85%, 70%, 50% and 25% in the subsequent four years. Furthermore, the CRR quick fix regulation has amended the methodology for calculating the transitional impact of IFRS9 on CET1 capital and extended the transitional implementation period in view of the COVID-19 crisis.

The Bank has elected not to apply the phase-in approach for mitigating the impact of the IFRS 9 implementation on its regulatory capital.

2.2 Key Metrics

The table below provides an overview of the Bank's prudential regulatory metrics

Table 1: Template EU KM1 - Key metrics template

	31 December 2022 € thousands	31 December 2021 € thousands
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	608.659	552.645
Tier 1 capital	608.659	552.645
Total capital	608.659	552.645
Risk-weighted exposure amounts		
Total risk exposure amount	2.232.749	2.176.405
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	27,3%	25,4%
Tier 1 ratio (%)	27,3%	25,4%
Total capital ratio (%)	27,3%	25,4%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
Additional own funds requirements to address risks other than the risk of excessive leverage (%) [(3)]	2,3%	2,3%
of which: to be made up of CET1 capital (percentage points)	1,3%	1,3%
of which: to be made up of Tier 1 capital (percentage points)	1,7%	1,7%
Total SREP own funds requirements (%) [(2)]	10,25%	10,25%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
Capital conservation buffer (%)	2,5%	2,5%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,0%	0,0%
Institution specific countercyclical capital buffer (%)	0,1%	0,0%
Systemic risk buffer (%)	0,0%	0,0%
Global Systemically Important Institution buffer (%)	0,0%	0,0%
Other Systemically Important Institution buffer (%)	0,625%	0,500%
Combined buffer requirement (%) [(4)]	3,2%	3,0%
Overall capital requirements (%)	13,5%	13,3%
CET1 available after meeting the total SREP own funds requirements (%) [(1)]	17,0%	15,2%
Leverage ratio		
Total exposure measure	8.463.865	7.784.461
Leverage ratio (%)	7,2%	7,1%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
Additional own funds requirements to address the risk of excessive leverage (%)	0,0%	0,0%
of which: to be made up of CET1 capital (percentage points)	0,0%	0,0%
Total SREP leverage ratio requirements (%)	3,0%	3,0%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
Leverage ratio buffer requirement (%)	0,0%	0,0%
Overall leverage ratio requirement (%)	3,0%	3,0%
Liquidity Coverage Ratio [(5)]		
Total high-quality liquid assets (HQLA) (Weighted value)	4.075.276	3.665.557
Cash outflows - Total weighted value	1.879.072	1.877.285
Cash inflows - Total weighted value	225.015	667.742
Total net cash outflows (adjusted value)	1.654.057	1.209.544
Liquidity coverage ratio (%)	246,38%	303,05%
Net Stable Funding Ratio		
Total available stable funding	5.306.035	4.588.452
Total required stable funding	2.697.483	2.407.972
NSFR ratio (%)	196,70%	190,55%

[(1)] CET1 capital available after meeting the 10,25% Total SREP own funds requirements, calculated as a % of RWA

[(2)] Total SREP is the TSCR which is the minimum Total Capital Adequacy Ratio plus the P2R

[(3)] Refers to the P2R, 56,25% of which is required to be maintained by CET1 capital and 75% require to be maintained by T1 capital

[(4)] The CBR for the Bank is the total of the Capital Conservation buffer, the O-SII buffer Countercyclical buffer

[(5)] Liquidity Coverage Ratio presents year-end values

2.3 Reconciliation of Balance Sheets - financial accounting to regulatory scope

The tables below present how items in the Bank's Balance Sheet as per the published financial statements are broken down into different risk types for the purposes of regulatory treatment. The table shows how the value, as stated in the Balance Sheet is treated under the regulatory framework; the value consider under the regulatory framework however may differ.

As the Bank complies with the CRR on an individual basis thus there is no scope for prudential consolidation, meaning that methods for presenting the Balance Sheet is the same under the accounting and the prudential frameworks.

Table 2: Template EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements [(1)]

		31 December 2022				
		Balance sheet as in published financial statements	Carrying value of items under the regulatory scope [(2)]			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Not subject to capital requirements or subejct to deduction from capital
	Ref.	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Assets						
Cash and balances with central banks		3.266.706	3.266.706	-	-	-
Due from credit institutions		1.526.920	36.084	1.490.836	-	-
Derivative financial instruments		23.938	-	23.938	-	-
Loans and advances to customers		2.729.918	2.729.918	-	-	-
Investment securities		1.324.683	1.139.563	-	185.120	-
Investments in subsidiaries		10	10	-	-	-
Property, plant and equipment		27.029	27.029	-	-	-
Intangible assets	*f*	27.595	481	-	-	27.114
Deferred tax assets		2.171	2.171	-	-	-
Other assets		1.945	1.945	-	-	-
Total assets		**8.930.915**	**7.203.907**	**1.514.774**	**185.120**	**27.114**
Liabilities						
Due to central banks		605.322	9.628	-	-	595.694
Due to credit institutions		361.643	-	-	-	361.643
Derivative financial instruments		26.887	-	26.887	-	-
Due to customers		7.202.822	-	-	-	7.202.822
Current tax liabilities		1.225	-	-	-	1.225
Deferred tax liabilities		2.046	-	-	-	2.046
Other liabilities		94.654	-	-	-	94.654
Total liabilities		**8.294.599**	**9.628**	**26.887**	**-**	**8.258.084**
Equity						
Share capital	*a*	12.010	-	-	-	12.010
Share premium	*b*	245.384	-	-	-	245.384
Other reserves	*c*	(29.619)	-	-	-	(29.619)
Retained earnings	*d*	408.541	-	-	-	408.541
Total equity	*e*	**636.316**	**-**	**-**	**-**	**636.316**
Total equity and liabilities		**8.930.915**	**9.628**	**26.887**	**-**	**8.894.400**

		31 December 2021				
		Balance sheet as in published financial statements	Carrying value of items under the regulatory scope [2]			
			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Not subject to capital requirements or subejct to deduction from capital
	Ref.	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Assets						
Cash and balances with central banks		2.843.751	2.843.751	-	-	-
Due from credit institutions		1.626.798	111.363	1.515.435	-	-
Derivative financial instruments		18.539	-	18.539	-	-
Loans and advances to customers		2.600.550	2.600.550	-	-	-
Investment securities		1.016.938	893.077	-	123.861	-
Investments in subsidiaries		10	10	-	-	-
Property, plant and equipment		27.728	27.728	-	-	-
Intangible assets	*f*	18.851	601	-	-	18.250
Deferred tax assets		1.779	1.779	-	-	-
Other assets		1.922	1.922	-	-	-
Total assets		**8.156.866**	**6.480.781**	**1.533.974**	**123.861**	**18.250**
Liabilities						
Due to central banks		607.747	7.203	-	-	600.544
Due to credit institutions		268.465	-	-	-	268.465
Derivative financial instruments		9.265	-	9.265	-	-
Due to customers		6.619.640	-	30.039	-	6.589.601
Current tax liabilities		2.424	-	-	-	2.424
Deferred tax liabilities		363	-	-	-	363
Other liabilities		77.489	-	-	-	77.489
Total liabilities		**7.585.393**	**7.203**	**39.304**	**-**	**7.538.886**
Equity						
Share capital	*a*	12.010	-	-	-	12.010
Share premium	*b*	245.384	-	-	-	245.384
Other reserves	*c*	(126)	-	-	-	(126)
Retained earnings	*d*	314.205	-	-	-	314.205
Total equity	*e*	**571.473**	**-**	**-**	**-**	**571.473**
Total equity and liabilities		**8.156.866**	**7.203**	**39.304**	**-**	**8.110.359**

[1] References are cross-references with Tables 4 & 5 below ((templates EU CC2 & EU CC1) as required by Regulations (EU) 2021/673.

[2] Total assets that are subject to the CRR under the regulatory scope equal to €8,903 million (2021: €8,138 million) while total liabilities equal to €36,5 million (2021: €46,5 million)

The columns under "Carrying value of items under the regulatory scope" in table above present the regulatory framework of the values as presented in the Bank's Financial Statement are assessed. The exposure value used in the respective framework differs however, as it is based on the provisions prescribed in the CRR under the relevant framework.

The tables below provide a reconciliation of the regulatory Balance Sheet to the Exposure at Default ("EAD") allocated to different risk frameworks.

Table 3: Main sources of differences between regulatory exposure amounts and carrying values in financial statements

	31 December 2022			
	Balance sheet as in published financial statements	**Carrying value of items under the regulatory scope**		
		Subject to the credit risk framework	**Subject to the CCR framework**	**Subject to the securitisation framework**
	€ thousands	**€ thousands**	**€ thousands**	**€ thousands**
Assets carrying value amount under the regulatory scope *(as per template EU CC2 (Table 2))*	8.903.801	7.203.907	1.514.774	185.120
Liabilities carrying value amount under the regulatory scope *(as per template EU CC2 (Table 2))*	36.515	9.628	26.887	-
Total carrying value amount under the regulatory scope	**8.940.316**	**7.213.535**	**1.541.661**	**185.120**
Off-balance sheet amount (1)	645.208	645.208	-	-
Security Lendings (2)	348.401	-	348.401	-
Difference in valuations (3)	(23.373)	1.894	(25.267)	-
Difference due to netting	9.054	9.054	-	-
Collaterals under the TLTRO transaction	666.294	-	666.294	-
	10.585.900	**7.869.691**	**2.531.089**	**185.120**

	31 December 2021			
	Balance sheet as in published financial statements	Carrying value of items under the regulatory scope		
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework
	€ thousands	€ thousands	€ thousands	€ thousands
Assets carrying value amount under the regulatory scope *(as per template EU CC2 (Table 2))*	8.138.616	6.480.781	1.533.974	123.861
Liabilities carrying value amount under the regulatory scope *(as per template EU CC2 (Table 2))*	46.507	7.203	39.304	-
Total carrying value amount under the regulatory scope	**8.185.123**	**6.487.984**	**1.573.278**	**123.861**
Off-balance sheet amount (1)	701.842	701.842	-	-
Security Lendings (2)	341.570	-	341.570	-
Difference in valuations (3)	76.899	-	76.899	-
Difference due to netting	13.213	13.213	-	-
Collaterals under the TLTRO transaction	661.117	-	661.117	-
	9.979.764	**7.203.039**	**2.652.864**	**123.861**

(1) Off-Balance sheet amounts relate to undrawn facilities as well as Trade Finance products. The value is presented pre-credit conversion factor ("CCF") which is the factor used to convert the respective exposure to Exposure at Default.

(2) Security Lending transactions are not presented in the Bank's Balance Sheet

(3) The difference in valuations is mainly attributable to the derivative exposures, as the value of derivative transactions for CRR purposes is based on the notional amount and the current replacement cost. For CRR purposes, both derivative assets and derivative liability positions are considered. Also, the value of derivative assets, with the Parent Entity is measured following the netting methodology as described in section 4.7

(4) Total assets of €8,903 million (2021: 8,138 million) under the regulatory scope are total assets less intangibles, referenced in Table 2 above - template EU CC2. Total liabilities of €36,5 million (2021: 46,5 million), referenced in Table 2 above - template EU CC2 are mainly repurchase agreements and derivatives, which are subject to the CCR framework

The table below shows the composition of the Bank's regulatory capital as at 31 December 2022 and at 31 December 2021:

Table 4: Reconciliation of regulatory own funds to Equity as per the audited financial statements

	Ref.	31 December 2022 € thousands	31 December 2021 € thousands
Total Equity per Financial Statements	e	636.316	571.473
Regulatory adjustments			
Intangible assets	f	(27.114)	(18.250)
Additional value adjustments		(543)	(578)
Total Common Equity Tier 1		**608.659**	**552.645**
Additional Tier 1		-	-
Total Tier 1		**608.659**	**552.645**
Tier 2 Capital		-	-
Total Own funds		**608.659**	**552.645**
Total risk exposure amount		**2.232.749**	**2.176.405**
Ratios			
Commone Equity Tier 1		**27,3%**	25,4%
Tier 1		**27,3%**	25,4%
Total Capital Adequacy Ratio		**27,3%**	25,4%

The table below shows the composition of the Bank's regulatory capital as at 31 December 2022, with references to items in the Balance Sheet as per Template EU CC2 above. In addition, Appendix 1 provides information on the main features of the Bank’s capital instruments as at 31 December 2022.

Table 5: Template EU CC1 - Composition of regulatory own funds

	Ref.	31 December 2022 € thousands	31 December 2021 € thousands
Common Equity Tier 1 (CET1) capital: instruments and reserves			
Capital instruments and the related share premium accounts		257.394	257.394
of which: Ordinary shares	*a*	12.010	12.010
of which: Share premium	*b*	245.384	245.384
Retained earnings	*d*	314.205	261.928
Accumulated other comprehensive income (and other reserves)	*c*	(29.619)	(126)
Independently reviewed interim profits net of any foreseeable charge or dividend	*d*	94.336	52.277
Common Equity Tier 1 (CET1) capital before regulatory adjustments		**636.316**	**571.473**
Common Equity Tier 1 capital: regulatory adjustments			
Additional value adjustments		(543)	(578)
Intangible assets (net of related tax liability)	*f*	(27.114)	(18.250)
Total regulatory adjustments to Common Equity Tier 1 (CET1)		**(27.657)**	**(18.828)**
Common Equity Tier 1 (CET1) capital		**608.659**	**552.645**
Additional Tier 1 (AT1) capital: instruments			
Additional Tier 1 (AT1) capital before regulatory adjustments		-	-
Additional Tier 1 (AT1) capital: regulatory adjustments			
Total regulatory adjustments to Additional Tier 1 (AT1) capital		-	-
Additional Tier 1 (AT1) capital		-	-
Tier 1 capital (T1 = CET1 + AT1)		**608.659**	**552.645**
Tier 2 (T2) capital: instruments			
Tier 2 (T2) capital before regulatory adjustments		-	-
Tier 2 (T2) capital:regulatory adjustments			
Total regulatory adjustments to Tier 2 (T2) capital		-	-
Tier 2 (T2) capital		-	-
Total capital (TC = T1 + T2)		**608.659**	**552.645**
Total Risk exposure amount		**2.232.749**	**2.176.405**
Capital ratios and requirements including buffers			
Common Equity Tier 1 capital		**27,26%**	**25,40%**
Tier 1 capital		**27,26%**	**25,40%**
Total capital		**27,26%**	**25,40%**
Institution CET1 overall capital requirements [(1)]		9,01%	8,77%
of which: capital conservation buffer requirement		2,50%	2,50%
of which: countercyclical capital buffer requirement		0,11%	0,00%
of which: systemic risk buffer requirement		0,00%	0,00%
of which: Other Systemically Important Institution (O-SII) buffer requirement		0,625%	0,500%
of which: additional own funds requirements to address the risks other than the risk of exc		1,27%	2,25%
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements		**17,01%**	**15,15%**

[(1)] The CET1 OCR equals to the minimum CET1 ratio plus the buffer which are required to be maintained with CET1 capital, meaning 56,25% of the P2R plus the CBR. The amount of additional own funds required to be met with CET1 capital (for P2R = 1,27%) is ca. €28 million

The ratios are defined as follows:

- CET1 ratio = CET1 capital divided by total RWAs;
- Tier 1 ratio = T1 capital divided by total RWAs;
- Total Capital Adequacy ratio = Total Regulatory Capital (“Own Funds”) divided by total RWAs.

The Bank has sought to maintain an actively managed capital base to cover risks inherent in its business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the European Union and the SSM in supervising the Bank and the Group.

2.4 Countercyclical Capital buffer

The Countercyclical Capital buffer will be applied when the authorities deem that lending growth is giving rise to an unacceptable accumulation of systemic risks. This buffer is specifically calculated for each bank or group and consists of the weighted average of percentages of countercyclical buffers applied for regions in which the bank's credit exposures are located.

The table below shows the geographical distribution of the Bank's credit exposures relevant for the calculation of its Countercyclical Capital buffer and the amount of its Institution-specific Countercyclical Capital buffer.

Table 6: Template EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer (1)

	31 December 2022												
Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	General Credit Exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own Funds Requirements						
	Exposure Value for Standardised Approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value	General Credit Risk Exposures	Trading Book Exposures	Securitisation Exposures	Total	Risk-weighted exposure amounts	Own Funds Requirements Weights	Countercyclical Buffer Rate
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	%	%
Cyprus	1.517.167	-	-	-	-	1.517.167	90.919	-	-	90.919	1.136.485	63,26%	0,0%
Other European Countries (2)	283.717	-	-	-	129.093	412.810	16.734	-	1.209	17.943	224.290	12,48%	0,5% - 2%
Other countries	522.119	-	-	-	56.027	578.146	33.904	-	963	34.867	435.846	24,26%	1,0%
Total	**2.323.003**	**-**	**-**	**-**	**185.120**	**2.508.123**	**141.557**	**-**	**2.172**	**143.729**	**1.796.621**	**100,00%**	

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	31 December 2021												
	General Credit Exposures		Relevant credit exposures – Market risk		Securitisation exposures		Own Funds Requirements						
	Exposure Value for Standardised Approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book	Total exposure value [3]	General Credit Risk Exposures	Trading Book Exposures	Securitisation Exposures	Total	Risk-weighted exposure amounts	Own Funds Requirements Weights	Countercyclical Buffer Rate
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands		
Cyprus	1.472.686	-	-	-	-	1.472.686	89.020	-	-	89.020	1.112.746	64,3%	0,0%
Other European Countries [2]	206.935	-	-	-	105.920	312.855	14.835	-	775	15.610	195.131	11,3%	0,0%
Other countries	537.380	-	-	-	17.941	555.321	33.439	-	366	33.805	422.559	24,4%	0,0%
Total	**2.217.001**	**-**	**-**	**-**	**123.861**	**2.340.862**	**137.294**	**-**	**1.141**	**138.435**	**1.730.436**	**100,0%**	

[1] *The tables above do not cover exposures on central governments or central banks, multilateral development banks and institutions asset classes. The Own Funds Requirements are calculated as 8% of the RWA corresponding to said exposures.*

[2] *The exposure value is calculated on post credit risk mitigation ("CRM"), post-CCF and after the application of any substitution effect*

[3] *Other European Countries include the countries which are members of the EU.*

Table 7: Template EU CCyB2 - Amount of institution-specific countercyclical capital buffer

Amount of Institution-specific Countercyclical Capital buffer	31 December 2022	31 December 2021
Total Risk Exposure Amount (€ thousands)	2.232.749	2.176.405
Institution-specific Countercyclical Capital buffer rate	0,11%	0%
Institution-specific Countercyclical Capital buffer requirement (€ thousands)	2.456	0

[1] *The CCyB rate of 0,11% is mainly due to the CCyB rate on UK-related exposures, of 1% which was effected on 14 December 2022. The CCyB requirement is the CCyB rate multiplied by the RWAs.*

2.5 Capital requirements under Pillar 1

The table below shows the Banks's RWAs and capital requirements as at 31 December 2022 and 31 December 2021. The total own funds requirements under Pillar 1 are calculated as 8% of RWAs.

Table 8: Template EU OV1 - Overview of total risk exposure amounts [1]

	31 December 2022 **Total risk exposure amounts** **€ thousands**	31 December 2021 Total risk exposure amounts **€ thousands**	**31 December 2022** **Total own funds requirements** **€ thousands**
Credit risk (excluding CCR)	**1.848.341**	**1.833.458**	**147.867**
Of which the standardised approach	1.848.341	1.833.458	147.867
Of which amounts below the thresholds for deduction (subject to 250% risk weight) [3]	5.428	4.447	434
Counterparty credit risk - CCR	**122.156**	**130.543**	**9.772**
Of which the standardised approach	-	-	-
Of which credit valuation adjustment - CVA	154	7	12
Of which other CCR [2]	122.002	130.536	9.760
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after the cap)	**27.151**	14.262	**2.172**
Of which SEC-ERBA (including IAA)	**27.151**	14.262	2.172
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Of which the standardised approach	-	-	-
Large exposures	-	-	-
Operational risk	**235.101**	**198.142**	**18.808**
Of which basic indicator approach	235.101	198.142	18.808
Total	**2.232.749**	**2.176.405**	**178.619**

[1] The main drivers of the increase of RWAs compared to 31 December 2021 is the increase in Operational risk RWAs, the increase in Credit risk RWAs as well as the increase in RWA arising from investments in securitisation exposures, due to new investments made by the Bank. The increase in "Credit risk (including CCR)" RWAs is mainly due to the increase in the Bank's loan portfolio.

[2] This net decrease is a combination of (i) decrease in RWAs from derivatives and (ii) increase in RWA from securities financing transactions (mainly relating to securities lending transactions). Decrease in RWAs of derivatives is due to the application of netting methodologies for derivatives with the Parent Entity as described in section 4.7, further reducing RWAs from derivatives by ca. €40,4 million.

[3] Refers to Deferred Tax Asset as per the Bank's Balance Sheet which are below the thresholds for deductions from CET1 capital and are risk weighted at 250% based on the provisions of the CRR

As seen in table EU CC1, certain items are deducted from CET1 capital, which amount to €27,6 million (2021: €18,8 million). Should those items have not been deducted but instead were risk weighted (as per the provisions of the Regulation), then own funds would increase by 4,54% (2021: 3,41%) and Total Risk Exposure Amount would increase by €27,1 million (2021: €18,2 million).

2.6 Supervisory Review and Evaluation Process capital requirements

According to the 2021 SREP performed by the ECB, the Bank is required to hold a Total Capital Ratio of at least 14,985%. This includes a P2R of 2,25% (which is to be met at 1,27% by CET1 capital and 1,69% by T1 capital), a P2G of 1,5% and the CBR of 3,235%.

The Bank was required in 2022 to meet a CET1 ratio of at least 10,27% and a Total Capital Adequacy Ratio of at least 14,985% including the CBR and P2G of 1,5%.

In November 2021 the CBC designated the Bank as an O-SII, assigning an O-SII buffer of 0,75% to be met by 1 January 2023. To this the Bank is allowed to effect this transitionally, with 0,5% being applicable for 2021 (applied retrospectively from 1 January 2021) and 0,625% applicable in 2022. In December 2022 the CBC informed the Bank that it maintained its O-SII status and that the O-SII to be maintained from 1 January 2023 remains unchanged at 0,75%, increasing the O-SII by a further 0,125% in 2023.

The 2022 SREP performed by the ECB will supersede the 2021 SREP from 1 January 2023, however the P2R and P2G will remain unchanged. Regarding CCyB, the Bank projected the requirement by applying 2023 CCyB rates on 2022 figures, with the projected CCyB for 31/12/2023 being 0,57%. Considering the 2022 SREP as well as applicable buffers, the Total Capital Ratio requirement for 31/12/2023 is estimated to be 15,57%.

The table below shows the capital requirements of the Bank for 31 December 2022:

Table 9: SREP Capital Requirements

	31 December 2022		31 December 2021	
	CET 1 Capital Requirements	**Total Capital Requirements**	CET 1 Capital Requirements	Total Capital Requirements
Pillar 1 CET1	4,50%	4,50%	4,50%	4,50%
Pillar 1 AT1	-	1,50%	-	1,50%
Pillar 1 T2	-	2,00%	-	2,00%
Minumum regulatory Requirements	4,50%	8,00%	4,50%	8,00%
Pillar 2 Requirement (P2R)	1,27%	2,25%	1,27%	2,25%
Total SREP Capital Requirements (TSCR)	**5,77%**	**10,25%**	**5,77%**	**10,25%**
Combined Buffer Requirement (CBR)				
Capital Conservation Buffer (CCoB)	2,50%	2,50%	2,50%	2,50%
Countercyclical Capital Buffer (CCyB)	0,11%	0,11%	0,00%	0,00%
Other Systemically Important Institutions Buffer (O-SII)	0,625%	0,625%	0,500%	0,500%
Overall Capital Requirement (OCR)	**9,01%**	**13,485%**	**8,77%**	**13,250%**
Pillar 2 Guidance (P2G)	1,50%	1,50%	1,50%	1,50%
Overall Capital Requirements (OCR) including P2G	**10,505%**	**14,985%**	**10,270%**	**14,750%**

As at 31 December 2022 the Bank's CET1 ratio, as well as its CET1 and Total Capital ratios were 27,3%, well above the minimum capital requirements.

2.7 Internal Capital Adequacy Assessment Process

The ICAAP aims to identify and assess risks that are inherent in the Bank's business model, determine their materiality and allocation at an entity level, evaluate risk monitoring and risk mitigation processes and quantify the relevant internal capital charge where appropriate so as to ensure the ongoing capital adequacy of the Bank versus its risk profile.

To accomplish these objectives, the ICAAP leverages upon and integrates the Bank's well-established activities on risk, capital and performance management, including in particular planning and monitoring, while also continuously refining its approach to ensure high standards of capital assessment and management.

Oversight and ultimate responsibility for the ICAAP lies with the BoD, which has assumed a leading role in developing a risk conscious organisation and maintaining the Bank's risk management at high levels of sophistication. The BoD's vision and guidance are distilled in the Bank's risk appetite framework, which describes the risk boundaries within which the Bank is willing to operate. Prior to its approval, the BoD and the senior management discuss and challenge the ICAAP in an effective way.

Moreover, acting as an evaluation mechanism of the Bank's entire risk management framework, an integral component of the ICAAP is the identification, assessment and quantification of current and emerging risks in terms of their materiality at solo level, thus allowing the organisation to focus its resources and management attention to those risks that could potentially threaten its business or capital standing and ensuring that all material risks are properly managed and monitored.

Material risks are evaluated qualitatively and quantitatively, as appropriate. The aggregation of the individual capital charges comprises the Bank's total internal capital requirement, meaning the amount of capital the Bank needs to hold for the purpose of absorbing unexpected losses deriving from its risk profile.

All categories of material risks are appropriately managed and the relevant frameworks are regularly evaluated in order to identify ways of strengthening the risk management structure, enhance existing policies, establish new mitigation techniques and improve the internal calculation of capital requirements. Risk and capital management responsibility, including compliance with regulatory requirements and corporate policies, lies with the Bank's senior management.

The Bank uses the regulatory capital requirements (i.e. Pillar 1 required capital) as a starting point for the internal determination of its capital requirements, adjusting for additional capital where appropriate. "Internal capital" better represents the Bank's risk profile, compared to regulatory capital, since it takes into account a wider range of risks and utilises more sophisticated calculation approaches. This approach allows the Bank to leverage its advanced risk measurement infrastructure.

The Bank assesses the adequacy of internal capital to support current and future activities by applying a normative and an economic approach for internal capital adequacy purposes. Under the normative approach the Bank assesses capital adequacy through the use of a base and an adverse scenario, while under the economic approach the Bank assesses capital adequacy irrespective of any accounting or regulatory consideration.

Regular scenario-based simulations and stress tests are also used in order to assess specific risks as well as the overall risk profile. Stress tests can be classified as follows:

- Risk specific stress tests, where particular risk factors, exposures or portfolios are stressed at a range of severities in order to assess individual risk impacts and threshold effects;
- Integrated stress tests across risks, which evaluate the resilience of the Bank's capital position to adverse economic conditions, in case of a systemic deterioration of the business environment in a macroeconomic downturn;
- Reverse stress tests, which assess the resilience of the Bank's capital position to specific adverse circumstances starting from the identification of the pre-defined outcome (e.g. points at which an institution business model becomes unviable, or at which the institution can be considered as failing or likely to fail in the meaning of Article 32 of Directive 2014/59/EU) and then exploring scenarios and circumstances that might cause this outcome to occur.

The Bank has implemented a robust stress testing process which is a fundamental part of its ICAAP. Stress test assumptions include increased Probability of Defaults ("PDs") and Loss Given Defaults ("LGDs") that take under consideration worst historical data as well as current macroeconomic conditions.

The Bank maintains adequate pre-provision earnings in the medium term and robust risk management practices which along with the capital actions already executed or underway, allow the Bank to meet both regulatory and internal capital requirements. As a result, the Bank will be able to support the risk profile of its balance sheet and its business operations going forward, even under further adverse conditions, should they materialise.

2.8 Internal Liquidity Adequacy Assessment Process

The ILAAP is the internal process for the identification, measurement, management and monitoring of liquidity as implemented by the institution according to Article 86 of Directive 2013/36/EU.

The Bank's ILAAP covers the following areas:

- Liquidity and funding risk management framework: Identification of the functions/units and management committees responsible for the policy making, management, control, monitoring and reporting of liquidity and funding risk;
- Description of the liquidity and funding risks: Comprehensive description of the liquidity and funding risks that the Bank faces, taking into account the current macro-economic environment as long as country-specific and idiosyncratic factors;
- Liquidity risk monitoring process and stress testing: Detailed description of the processes, tools and reports that the Bank uses for the monitoring and the control of liquidity risk, with particular emphasis on stress test analysis, liquidity buffer analysis, liquidity and funding risk indicators;
- Contingency funding plan and liquidity and funding strategy: Description of the contingency funding plan and the liquidity and funding strategy;
- Information on strategy regarding liquidity buffers and collateral management;
- Information of cost benefit allocation mechanism;
- Information on intraday liquidity risk management.

3. Risk management overview

3.1 Risk management objectives and policies

The Bank acknowledges that taking risks is an integral part of its operations in order to achieve its business objectives. Therefore, the Bank's management sets adequate mechanisms to identify those risks at an early stage and assesses their potential impact on the achievement of these objectives.

Due to the fact that economic, industry, regulatory and operating conditions will continue to change, risk management mechanisms are set (and evolve) in a manner that enables the Bank to identify and deal with the risks associated with those changes. The Bank's structure, internal procedures and existing control mechanisms ensure both the independence principle and the exercise of sufficient supervision.

The Bank's management considers effective risk management as a top priority, as well as a major competitive advantage, for the organisation. As such, the Bank has allocated significant resources for upgrading its policies, methods and infrastructure, in order to ensure compliance with the regulatory requirements, as set out in the EU and Cyprus legislative acts, the legal acts of the ECB and the European Commission, the guidelines of the EBA and of the Basel Committee for Banking Supervision and the best international banking practices. The Bank implements a well- structured credit approval process, independent credit reviews and effective risk management policies for credit, market, liquidity and operational risk. The risk management policies implemented by the Bank are reviewed annually.

The Bank's "Risk Management Policy", which has been formally documented, outlines the Bank's overall direction regarding risk and capital management issues, the risk management mission and objectives, risk definitions, risk management principles, risk appetite framework, risk governance framework, strategic objectives and key initiatives for the improvement of the risk management framework in place.

The BoD has delegated to the Board Risk Committee ("BRC") the duties and responsibilities to approve all strategic risk management decisions. As such, the BRC plays a key role in the oversight of the risk management function of the Bank. The BRC assesses the Bank's risk profile, monitors compliance with the approved risk appetite and risk tolerance levels and ensures that the Bank has developed an appropriate risk management framework with appropriate methodologies, modeling tools, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks.

Furthermore, the BRC updates the BoD on risk management issues and recommends the future risk management strategy. It consists of five non-executive directors, four of which are independent, and reports to the BoD on a regular basis, at least quarterly basis. During 2022 the Committee directors convened eight 6 times (vs 8 times in 2021) and considered all significant matters within its remit, receiving adequate information from the Risk Management Unit and Executive Management. In accordance with the record of attendance, the BRC maintained an attendance level of 97%.

The BoD through the BRC and the Executive Committee ("ExCo") of the Bank maintains an active role in overseeing current and evolving risks and makes sure that appropriate and timely mitigating action is undertaken. The BRC, through its effective oversight, guides the Bank into improving further the risk control environment and assists fundamentally the BoD into taking proper and sound strategic decisions.

The Risk Executive is the Head of the Risk Management Unit and is responsible for overseeing and coordinating the development and implementation of adequate risk measurement and risk management policies regarding market & liquidity, credit risk and operational risk as well as other non-financial / emerging risks.

The Risk Executive is appointed by the BoD, following recommendation by the BRC and reports directly to the BoD through the BRC, to the Group's Risk Executive and for administrative purposes to the Bank's CEO. The Risk Executive is a member of the ExCo.

The main duties and responsibilities of the Risk Executive are to:

- Actively participate in committees as required;
- Provide strategic directions and approve related planning in his area of responsibility;
- Provide comprehensive and understandable information on risks enabling the BoD/BRC to understand the Bank's overall risk profile;
- Challenge decisions taken by the Bank's management and management body and document the grounds for any objection;
- Ensure that the Bank has adequate control mechanisms and risk management tools in order to manage risk efficiently and effectively;
- Propose to the BRC major developments/acquisitions of systems to deliver risk management information;
- Oversee the communication of adequate risk management information to the BRC and the ExCo;
- Review major risk issues and make recommendations on how to address them;
- Lead specific risk related projects;
- Monitor and facilitate the implementation of recruitment and staff development plans for all the Risk Management Unit ("RMU");
- Submit to the BoD through the BRC an annual report, addressing all major issues that fall under his/her responsibility;
- Acts as the Bank's Outsourcing Officer;
- Participate in the 'Procedure for Regulatory Revision and Evaluation' carried out by the CBC
- Participate in the Supervisory Review and Evaluation Process carried out by the regulatory authorities;
- Participate in the development of new products, services and markets when needed or the modification of existing ones through the preparation of a risk assessment with regard to the new products, services and markets;
- Oversee the ICAAP / ILAAP exercises and present the relevant reports to the BoD for approval;
- Receive and act upon, if needed, on any report, information or communication distributed by the regulator to the Bank and which contains findings and comments relevant to the responsibilities of RMU, as described in the relevant directive;
- Participate in the preparation of the recovery plan of the Bank according to the relevant regulatory requirements.

3.2 Risk Appetite Framework and Risk Appetite Statements

The Bank's Risk Appetite Framework ("RAF") describes in detail the process as well as the governance arrangements put in place for the development, implementation, monitoring and review of the risk appetite of the Bank, including the relevant escalation process to be followed in case the Bank exceeds its risk appetite. Through RAF the Bank defines the process with which it develops its Risk Appetite Statements, including the governance and the methodologies for their selection, calibration, monitoring and escalation in case of a breach. Additionally, through RAF, the Bank strengthens risk governance and supports the formulation of the Bank's business strategy and objectives under both normal and adverse economic conditions.

The maximum amount of risk which the Bank is willing to assume in the pursuit of its strategic objectives is articulated via a set of quantitative and qualitative statements for specific risk types, including specific tolerance levels as described in the Bank's Risk Appetite Statements ("RAS"). The objectives are to support the Bank's business growth, balance a strong capital position with higher returns on equity and to ensure the Bank's adherence to regulatory requirements.

The RAS is a key part of the Bank's efforts to achieve its business and strategic objectives without undertaking risks that the Bank does not wish to bear. The RAS has been designed with the following principles:

- **It is measurable:** The statements are used to define the outer boundaries of risk that the Bank is comfortable to assume are all quantitative in nature. In this regard, RAS is devoid of ambiguity while monitoring becomes more simple and accurate
- **It is dynamic:** The RAS has a horizon of approximately 12 to 18 months after the reference date. As such, it is not destined to remain unchanged through time but to be adjusted according to the current and projected strategic and business conditions, the evolving business plan of the Bank and opportunities/ threats that may arise in the operational environment.
- **It is integrated in the management process:** The RAS constitutes the foundation upon which the supervisory and management bodies of the Bank base their decision-making and the overall risks are evaluated

The Bank has adopted the following definitions:

A. **Risk Profile** = is defined as a point-in time assessment of the Bank's net exposures to risks, monitored through quantitative Key Risk Indicators ("KRIs").
B. **Risk Appetite** = reflects the maximum level of risk the Bank is willing to assume (seek, accept or tolerate) in order to achieve its strategic and business objectives.
C. **Risk Capacity** = the maximum amount of risk the Bank can assume given its current level of resources before breaching any regulatory, operating, capital base, or liquidity constraints and other obligations.

Maintenance Principles

Risk Appetite is approved by the BoD and the BRC with the goal of driving strategic objectives, capital and liquidity planning while ExCo is responsible to designate it explicitly through a series of RAS.

Key maintenance principles include:

- Regular update of the Risk Appetite Framework, annually or on ad-hoc basis, if deemed necessary, in order to promote the Bank's strategic objectives, as well as regulatory changes and expectations.
- The introduction of new risk appetite indicators or changes to existing ones is based on recommendations of the RMU, ExCo and Monitoring Managers.
- The on-going maintenance of the selected risk appetite indicators (in terms of changes to internal definition, systems and data sources, refinements to calculation methodologies, etc.) lies with the responsibility of the Monitoring Managers under the oversight of RMU.
- Any additions or changes to the existing risk appetite indicators, including thresholds or limits should be escalated to the ExCo, BRC and BoD for approval.
- All risk appetite indicators are revisited at least annually or more frequently if RMU or the BRC or BoD considers that is required.
- Risk Appetite is aligned with the capital, liquidity and recovery planning processes. In particular in relation to the ICAAP, Risk Appetite takes into account both the economic and normative perspectives.
- Risk Appetite Indicators ("RAS Indicators") are set considering the Bank's business planning and strategic objectives, regulatory requirements and market developments.
- Limits are set following documented methodology and rationale.

Monitoring Principles

- Each risk appetite indicator is allocated to a responsible Monitoring Manager.
- Monitoring Managers are responsible for the calculation of the risk appetite indicators allocated to them. Each Monitoring Manager must track the status of the indicators with varying frequency, depending on the indicator, and provide the information to the Escalation Manager.
- Monitoring Managers take all reasonable steps to ensure the integrity of the data used for the calculation of the value of an indicator, i.e. in respect of completeness, accuracy and timeliness.
- Monitoring Managers monitor and report compliance with Risk Appetite Statements and escalate any breaches to the Escalation Manager.
- Monitoring Managers identify and verify any breaches of early warning, risk appetite and risk capacity thresholds.
- Monitoring Managers interpret and identify patterns in order to investigate the root causes of any breach event.
- Monitoring Managers remain aware of the escalation process of RAS under their responsibility.
- RMU has the responsibility for the compilation of an aggregated Risk Appetite Dashboard.
- ExCo should monitor the Bank's risk profile vis-à-vis its declared risk appetite.
- The Risk Executive is designated as the Escalation Manager and follows the escalation process.

Reporting Principles

- The reporting of the RAS to the Bank's BoD/BRC is conducted on a quarterly basis or an ad-hoc basis if deemed necessary through a Risk Appetite dashboard. The dashboard facilitates the BoD/BRC to review and monitor the risk profile of the Bank against its risk appetite and enables the BoD/BRC to take proactive actions in case needed.
- RMU is responsible for the compilation and reporting of the aggregated Risk Appetite dashboard, based on the information it receives from the responsible Monitoring Managers.
- The dashboard is submitted to the ExCo, the BRC and the BoD on a quarterly basis and on an ad-hoc basis if deemed necessary.
- The monitoring and reporting frequency is defined in the RAS document.
- The Monitoring Managers are accountable for the timely and accurate calculations of the levels of RAS Indicators allocated to them.

As at 31/12/2022, the Bank's risk profile was within the risk appetite limits across all relevant metrics.

3.3 Types of risk

The Bank is exposed to various types of risk that are managed at various levels of the organisation. The most important types of risk are:

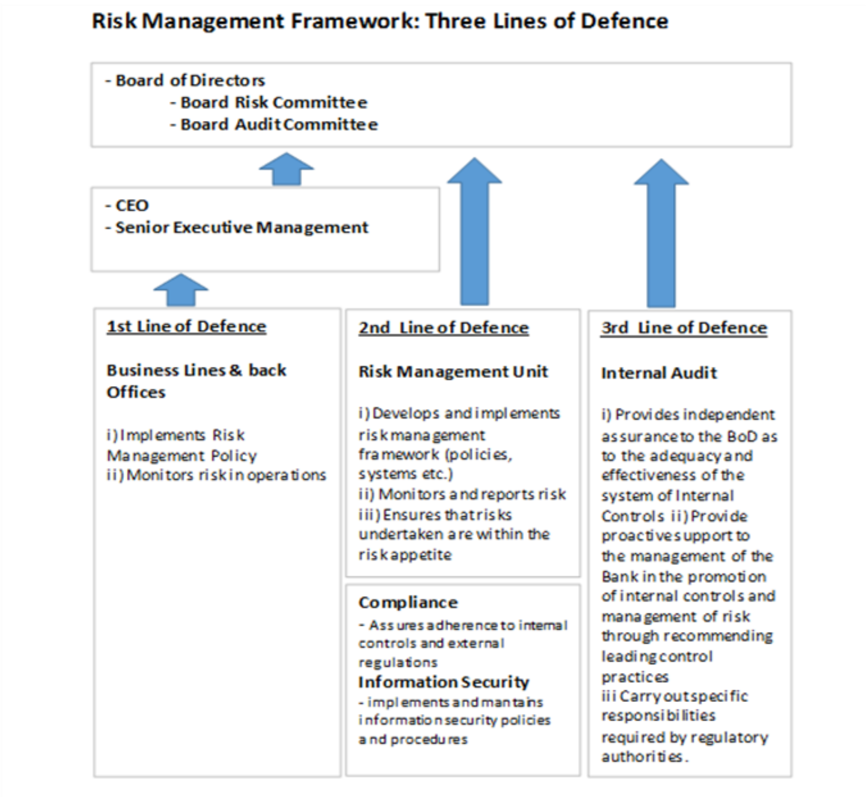
- Credit risk;
- Market, Counterparty and Liquidity risk;
- Operational risk;
- Business and Strategy Risk;

With regard to climate risk, the Bank recognises the emerging relevance of this risk type which is currently managed through the application of strict underwriting standards that also take under consideration ESG related risks. The Bank is closely monitoring developments in this area (including regulatory expectations) and has undertaken various initiatives and developed an action plan so as to comply in full with supervisory requirements and international standards.

3.4 Organisation

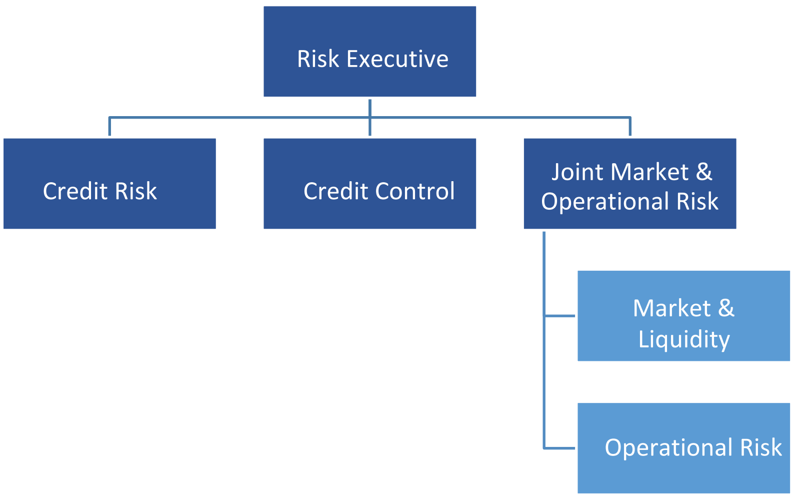
The BoD through the BRC and the ExCo maintain an active role in overseeing current and evolving risks and make sure that appropriate and timely mitigating action is undertaken.

The following graph presents the Bank's risk management framework:



3.5 Risk Management Unit

To address this risk, the Bank has established an organisational structure allocating responsibility for administration, approval and control of credit activities to various specialist divisions and committees, in line with the applicable legislation. Credit operations are governed by a comprehensive set of written policies and procedures to ensure that all aspects of credit risk are adequately covered. The below diagram depicts the RMU organisation chart:



Among others, the functions of the RMU include the following:

- The utilisation of suitable methods employed for the identification, measurement and management of risks;
- The fine-tuning of limits based on specific parameters, by type of risk, counterparty, business sector, country, currency, facility, security, derivative, etc.;
- The setting-up of an early warning system for individual and connected portfolios;
- The carrying out, on an annual basis, of stress tests for all types of risks;
- Submission of various reports, at least on a quarterly basis to the BRC/ BoD and the executive management;
- Implementation of provisioning policy;
- Set up of risk policies & procedures.

3.6 Declaration on adequacy of risk management arrangements

The Bank's BoD asserts that the risk management arrangements, systems and processes established by the Bank are adequate and appropriate to the nature, scope and complexity of its operations, and also reflective of the Bank's risk and business profile and strategy.

Moreover, the BoD further declares that the liquidity risk management arrangements, systems and processes put in place by the Bank, are also adequate, appropriate and in line with the Bank's risk and business profile and strategy.

3.7 Nomination policy in relation to the selection of Members of the BoD

Nomination criteria

The Board, supported by the Nominations & Internal Governance Committee ("NomCo"), shall nominate candidates for the BoD who meet the fit and proper requirements. The suitability of nominees is assessed against the following criteria:

(a) reputation, honesty, integrity and trust;

(b) knowledge, skills, experience and other general suitability requirements;

(c) conflicts of interest and independence of mind;

(d) time commitment; and

(e) collective suitability.

Members of the Bank's BoD hold university degrees in economics, finance, accounting business administration and mathematics, with a number of them also holding professional qualifications. The Members of the BoD have collective international and local expertise and experience in investment, corporate retail banking arrears management, as well as in Information Technology and project management. They also share skills related to risk management, compliance, internal audit, finance, strategy, crisis management, legal, regulatory and governance understanding, leadership, human resource management and planning, policy development, change management and technology

3.8 Diversity

The Bank recognises the benefits of having a diverse Board and sees diversity at Board level as an important element in maintaining a competitive advantage. Diversity within the Board leads to a broader range of experience, knowledge, skills and values, and is one of the factors that enhance the functioning of the Board, reduces the phenomenon of 'group-think' and facilitates independent opinions and constructive challenging in the process of decision-making through a broader range of views and experiences as well as values and backgrounds.

The Board's diversity is one of the factors which, according to the Bank's Nomination Policy, the NomCo shall consider when examining composition and structure of the Board. A diverse Board includes and makes good use of variety in the skills, educational and professional background, geographical provenance (nationality), gender, age and other qualities of Directors.

The NomCo's priority is to ensure that the Board continues to have strong leadership and the right mix of skills to deliver the business strategy.

Within this context and concerning the less represented gender at the Board, the NomCo's aim is that the percentage of the female gender representation at Bank's Board shall be at least 20% calculated on the total Board size (rounded to the nearest integer) with a minimum of 2 female members, also considering industry trends and best practices which was met. As of 31 December 2022, female representation at the Board amounts to 30% with a total of 3 members.

4. Credit Risk

4.1 Definition of credit risk

Credit risk is the risk that a counterparty will be unable to fulfill its payment obligations in full when due. Taking into account that credit risk is the primary risk the Bank is exposed to, it is very closely managed and monitored according to the Bank's risk management framework. Credit risk also includes country risk and settlement risk.

Country risk is the risk of losses arising from economic difficulties or political unrest in a country, including the risk of losses following nationalisation, expropriation and debt restructuring.

Foreign exchange lending risk refers to the risk of loss due to exchange rate movements which in the case of loans denominated in a foreign currency, can strongly influence a borrower's debt-servicing capacity, thus impacting credit risk.

Settlement risk is the risk arising when payments are settled, for example for trades in financial instruments, including derivatives and currency transactions. The risk arises when the Bank remits payments before it can ascertain that the counterparties' payments have been received.

Credit concentration risk is defined as the current or prospective risk to earnings and capital arising from excessive exposure placed with one counterparty or group of related counterparties whose likelihood of default is driven by common underlying factors e.g. geographical location, economic sector and industry

Credit risk arises principally from the wholesale and retail lending activities of the Bank, including from credit enhancement provided, such as financial guarantees and letters of credit. The Bank is also exposed to credit risk arising from other activities such as investments in debt securities, trading activities, capital markets and settlement activities.

4.2 Credit Risk organisation and processes

4.2.1 Credit Risk organisation

To address this risk, the Bank has established an organisational structure (as per section 3.4 above) allocating responsibility for administration, approval and control of credit activities to various specialist divisions and committees, in line with the applicable legislation. Credit operations are governed by a comprehensive set of written policies and procedures to ensure that all aspects of credit risk are adequately covered.

4.2.2 Credit Risk Department

The Credit Risk department: (i) reviews all proposals that require approval from the appropriate Credit Committee (ii) assesses credit risk through the submission of independent credit risk opinions (iii) maintains records of all approved borrowers' limits & credit exposures.

The Bank limits the credit risk exposure through the establishment and periodical review of maximum limits allowed to authority levels of the Bank which have approval authority depending on the amount and credit conditions, type of credit facility (credit limits, credit use, release/replacement of collaterals or restructuring of existing credit) and on the specific client for:

- approval of new credit facilities,
- restructuring of granted credits,
- release / replacement of corresponding collaterals and
- changes in due dates and pricing (fees, interest) associated with the credit facilities.

4.2.3 Credit Control Department

The Credit Control department monitors and evaluates on an ongoing basis the quality of the credit portfolio, allocates provision charges per specific borrower or portfolios of borrowers and verifies adherence to the Bank's Credit Policy Manual. Furthermore, it is responsible for the regulatory and management reporting for all credit related matters.

4.3 Presentation of the Bank's exposures

The following sections, more specifically Tables 11, 12, 14 – 17 & 19, present various breakdowns of the exposures of the Bank into various granular forms in order to provide a more granular picture. The data are presented at either gross or net exposure and are depicted in various breakdown within. The figures reconcile with information from the Bank's Balance Sheet and relevant notes of the Financial Statements. The exposures included within the Report are in accordance with the definitions prescribed by the EBA Taxonomy and the EBA mapping tool which are mapped to the FINREP report of the Bank.

Information presented under the following definitions as follows:

- Gross exposures are presented before provisions but after any write-offs;
- Net exposures equals to gross amounts less provisions.
- Loans and advances are debt instruments held by the Bank that are not securities. Loans and advances include (i) credit card balances, (ii) term loans, (iii) reverse repurchase transactions and (iv) accounts which are considered on demand such as current accounts, overnight loans, debit balances on overdrafts, balances with Central Bank but it excludes cash in hand.

  The exposures may be reconciled with the (i) "Balances with central banks", (ii) "Due from credit institutions" and (iii) "Loans and advances to customers" from the Bank's Balance Sheet and relevant notes to the Financial Statements. Cash in hand are not included under "Loans and advances".
- Debt securities include investment securities held at FVOCI or at amortised cost, as presented in the Bank's Financial Statements. Investment securities at FVTPL do not constitute debt securities are they relate to equity investments

The table below shows and reconciliation between the Bank's Financial Statements and the figures presented in the Report for 2022 and 2021:

Table 10: Reconciliation between Financial Statement Lines and respective tables in the following sections of the Report

31 December 2022										
Bank's Financial Statements				Pillar III Report						Difference
Relevant exposure	Gross Amount	Impairment	Carrying Amount	Relevant exposure	Performing Exposures	Non-Performing Exposures	Total Gross Amount	Impairment	Net book value	
	€ thousands	€ thousands	€ thousands		€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash and balances with central banks	**3.266.706**	**-**	**3.266.706**	**Cash balances at central banks and other demand deposits**	**3.287.831**	**-**	**3.287.831**	**(1)**	**3.287.830**	**(21.124)**
Cash in hand	7.784	-	7.784	Cash in hand (1)	-	-	-	-	-	7.784
Balances with Central Banks	3.258.922	-	3.258.922	Balances with Central Banks (3)	3.287.831	-	3.287.831	(1)	3.287.830	(28.908)
Loans and advances	**4.302.470**	**(45.632)**	**4.256.838**	**Loans and advances**	**4.203.560**	**69.999**	**4.273.559**	**(45.631)**	**4.227.928**	**28.910**
Due from credit institutions	1.526.922	(2)	1.526.920	Credit institutions (3)	1.497.939	-	1.497.939	(1)	1.497.938	28.982
Loans and advances to customers	2.775.548	(45.630)	2.729.918	All other classes (4)	2.705.621	69.999	2.775.620	(45.630)	2.729.990	(72)
Investment Securities	**1.325.027**	**(344)**	**1.324.683**	**Debt Securities**	**1.323.068**	**-**	**1.323.068**	**(344)**	**1.322.724**	**1.959**
Investment securities at FVOCI	494.490	-	494.490	Investment securities at FVOCI	494.490	-	494.490	-	494.490	-
Investment securities at amortised cost	828.578	(344)	828.234	Investment securities at amortised cost	828.578	-	828.578	(344)	828.234	-
Investment securities mandatorily at FVTPL	1.959	-	1.959	Investment securities mandatorily at FVTPL (2)	-	-	-	-	-	1.959
Off-Balance Sheet Items	**652.871**	**(8.254)**	**644.617**	**Off-balance-sheet exposures**	**651.239**	**1.632**	**652.871**	**(8.254)**	**644.617**	**-**
Total	**9.547.074**	**(54.230)**	**9.492.844**	**Total**	**9.465.698**	**71.631**	**9.537.329**	**(54.230)**	**9.483.099**	**9.745**

31 December 2021										
Bank's Financial Statements				Pillar III Report						
Relevant exposure	Gross Amount	Impairment	Carrying Amount	Relevant exposure	Performing Exposures	Non-Performing Exposures	Total Gross Amount	Impairment	Net book value	Difference
	€ thousands	€ thousands	€ thousands		€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash and balances with central banks	**2.843.764**	**(13)**	**2.843.751**	**Cash balances at central banks and other demand deposits**	**2.869.049**	**-**	**2.869.049**	**(13)**	**2.869.036**	**(25.285)**
Cash in hand	16.977	-	16.977	Cash in hand [1]	-	-	-	-	-	16.977
Balances with Central Banks	2.826.787	(13)	2.826.774	Balances with Central Banks [3]	2.869.049	-	2.869.049	(13)	2.869.036	(42.262)
Loans and advances	**4.274.038**	**(46.690)**	**4.227.348**	**Loans and advances**	**4.169.160**	**62.616**	**4.231.776**	**(46.690)**	**4.185.086**	**42.262**
Due from credit institutions	1.626.824	(26)	1.626.798	Credit institutions [3]	1.584.562	-	1.584.562	(26)	1.584.536	42.262
Loans and advances to customers	2.647.214	(46.664)	2.600.550	All other classes	2.584.598	62.616	2.647.214	(46.664)	2.600.550	-
Investment Securities	**1.017.109**	**(171)**	**1.016.938**	**Debt Securities**	**1.015.114**	**-**	**1.015.114**	**(171)**	**1.014.943**	**1.995**
Investment securities at FVOCI	555.729	-	555.729	Investment securities at FVOCI	555.729	-	555.729	-	555.729	-
Investment securities at amortised cost	459.385	(171)	459.214	Investment securities at amortised cost	459.385	-	459.385	(171)	459.214	-
Investment securities mandatorily at FVTPL	1.995	-	1.995	Investment securities mandatorily at FVTPL [2]	-	-	-	-	-	1.995
Off-Balance Sheet Items	**707.226**	**(5.384)**	**701.842**	**Off-balance-sheet exposures**	**706.094**	**1.132**	**707.226**	**(5.384)**	**701.842**	**-**
Total	**8.842.137**	**(52.258)**	**8.789.879**	**Total**	**8.759.417**	**63.748**	**8.823.165**	**(52.258)**	**8.770.907**	**18.972**

[1] Cash in hand are not included in the Report.

[2] Relates to investment in equities not meeting the definition of debt securities and are thus not included in the Report

[3] Relates to "Settlement balances with credit institutions" which is represented differently between the Financial Statements and the Report

[4] Difference relates to interest receivable from security lending, presented under "Settlement balances with credit institutions" in the Financial Statements, but are not classified as due from Credit Institutions in the Report

4.4 Credit exposures

The following table presents a breakdown of net credit exposures value by residual maturity for loans and advances and debt securities as at 31 December 2022 and 2021:

Table 11: Template EU CR1-A: Maturity of exposures [1]

	31 December 2022					
	Net exposure value					
	On Demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Loans and advances	-	2.249.232	1.236.057	1.381.086	6.170	**4.872.545**
Debt securities	-	149.552	847.197	325.975	-	**1.322.724**
Total	**-**	**2.398.784**	**2.083.254**	**1.707.061**	**6.170**	**6.195.269**

	31 December 2021					
	Net exposure value					
	On Demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Loans and advances	-	2.179.562	1.001.780	1.705.586	-	**4.886.928**
Debt securities	-	153.561	615.797	245.585	-	**1.014.943**
Total	**-**	**2.333.123**	**1.617.577**	**1.951.171**	**-**	**5.901.871**

(1) The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs. Exposure amounts relate to gross exposures less provisions. The table above excludes cash balances at central banks and other demand deposits

(2) The increase in debt securities relates to increased position in Sovereign bonds, which experienced a 75% increase from last year.

(3) The net decrease in Loans and Advances relates to an increase in Loans to Customers by 2,2% and a decrease in Reverse Repurchase Agreements by 5,5%.

4.5 Credit quality of financial assets

The Bank recognises allowance for expected credit losses (“ECL”) that reflect changes in credit quality since initial recognition to financial assets that are measured at Amortised Cost (“AC”) and Fair Value through Other Comprehensive Income (“FVOCI”), including loans, debt securities, financial guarantee contracts and loan commitments.

a. Definitions

Loans for which a “12-month ECL allowance” is recognised as they exhibit no significant increase in credit risk since initial recognition and loans for which a “Lifetime ECL allowance” is recognised as they exhibit a significant increase in credit risk since initial recognition but are not considered to be in default.

The credit impaired loans category includes loans that are considered to be in default, for which a loss allowance equal to ‘Lifetime ECL’ is recognised and loans classified as ’Purchased or Originated Credit Impaired’ (POCI) which are always measured on the basis of ECL.

‘Default exposures’, in line with the regulatory definition of default as adopted by the Bank, include material exposures that are past due more than 90 days (counting of days past due commences when materiality thresholds are breached), exposures that are assessed by Bank as unlikely to pay, as well as those that are assessed for impairment individually and carry an individual impairment allowance.

‘Non-performing exposures’ as currently monitored and reported by the Bank, in line with the guidelines set by the EBA Implementing Technical Standards, include material exposures that are in arrears for more than 90 days or assessed as unlikely to pay, impaired exposures under individual or collective impairment assessment, exposures categorised as defaulted for regulatory purposes, as well as forborne non-performing exposures. The Bank adopts the same definition for defaulted and non-performing exposures.

The ‘unlikely to pay’ category refers to exposures where a borrower’s ability to repay his credit obligations in full without realisation of collateral is assessed as unlikely, regardless of the existence of any past due amounts or of the number of days past due.

The Bank’s definition for distressed restructurings is fully aligned with Article 178(3) CRR and the definition of restructuring is aligned with Article 47b CRR.

b. Impairment indicators

To determine the risk of default, the Bank applies a default definition for accounting purposes, which is consistent with the EBA definition for non-performing exposure and regulatory definition of default as applied by the Bank on 1 January 2021. The accounting definition of default is also consistent with the one used for internal credit risk management purposes, as such all past due exposures are also considered to be impaired.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that exposure have occurred:

- The borrower faces a significant difficulty in meeting his financial obligations.
- There has been a breach of contract, such as a default or unpaid amounts, above specified materiality thresholds, for more than 90 consecutive days.
- The Bank, for economic or contractual reasons relating to the borrower's financial difficulty, has granted to the borrower a concession(s) that the Bank would not otherwise consider.
- There is a probability that the borrower will enter bankruptcy or other financial re-organisation;
- For POCI assets, a purchase or origination at a deep discount that reflects incurred credit losses is considered a detrimental event. The Bank assesses the deep discount criterion following a principle-based approach with the aim to incorporate all reasonable and supportable information which reflects market conditions that exist at the time of the assessment.

For debt securities, the Bank determines the risk of default using an internal credit rating scale. The Bank considers debt securities as credit-impaired if the internal rating of the issuer/counterparty corresponds to a rating equivalent to "C" (Moody's rating scale) or the external rating of the issuer/counterparty at the reporting date is equivalent to "C" (Moody's rating scale) and the internal rating is not available.

c. Impairment assessment

Determining whether a loss allowance should be based on 12-month expected credit losses or lifetime expected credit losses depends on whether there has been a significant increase in the credit risk (SICR) of the financial assets, issued loan commitments and financial guarantee contracts, since initial recognition.

The assessment of loss allowance is performed either on an individual basis or on a collective basis for groups of similar items with homogeneous credit risk characteristics. The Bank applies the same principles for assessing SICR since initial recognition when estimating ECLs on a collective or on an individual basis.

The Bank segments its lending exposures on the basis of shared credit risk characteristics for the purposes of both assessing significant increase in credit risk and measuring loan loss allowance on a collective basis. The different segments aim to capture differences in PDs and in the rates of recovery in the event of default.

The shared credit risk characteristics used for the segmentation of exposures include several elements such as: portfolio type, asset class, industry, credit risk rating, forbearance status and days in arrears.

Exposures allocated in Stage 3 are individually assessed and ECL measurement is performed on borrower specific information. This measurement is performed at an account level, hence the criteria are defined at this level, while both qualitative and quantitative factors are taken into consideration including forward looking information.

For exposures allocated in Stage 1 and Stage 2, ECL are measured on a collective basis, grouped into segments with shared risk characteristics such as portfolio type, business sector, and credit rating. This incorporates borrower specific information, collective historical experience of losses and forward-looking information. For debt securities, the measurement of impairment losses is performed on an individual basis.

d. Impairment measurement

The measurement of ECL is an unbiased probability-weighted average estimate of credit losses that reflects the time value of money, determined by evaluating a range of possible outcomes. A credit loss is the difference between the cash flows that are due to the Bank in accordance with the contractual terms of the instrument and the cash flows that the Bank expects to receive (i.e. cash shortfalls) discounted at the original EIR of the same instrument, or the credit-adjusted EIR in case of POCI. In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions are considered. For loan commitments (i.e. undrawn commitments) ECL are calculated as the present value of the difference between the contractual cash flows due if the commitment was drawn and the expected cash flows to be received while for financial guarantees ECLs are measured based on a relevant CCF applied on the outstanding balance.

The Bank estimates expected cash shortfalls, which reflect the cash flows expected from all possible sources, including collateral and other credit enhancements that are part of the contractual terms and are not recognised separately. In case of a collateralised financial instrument, the estimated expected cash flows related to the collateral reflect the amount and timing of cash flows that are expected from liquidation less the discounted costs of obtaining and selling the collateral, irrespective of whether liquidation is probable.

ECL are calculated over the maximum contractual period over which the Bank is exposed to credit risk, which is determined based on the substantive terms of the instrument, or in case of revolving credit facilities, by taking into consideration factors such as the Bank's expected credit risk management actions to mitigate credit risk and past practice.

Receivables from customers arising from the Bank's activities other than lending, are presented under Other Assets and are typically short term. Therefore, considering that usually there is no significant financing component, the loss allowance for such financial assets is measured at an amount equal to the lifetime expected credit losses under the simplified approach.

ECL key inputs

The ECL calculations are based on the term structures of the PD, the LGD and the EAD. Generally, the Bank derives these parameters from internally developed statistical models and observed point-in-time and historical data, leveraging the existing infrastructure development for the regulatory framework and risk management practices

The PD, LGD and EAD used for accounting purposes may differ from those used for regulatory purposes. For the purposes of impairment measurement, PD is a point-in-time estimate whereas for regulatory purposes PD is a 'through-the-cycle' estimate. In addition, LGD and EAD for regulatory purposes are based on loss severity experienced during economic downturn conditions, while for impairment purposes, LGD and EAD reflect an unbiased and probability-weighted estimates.

The following templates provide an overview of credit quality of performing and non-performing exposures as at 31 December 2022 and 31 December 2021. The table provides information of gross balances before deduction of provisions:

Table 12: Template EU CQ3: Credit quality of performing and non-performing exposures by past due days [(1)]

	31 December 2022											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits [(2)]	3.287.831	3.287.831	-	-	-	-	-	-	-	-	-	-
Loans and advances	**4.203.560**	**4.199.974**	**3.586**	**69.999**	**47.102**	**1.054**	**101**	**2.143**	**5.804**	**2.474**	**11.321**	**69.999**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	1.497.939	1.497.939	-	-	-	-	-	-	-	-	-	-
Other financial corporations	725.994	725.989	5	10.019	8.725	19	5	-	1.206	-	64	10.019
Non-financial corporations	1.694.180	1.690.666	3.514	48.920	32.114	669	82	2.033	4.162	983	8.877	48.920
Of which SMEs	1.344.410	1.340.896	3.514	48.910	32.104	669	82	2.033	4.162	983	8.877	48.910
Households	285.447	285.380	67	11.060	6.263	366	14	110	436	1.491	2.380	11.060
Debt securities	**1.323.068**	**1.323.068**	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	975.197	975.197	-	-	-	-	-	-	-	-	-	-
Credit institutions	106.617	106.617	-	-	-	-	-	-	-	-	-	-
Other financial corporations	241.254	241.254	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**651.239**			**1.632**								**1.632**
Central banks	-			-								-
General governments	1			-								-
Credit institutions	479			-								-
Other financial corporations	140.595			143								143
Non-financial corporations	443.719			1.430								1.430
Households	66.445			59								59
Total	**9.465.698**	**8.810.873**	**3.586**	**71.631**	**47.102**	**1.054**	**101**	**2.143**	**5.804**	**2.474**	**11.321**	**71.631**

	31 December 2021											
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits [2]	2.869.049	2.869.049	-	-	-	-	-	-	-	-	-	-
Loans and advances	**4.169.160**	**4.168.832**	**328**	**62.616**	**33.683**	**1.788**	**5.559**	**242**	**7.192**	**2.331**	**11.821**	**62.616**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	1.584.562	1.584.562	-	-	-	-	-	-	-	-	-	-
Other financial corporations	672.566	672.566	-	14.168	12.501	-	3	-	1.599	-	65	14.168
Non-financial corporations	1.650.922	1.650.888	34	33.595	16.665	160	3.065	230	3.865	570	9.040	33.595
Of which SMEs	1.197.367	1.197.333	34	30.783	13.854	159	3.065	230	3.865	570	9.040	30.783
Households	261.110	260.816	294	14.853	4.517	1.628	2.491	12	1.728	1.761	2.716	14.853
Debt securities	**1.015.114**	**1.015.114**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	743.723	743.723	-	-	-	-	-	-	-	-	-	-
Credit institutions	96.604	96.604	-	-	-	-	-	-	-	-	-	-
Other financial corporations	174.787	174.787	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**706.094**			**1.132**								**1.132**
Central banks	-			-								-
General governments	1			-								-
Credit institutions	637			-								-
Other financial corporations	155.480			145								145
Non-financial corporations	487.059			859								859
Households	62.917			128								128
Total	**8.759.417**	**8.052.995**	**328**	**63.748**	**33.683**	**1.788**	**5.559**	**242**	**7.192**	**2.331**	**11.821**	**63.748**

[1] The table above covers performing and non-performing exposures on loans and advances including balances with central banks and credit institutions, debt securities and off-balance sheet items (excluding the off-balance sheet securities lending).

[2] «Settlement balances with credit institutions", not related to interest receivable from Security Lending is included under "Cash balances at central banks and other demand deposits" for the purposes of the Report. The remaining are included under "Loans and Advances". Cash balances at central banks is inclusive of the Mandatory Reserve Requirement ("MRR")

[3] The increase to Debt Securities compared to 2021 is due to increased position in Sovereign bonds by ca. 75%.

[4] The net decrease in Loans and Advances relates to an increase in Loans to Customers by 2,2% and a decrease in Reverse Repurchase Agreements by 5,5%.

The tables below show the changes in the movement, in gross amount before deduction of provisions, in the stock of defaulted and impaired loans and debt securities from 1 January 202 to 31 December 2022 and from 1 January 2021 to 31 December 2021:

Table 13: Template EU CR2: Changes in the stock of non-performing loans and advances

	31 December 2022
	Gross carrying amount
	€ thousands
Initial stock of non-performing loans and advances	**62.616**
Inflows to non-performing portfolios	30.821
Outflows from non-performing portfolios	(23.438)
Outflows due to write-offs	(5.068)
Outflow due to other situations [(1)]	(18.370)
Final stock of non-performing loans and advances	**69.999**

	31 December 2021
	Gross carrying amount
	€ thousands
Initial stock of non-performing loans and advances	**71.802**
Inflows to non-performing portfolios	27.994
Outflows from non-performing portfolios	(37.180)
Outflows due to write-offs	(757)
Outflow due to other situations [(1)]	(36.423)
Final stock of non-performing loans and advances	**62.616**

[(1)] The "Outflow due to other situations" consist mainly of decrease due to repayments (either full or partial) of 80% of the total value (2021: 66%) while 20% relates to curing to the performing status, a notable difference relating to the 2021 figure which was 32% of the balance. Although the Bank has Debt for Asset solutions, no such solutions were effected in 2022.

[(2)] No debt securities were classified as defaulted or impaired as at 31 December 2022 nor 31 December 2021.

The below templates provide an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class as at 31 December 2022 and 31 December 2021. The table provides information on the gross amount before provisions as well as the provision amount:

Table 14: Template EU CR1: Performing and non-performing exposures and related provisions [(1)]

	31 December 2022												
	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3			
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits [(2)]	3.287.831	3.287.831	-	-	-	(1)	(1)	-	-	-	-	-	-
Loans and advances	**4.203.560**	**3.974.123**	**229.437**	**69.999**	**69.999**	**(7.701)**	**(4.242)**	**(3.459)**	**(37.930)**	**(37.930)**	**(39.082)**	**3.763.927**	**30.949**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	1.497.939	1.497.939	-	-	-	(1)	(1)	-	-	-	-	1.490.829	-
Other financial corporations	725.994	704.584	21.410	10.019	10.019	(1.114)	(414)	(700)	(5.542)	(5.542)	(579)	678.045	4.402
Non-financial corporations	1.694.180	1.492.719	201.461	48.920	48.920	(5.817)	(3.348)	(2.469)	(24.491)	(24.491)	(32.016)	1.340.920	23.461
Of which SMEs	1.344.410	1.196.944	147.466	48.910	48.910	(5.283)	(3.040)	(2.243)	(24.491)	(24.491)	(32.016)	1.103.959	23.451
Households	285.447	278.881	6.566	11.060	11.060	(769)	(479)	(290)	(7.897)	(7.897)	(6.487)	254.133	3.086
Debt securities	**1.323.068**	**1.319.449**	**3.619**	**-**	**-**	**(344)**	**(344)**	**-**	**-**	**-**	**-**	**69.856**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	975.197	975.197	-	-	-	(223)	(223)	-	-	-	-	-	-
Credit institutions	106.617	102.998	3.619	-	-	(59)	(59)	-	-	-	-	4.524	-
Other financial corporations	241.254	241.254	-	-	-	(62)	(62)	-	-	-	-	65.332	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**651.239**	**600.156**	**51.083**	**1.632**	**1.632**	**(7.952)**	**(3.848)**	**(4.104)**	**(302)**	**(302)**		**255.759**	**1.318**
Central banks	-	-	-	-	-	-	-	-	-	-		-	-
General governments	1	1	-	-	-	-	-	-	-	-		-	-
Credit institutions	479	479	-	-	-	-	-	-	-	-		478	-
Other financial corporations	140.595	125.655	14.940	143	143	(1.392)	(115)	(1.277)	-	-		49.161	142
Non-financial corporations	443.719	407.895	35.824	1.430	1.430	(6.305)	(3.492)	(2.813)	(302)	(302)		182.243	1.152
Households	66.445	66.126	319	59	59	(255)	(241)	(14)	-	-		23.877	24
Total	**9.465.698**	**9.181.559**	**284.139**	**71.631**	**71.631**	**(8.046)**	**(4.587)**	**(3.459)**	**(37.930)**	**(37.930)**	**(39.082)**	**4.089.542**	**32.267**

	31 December 2021												
	Gross carrying amount/nominal amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions					Accumulated partial write-off	Collateral and financial guarantees received	
	Performing exposures			Non-performing exposures		Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to			On performing exposures	On non-performing exposures
		Of which stage 1	Of which stage 2		Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 3			
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits [(2)]	2.869.049	2.869.049	-	-	-	(13)	(13)	-	-	-	-	-	-
Loans and advances	**4.169.160**	**3.954.312**	**214.848**	**62.616**	**62.616**	**(8.936)**	**(5.003)**	**(3.933)**	**(37.754)**	**(37.754)**	**(34.043)**	**3.724.929**	**24.123**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	1.584.562	1.584.562	-	-	-	(26)	(26)	-	-	-	-	1.515.435	-
Other financial corporations	672.566	653.694	18.872	14.168	14.168	(1.235)	(712)	(523)	(5.356)	(5.356)	(515)	639.241	8.811
Non-financial corporations	1.650.922	1.463.551	187.371	33.595	33.595	(7.081)	(3.899)	(3.182)	(23.138)	(23.138)	(27.351)	1.333.325	9.719
Of which SMEs	1.197.367	1.039.021	158.345	30.783	30.783	(6.566)	(3.553)	(3.013)	(20.326)	(20.326)	(27.351)	1.023.267	9.719
Households	261.110	252.505	8.605	14.853	14.853	(594)	(366)	(228)	(9.260)	(9.260)	(6.177)	236.928	5.593
Debt securities	**1.015.114**	**1.015.114**	-	-	-	**(171)**	**(171)**	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	743.723	743.723	-	-	-	(166)	(166)	-	-	-	-	-	-
Credit institutions	96.604	96.604	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	174.787	174.787	-	-	-	(5)	(5)	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**706.094**	**660.373**	**45.721**	**1.132**	**1.132**	**(5.101)**	**(2.421)**	**(2.680)**	**(283)**	**(283)**		**255.138**	**688**
Central banks	-	-	-	-	-	-	-	-	-	-		-	-
General governments	1	1	-	-	-	-	-	-	-	-		-	-
Credit institutions	637	637	-	-	-	(1)	(1)	-	-	-		637	-
Other financial corporations	155.480	151.345	4.135	145	145	(188)	(165)	(23)	-	-		39.831	85
Non-financial corporations	487.059	445.929	41.130	859	859	(4.782)	(2.133)	(2.649)	(283)	(283)		194.801	545
Households	62.917	62.461	456	128	128	(130)	(122)	(8)	-	-		19.869	58
Total	**8.759.417**	**8.498.848**	**260.569**	**63.748**	**63.748**	**(14.221)**	**(7.608)**	**(6.613)**	**(38.037)**	**(38.037)**	**(34.043)**	**3.980.067**	**24.811**

[(1)] The table above covers performing and non-performing exposures on loans and advances including balances with central banks and credit institutions, debt securities and off-balance sheet items (excluding the off-balance sheet securities lending).

[(2)] «Settlement balances with credit institutions", not related to interest receivable from Security Lending is included under "Cash balances at central banks and other demand deposits" for the purposes of the Report. The remaining are included under "Loans and Advances".

[(3)] The increase to Debt Securities compared to 2021 is due to increased position in Sovereign bonds by ca. 75%.

[(4)] The net decrease in Loans and Advances relates to an increase in Loans to Customers by 2,2% and a decrease in Reverse Repurchase Agreements by 5,5%.

The following tables present an overview of the quality of forborne exposures as at 31 December 2022 and 31 December 2021:

Table 15: Template EU CQ1: Credit quality of forborne exposures [1]

	31 December 2022							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk		Collateral received and financial guarantees received on forborne exposures	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	**91.911**	**42.233**	**42.233**	**42.233**	**- 959**	**- 19.556**	**109.895**	**22.484**
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	15.656	8.294	8.294	8.294	(546)	(4.579)	16.591	3.671
Non-financial corporations	71.310	27.725	27.725	27.725	(140)	(10.370)	87.280	17.285
Households	4.945	6.214	6.214	6.214	(273)	(4.607)	6.024	1.528
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	**879**	**864**	**864**	**864**	**13**	**-**	**1.266**	**849**
Total	**92.790**	**43.097**	**43.097**	**43.097**	**(946)**	**(19.556)**	**111.161**	**23.333**

	31 December 2021							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative		Collateral received and financial guarantees received on forborne	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	**97.509**	**32.832**	**32.832**	**32.832**	**(989)**	**(16.773)**	**108.417**	**15.990**
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	7.660	12.337	12.337	12.337	(345)	(4.266)	12.727	8.071
Non-financial corporations	83.694	12.957	12.957	12.957	(435)	(8.190)	86.668	4.698
Households	6.155	7.538	7.538	7.538	(209)	(4.317)	9.022	3.221
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	**1.084**	**283**	**283**	**283**	**(7)**	**-**	**918**	**271**
Total	**98.593**	**33.115**	**33.115**	**33.115**	**(996)**	**(16.773)**	**109.335**	**16.261**

[1] *The table above includes forborne exposures on loans and advances, debt securities and loan commitments.*

Currently the Bank doesn't have on its balance sheet any collateral obtained by taking possession and execution processes.

4.6 Geographical and industry analysis

The following table presents the geographical breakdown of the non-performing exposures as at 31 December 2022 and 2021:

Table 16: Template EU CQ4: Quality of non-performing exposures by geography

	31 December 2022				
	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted			
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
On balance sheet exposures [2]	**5.596.627**	**69.999**	**(45.975)**		**-**
Cyprus	2.030.134	66.889	(42.291)		-
Other European Countries [1]	2.146.222	62	(746)		-
Other countries	1.420.271	3.048	(2.938)		-
Off-balance-sheet exposures	**652.871**	**1.632**		**(8.254)**	
Cyprus	580.569	1.609		(7.393)	
Other European Countries [1]	16.031	7		(41)	
Other countries	56.271	16		(820)	
Total	**6.249.498**	**71.631**	**(45.975)**	**(8.254)**	**-**

	31 December 2021				
	Gross carrying/nominal amount		Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted			
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
On balance sheet exposures [2]	**5.246.890**	**62.616**	**(46.861)**		**-**
Cyprus	2.031.446	58.255	(42.009)		-
Other European Countries [1]	2.074.735	55	(600)		-
Other countries	1.140.709	4.306	(4.252)		-
Off-balance-sheet exposures	**707.226**	**1.132**		**(5.384)**	
Cyprus	602.867	1.096		(5.195)	
Other European Countries [1]	6.842	1		(138)	
Other countries	97.517	35		(51)	
Total	**5.954.116**	**63.748**	**(46.861)**	**(5.384)**	**-**

[1] Other European Countries include the countries which are members of the EU.

[2] On balance sheet exposures include Loans and advances, Debt securities but exclude Cash balances at central banks and other demand deposits

Table 17: Template EU CQ5: Credit quality of loans and advances to non-financial corporations by industry [1]

	31 December 2022				
	Gross carrying/nominal amount			Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which defaulted			
	€ thousands	€ thousands		€ thousands	€ thousands
Agriculture, forestry and fishing	4.835	-	-	7	-
Mining and quarrying	443	-		-	-
Manufacturing	139.752	479	-	741	-
Electricity, gas, steam and air conditioning supp	38.980	-	-	267	-
Water supply	11.380	-	-	55	-
Construction	81.425	5.007	-	4.049	-
Wholesale and retail trade	218.927	10.001	-	9.141	-
Transport and storage	275.354	1.833	-	1.999	-
Accommodation and food service activities	383.044	14.007	-	574	-
Information and communication	15.046	2	-	73	-
Financial and insurance actvities	-	-		-	-
Real estate activities	453.718	5.473	-	5.254	-
Professional, scientific and technical activities	35.364	5.142	-	2.838	-
Administrative and support service activities	15.572	3.861	-	2.796	-
Public administration and defense, compulsory	-	-		-	-
Education	9.825	608	-	191	-
Human health services and social work activitie	26.263	-	-	344	-
Arts, entertainment and recreation	31.484	888	-	778	-
Other services	1.688	1.619	-	1.201	-
Total	**1.743.100**	**48.920**	-	**30.308**	**-**

	31 December 2021				
	Gross carrying/nominal amount				
		Of which defaulted		Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
	€ thousands	€ thousands		€ thousands	€ thousands
Agriculture, forestry and fishing	4.308	1	-	26	-
Mining and quarrying	8.318	-		-	-
Manufacturing	102.358	492	-	901	-
Electricity, gas, steam and air conditioning supp	21.361	-	-	259	-
Water supply	14.640	-	-	48	-
Construction	81.549	5.170	-	4.437	-
Wholesale and retail trade	238.417	9.073	-	9.933	-
Transport and storage	255.633	1.727	-	1.988	-
Accommodation and food service activities	401.959	285	-	510	-
Information and communication	13.560	2	-	135	-
Financial and insurance actvities	-	-		-	-
Real estate activities	362.013	5.756	-	4.965	-
Professional, scientific and technical activities	35.568	4.746	-	2.250	-
Administrative and support service activities	18.744	3.751	-	2.415	-
Public administration and defense, compulsory	-	-		-	-
Education	11.991	-	-	283	-
Human health services and social work activitie	80.027	-	-	125	-
Arts, entertainment and recreation	32.268	888	-	824	-
Other services	1.803	1.704	-	1.120	-
Total	**1.684.517**	**33.595**	**-**	**30.219**	**-**

(1) The table provides information on Gross loans and advances to exposures (before provisions) classified as non-financial corporations includes Loans and advances but does not include information on off-balance sheet amounts or debt securities. The industries are categorised based on the NACE codes based on the guidelines issues by the CBC on the statistical classification of loans based on "NACE REV. 2" of the European Union
(2) The increase in total exposures compared to 31 December 2021 is due to the increase in the lending volumes, as can be seen from the general increase in loans and advances to customers form the Bank's Financial Statements

4.7 Standardised Approach

The Bank applies the Standardised Approach for calculating the capital requirements on all its credit risk exposures. Credit ratings are retrieved from External Credit Assessment Institutions ("ECAIs"), such as Moody's, Standard & Poor's or Fitch. In the cases where more than one rating is available, the second better rating is used.

ECAIs are not used for loans' portfolios directly, but only in cases when they are guaranteed by central governments or institutions (risk substitution). In such a case the ECAIs used are the same as the ones described above.

In the case of corporate bond issues, the corresponding issue rating by these agencies is used. In case that an issue rating is not available, rating for other issues by the same issuer can be used, if: (a) the corporate bond under review has equal or better seniority with these rated bonds or (b) the resulting risk weight is lower than the applicable risk weight of unrated bonds.

The tables below present Standardised exposures on two different bases (before CCF and CRM and after CCF and CRM) as at 31 December 2022 and 31 December 2021:

Table 18: EU CR4 – Standardised approach – Credit risk exposure and CRM effects [(1)]

	31 December 2022					
	Exposure before CCF and CRM		Exposure post CCF and CRM		RWA and RWA density	
	On-balance-sheet amount € thousands	Off-balance-sheet amount € thousands	On-balance-sheet amount € thousands	Off-balance-sheet amount € thousands	RWAs € thousands	RWA Density [(2)] %
Central governments or central banks	4.238.277	-	4.311.535	-	50.006	1,2%
Regional governments or local authorities	-	-	-	-	-	0,0%
Public sector entities	-	-	-	-	-	0,0%
Multilateral development banks	29.701	-	30.033	-	-	0,0%
International organisations	-	-	-	-	-	0,0%
Institutions	144.529	779	134.317	287	73.565	54,7%
Corporates	2.124.187	401.929	1.449.273	69.864	1.271.872	83,7%
Retail	181.549	184.507	140.996	44.371	115.768	62,5%
Secured by mortgages on immovable property	352.464	40.928	353.279	15.990	135.447	36,7%
Exposures in default	27.831	1.112	26.949	62	33.897	125,5%
Items associated with particularly high risk	88.688	15.953	84.995	7.827	139.233	150,0%
Covered bonds	-	-	-	-	-	0,0%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
Collective investments undertakings	1.959	-	1.959	-	1.039	53,0%
Equity exposures	-	-	-	-	-	0,0%
Other exposures	35.298	-	35.298	-	27.514	77,9%
Total	**7.224.483**	**645.208**	**6.568.634**	**138.401**	**1.848.341**	**27,6%**

	31 December 2021					
	Exposure before CCF and CRM		Exposure post CCF and CRM		RWA and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount [3]	Off-balance-sheet amount	RWAs	RWA Density [2]
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	%
Central governments or central banks	3.572.004	-	3.651.354	-	51.021	1,4%
Regional governments or local authorities	-	-	-	-	-	0,0%
Public sector entities	-	-	-	-	-	0,0%
Multilateral development banks	4.622	-	4.622	-	-	0,0%
International organisations	-	-	-	-	-	0,0%
Institutions	174.195	1.822	157.818	370	72.313	45,7%
Corporates	2.095.249	497.954	1.435.718	103.483	1.294.533	84,1%
Retail	165.708	153.420	128.714	36.590	104.220	63,0%
Secured by mortgages on immovable property	338.165	29.921	338.165	13.405	129.280	36,8%
Exposures in default	18.139	644	15.311	28	15.580	101,6%
Items associated with particularly high risk	85.814	18.081	82.797	8.894	137.537	150,0%
Covered bonds	-	-	-	-	-	0,0%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
Collective investments undertakings	1.995	-	1.995	-	644	32,3%
Equity exposures	-	-	-	-	-	0,0%
Other exposures	45.306	-	45.306	-	28.330	62,5%
Total	**6.501.197**	**701.842**	**5.861.800**	**162.770**	**1.833.458**	**30,4%**

[1] *The table above does not cover derivatives, repurchase agreements and securities lending as per Regulation (EU) 2021/637, nor any investment in debt securities relating to securitisation exposures. It relates to the exposures that provide the total RWA under Credit Risk (excluding CCR) as per table (template EU OV1)).Exposures are presented net of provisions.*

[2] *RWA Density %: RWAs divided by sum of on and off- balance sheet exposures post CCF and CRM.*

- *RWA Density is reduced compared to 31 December 2021 mainly as a result of increased exposures with Central Governments/Central Banks/MDBs that enjoy 0% risk weight.*
- *Another factor for the reduced RWA Density is that the relative effect from the decrease in exposures to Corporates outweighs the relative effect from the increase in exposure classes, as Corporates generally attract higher risk weight.*
- *Regarding exposures to Institutions, even though the exposure decreased by 15%, the RWA density has increased. This is due to ca. €16 million new investments in bonds that with counterparties that employ a RW of 100%, which offsets the decrease of exposures that enjoy smaller risk weights (mainly due to banks at 20% risk weight).*

Derivatives with the Parent Entity meet the requirements to be considered as a single netting set instead of individual transactions, since collateral is exchanged bilaterally with the Parent Entity. During 2022, exposures and RWAs for derivative exposures with the Parent Entity are computed using the netting methodology as per the provisions of the CRR. for the calculation of RWAs arising from derivatives which are with the Parent Entity. Without applying netting, RWA from derivatives would be ca. €40,4 million higher.

4.8 Credit risk mitigation

A key component of the Bank's business strategy is to reduce risk by utilising various risk mitigating techniques. The most important risk mitigating means are collaterals' pledges, guarantees and netting agreements.

4.8.1 Types of collateral commonly accepted by the Bank

The types of collaterals commonly accepted by the Bank are:

- Residential real estate, commercial real estate, industrial buildings and land;
- Receivables (trade debtors);
- Securities, including listed shares and bonds;
- Deposits;
- Guarantees and letters of support;
- Insurance policies;
- Equipment, mainly vessels.

A specific coverage ratio is pre-requisite, upon the credit relationship's approval and on ongoing basis, for each collateral type. For exposures other than loans to customers (i.e. reverse repos, derivatives), the Bank accepts as collateral only cash or liquid bonds.

4.8.2 Valuation principles of collateral

In defining the maximum collateral ratio for loans, the Bank considers all relevant information available, including the collaterals' specific characteristics, if market participants would take those into account when pricing the relevant assets.

The valuation and hence eligibility is based on the following factors:

- The collateral's fair value, i.e. the exit price that would be received to sell the asset in an orderly transaction under current market conditions;
- The fair value reflects market participants' ability to generate economic benefits by using the asset in its highest and best use or by selling it;
- A reduction in the collateral's value is considered if the type, location or condition (such as deterioration and obsolescence) of the asset indicate so; and,
- No collateral value is assigned if a pledge is not legally enforceable.

The Bank performs collaterals' valuation in accordance with its processes and policies. For real estate collaterals, the Bank employs external qualified appraisers based on predefined criteria (qualifications and expertise) and also utilises appropriate indices such as the index published by the CBC. All appraisals take into account factors such as the region, age and marketability of the property.

4.8.3 Collateral policy and documentation

Regarding collaterals, the Bank's policy emphasises the need that collaterals and relevant processes are timely and prudently executed, in order to ensure that collaterals and relevant documentation are legally enforceable at any time. The Bank holds the right to liquidate collateral in the event of the obligor's financial distress and can claim and control cash proceeds from the liquidation process.

4.8.4 Guarantees and credit derivatives

The guarantees used as credit risk mitigation by the Bank are largely issued by central governments in the countries in which it operates, and by institutions. Only eligible providers of guarantees can be recognised under the Standardised Approach for credit risk. All central governments, regional governments and institutions are eligible. Guarantees issued by corporate entities can only be taken into account if such corporates are rated.

4.8.5 Netting agreements

The Bank mitigates counterparty risk arising from treasury activities by entering into master netting arrangements and similar agreements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. In the case of derivatives, the Bank makes use of International Swaps and Derivatives Association ("ISDA") contracts, which limit the exposure via the application of netting, and Credit Support Annex ("CSAs"), which further reduce the total exposure with the counterparty. Under these agreements, the total exposure with the counterparty is calculated on a daily basis taking into account any netting arrangements and collaterals.

The same process is applied in the case of repo transactions where standard Global Master Repurchase Agreements ("GMRAs") are used. The exposure (the net difference between repo cash and the market value of the securities) is calculated on a daily basis and collateral is transferred between the counterparties thus minimising the exposure.

4.8.6 Concentration risk on collaterals

For credit exposures, the most commonly accepted collaterals for credit risk mitigation purposes are real estate assets. Property collateral obtained for such purposes is not concentrated to a single geographical area or to a single type of property. Consumer loans are not collateralised, except for car loans where the Bank retains ownership until full loan repayment. Mortgage loans are fully collateralised with residential real estate properties.

The Bank does not undertake significant market or credit risk on collaterals of Treasury transactions. In case of cash collateral in foreign currency transactions, the Bank manages the respective foreign exchange exposure accordingly by setting margin calls.

Furthermore, since the Bank uses GMRAs for the risk mitigation of repos and reverse repos, the market risk exposure is minimal. In case of reverse repo transactions the Bank generally accepts high quality government issues as collaterals diversified across various issuers. The collateral amount on corporate bonds is immaterial.

4.8.7 Analysis of collaterals

The following tables show the volume of unsecured and secured exposures including all collateral, financial guarantees and credit derivatives used as credit risk mitigants as at 31 December 2022 and 31 December 2021:

Table 19: Template EU CR3 - CRM techniques overview: Disclosure of the use of credit risk mitigation techniques (1)

	31 December 2022				
	Exposures unsecured – Carrying amount € thousands	Exposures secured – Carrying amount (2) € thousands	Exposures secured by collateral € thousands	Exposures secured by financial guarantees(3) € thousands	Exposures secured by credit derivatives € thousands
Total loans	3.720.882	3.794.876	3.784.961	9.915	-
Total debt securities	1.252.869	69.855	-	69.855	-
Total exposures	**4.973.751**	**3.864.731**	**3.784.961**	**79.770**	**-**
Of which non-performing exposures	1.120	30.949	30.949	-	-
Of which defaulted	1.120	30.949	30.949	-	-

	31 December 2021				
	Exposures unsecured – Carrying amount € thousands	Exposures secured – Carrying amount (2) € thousands	Exposures secured by collateral € thousands	Exposures secured by financial guarantees(3) € thousands	Exposures secured by credit derivatives € thousands
Total loans	3.305.070	3.749.052	3.740.678	8.374	-
Total debt securities	939.974	74.969	-	74.969	-
Total exposures	**4.245.044**	**3.824.021**	**3.740.678**	**83.343**	**-**
Of which non-performing exposures	739	24.123	24.123	-	-
Of which defaulted	739	24.123	24.123	-	-

(1) The table above covers loans to customers, balances due from credit institutions, balances with Central Banks and debt securities exposures but does not include off-balance sheet exposures. The table covers CRM techniques regardless of whether these techniques are recognised under the CRR. The main differences between the increase in unsecured exposures compared to 2021 is due to increase in cash balances at central banks, while the increase in unsecrued exposures to debt securities is to due increased positions in debt securities in Sovereign bonds.
(2) Exposures secured-carrying amount include exposures secured by collaterals and exposures secured by financial guarantees. There are no exposures secured by credit derivatives for 31 December 2022 and 31 December 2021.
(3) Financial gurantees as per table above include bank guarantees, government guarantees and guarantees provided by the EIF.
(4) Values for collateral and financial guarantees shown above are the allocated values, capped to the net exposure at an account level.
(5) For real estate properties the lower between the market value and the pledged amount is considered.

4.9 Analysis of legislative and non-legislative moratoria, loans and advances

In light of COVID-19 the legislative and non-legislative moratoria were from the original scheme of April 2020. In January 2021, the vast majority of moratoria measures expired, with only two new measures were extended in 2021. The moratoria measures expired in its entirety on 30 June 2021, thus the Bank has nothing to report on moratoria for 31 December 2021 nor for 31 December 2022.

5. Counterparty credit risk

5.1 Definition, Governance and Policies

Counterparty credit risk ("CCR") is the risk that a counterparty in an off-balance sheet transaction (e.g. derivative transaction or repurchase/reverse repurchase agreements) defaults prior to maturity and the Bank has a claim over the counterparty (the market value of the contract is positive for the Bank).

5.2 Mitigation of counterparty credit risk

The Bank mitigates counterparty credit risk arising from treasury activities by entering into master netting arrangements, ISDA contracts, CSAs and similar arrangements, as well as collateral agreements with counterparties with which it undertakes a significant volume of transactions. Master netting arrangements do not generally result in the offset of balance sheet assets and liabilities, as the transactions are usually settled on a gross basis. However, the respective credit risk is reduced through a master netting agreement to the extent that if an event of default occurs, all amounts with the counterparty are terminated and settled on a net basis.

5.3 Wrong way risk

The Bank prevents the initiation of derivative transactions in cases that the value of the underlying instrument is highly correlated with the credit quality of the counterparty.

5.4 Implications under rating downgrade

The Bank's financial collateral agreements (CSAs covering derivative transactions) with other banks contain in some cases rating triggers. For these agreements, the minimum exposure level (threshold amount) for further posting of collateral will be lowered in case of a downgrading. Given the Bank's current rating, the additional effect is immaterial.

6. Market Risk

6.1 Definition and monitoring

Market risk is the risk of loss arising from adverse movements in interest rates, exchange rates, equity prices or commodity prices or their derivatives. Market Risk is monitored on a daily basis by the Market, Counterparty & Liquidity Risk Unit.

Market Risk can be subdivided into the following risk types:

1. FX Risk
2. Interest Rate Risk (IRR)
3. Liquidity Risk
4. Counterparty Risk

The Bank measures the market risk of the FVOCI portfolio using a 'Value at Risk' model. The VaR model is used to measure the amount of potential negative change in the market value of the FVOCI portfolio over a specified period of time and at a given confidence level. The Bank uses a VaR model based on 99% confidence level and a holding period of 10-days. The methodology used for the calculation is Monte Carlo simulation (full re-pricing of the positions is performed).

The VaR model is designed to measure market risk in a normal market environment. It is assumed that any changes occurring in the risk factors affecting the normal market environment will follow a normal distribution. While the model is maintained by the ERB Group, the VaR model and modeling assumptions are modeled on a stand-alone basis for the Bank, based on the Bank's own data.

Since VaR constitutes an integral part of the Bank's market risk control framework, VaR limits have been established and actual exposure is reviewed on a regular basis. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

6.2 Foreign exchange risk

Foreign exchange risk ("FX" or "Currency") is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. FX risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Bank's reporting currency. The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial positions and cash flows. The Bank primarily hedges against currency risk by placing foreign currency deposits into placements with matching currency or through other hedging instruments. The Bank's RMU monitors the established FX limits on a daily basis. During 2022 the Bank's overall net exposure to FX risk remained limited (net position below 1% of the capital base), thus not producing any capital requirements.

6.3 Interest rate risk

The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial positions and cash flows. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is further split into "General" and "Specific". The former refers to changes in the fair value of positions due to the movements of benchmark interest rates, while the latter refers to changes in the fair value of position due to the movements of specific issuer yields and credit spreads.

The Bank is monitoring the interest rate risk in the banking book affecting both its earnings and economic value using gap analysis. The Bank uses internal reports for the monitoring of IRRBB taking into account FVOCI and AC portfolios (loans, deposits, debt securities and derivatives), including sensitivity of Net Interest Income ("NII") and sensitivity of Bank's Economic Value of Equity ("EVE") on multiple scenarios of interest rates. For the calculation of these sensitivities, specific assumptions are made regarding non-maturity deposits ("NMDs"). These assumptions are based on historical observations processed using statistical analysis or are based on studies that summarise the IRRBB practices at the European level. The Bank takes all appropriate measures to limit the IR risk associated with these financial instruments either by matching interest-bearing financial assets with interest bearing financial liabilities of the same re-pricing maturity, or entering into interest rate swaps to hedge interest rate risk.

The Bank has established specific IRRBB limits, which are monitored by the RMU, and are re-examined frequently. The Bank's overall exposure to IRBBB remained within the set limits throughout the year.

6.4 Equity exposures not included in the trading book

The Bank may make an irrevocable election to designate an equity instrument at fair value through other comprehensive income (FVOCI). This designation, if elected, is made at initial recognition and on an instrument-by-instrument basis. Gains and losses on these instruments, including when de-recognised, are recorded in other comprehensive income (OCI) and are not subsequently reclassified to the income statement. Dividends received are recorded in the income statement.

Equity instruments measured at fair value through profit or loss are initially recorded at fair value and any unrealised gains or losses arising due to changes in fair value are included in the income statement.

The Bank has limited exposure in equities and does not have a risk appetite to increase this exposure currently.

7. Operational Risk

The Operational Risk department assists the business units in: i) identifying, assessing, capturing, reporting, monitoring, preventing and mitigating all Operational Risk events of their ownership ii) implementing an effective operational risk management program, providing reliable information on the most significant risks, measuring and monitoring the operational risk exposure undertaken by the Bank, thus adding value through increased efficiency in risk management, acknowledgement and accountability of risks.

7.1 Definition and monitoring

Operational risk is the risk of either a loss or negative impact to the Bank arising from inadequate or failed internal processes, people and systems or from external events. It also includes legal risk, model risk, third party risk, information security risk (including cybercrime), fraud risk and conduct risk.

The management of operational risk is performed through the implementation, with appropriate adjustments where necessary, of the Group's policies and procedures with which the Bank seeks to identify all relevant operational risks to which is exposed, manage these exposures in accordance to its business objectives and monitor on an ongoing basis the residual exposure to each operational risk category. The core procedures implemented by the Bank aiming at the identification and assessment of operational risk are:

(a) the collection of operational risk events data;

(b) the monitoring of predefined key risk indicators;

(c) the operational risk assessment through the execution of Risk and Control Self – Assessments ("RCSA");

(d) the scenario assessment for the identification of material or significant operational risk exposures; and

(e) the annual risk assessment of the Bank's outsourcing agreements.

7.2 Operational Risk Events Data Collection

The subject process refers to the identification and management of operational risk events and focuses on the approach and methodology used to collect information on various forms of risk events aiming at their analysis and the implementation of corrective actions where necessary.

The Bank maintains a specialised database for the recording of all operational risk events data. The relevant information is monitored and analysed by the RMU in terms of frequency and severity so as to identify possible trends/ patterns and/ or critical areas that may be deemed vulnerable to operational risk losses and recommend proper actions.

7.3 Key Risk Indicator

KRIs are metrics, based on historic data relevant to specific and measurable activities indicating operational risk exposures. They are used as a mechanism for managing operational risk as well as a management information tool for decision making aiming at the improvement of operational risk management procedures. The set of KRIs are reviewed and re-evaluated frequently by the Bank and during 2021, the Bank proceeded to expand further its KRIs-library on an ongoing basis.

The frequency of the monitoring of each KRI varies from monthly, quarterly, semi-annually or yearly depending on the nature. Compliance-related KRIs comprise 34% of all KRIs, 14% are attributable to operational risk while the rest are spread across 11 other areas (including other control functions and business areas).

7.4 Risk and Control Self-Assessment

RCSAs aim to identify, assess and ultimately mitigate operational risk. It is performed and owned by the Business Units at an "assessment entity" level with the co-ordination of the RMU. Its outcome is the creation of a portfolio of the top operational risks per assessment entity, associated with activities and controls.

Through the RCSA procedure, actions which have been decided for the mitigation of the identified operational risks mainly refer to those assessed as critical and high. The outcome of the RCSAs is reviewed by Senior Management at appropriate intervals within the year so as to raise awareness on operational risks faced by the Business Units as well as to note the progress and suitability of the various mitigating actions which have been selected for implementation.

7.5 Risk assessment of outsourcing agreements

The performance of risk assessments is a critical component of the Bank's wider outsourcing risk framework governance. Risk assessments are performed both at the onset, for new agreements, as well as on an annual basis, at a minimum, for all outstanding agreements. The risk assessment process is coordinated by the RMU, which reviews and validates the assessment performed by the business units owning the agreements, with the collaboration of other units of the Bank. The risk assessment process results in a comprehensive and documented risk matrix which are collectively used to manage and report on the Bank's outsourcing risk profile.

7.6 Other Operational Risk Management programs

Further to the above programs for operational risk management, additional controls and initiatives promoting operational risk awareness are implemented in order to enhance the overall framework. Indicatively are noted:

(a) the ongoing enhancement of the role of Operational Risk Partners, senior staff acting as liaison to the RMU;

(b) the Bank's anti-fraud policies and procedures;

(c) the insurance policies for risk transferring to third parties;

(d) the ongoing initiatives aimed at raising operational risk awareness within the Bank (trainings, dedicated meetings with business units of the Bank etc.);

(e) the resolution of the findings of the Internal Audit;

(f) the further improvement of Bank's Operational risk policy framework; and

(g) the annual "TopTen OpRisks" exercise for the identification of the Top Ten Operational Risks faced by the Bank as voted by the Bank's senior management and heads of internal control functions, which increases risk awareness and promotes ongoing monitoring of the relevant risks.

7.7 Operational Risk Capital Requirements

The Bank applies the Basic Indicator Approach to calculate own funds requirements subject to operational risk, which uses the 3-year average of the Relevant Indicator of the past 3 years. The components of the Relevant Indicator, as prescribed in the CRR, are net interest and commission income as well as non-interest income, excluding operating expenses and they are based on audited figures and are in line with the Bank's Financial Statements.

The own funds requirement in relation to operational risk calculated in accordance with the Basic Indicator Approach ("BIA") for 2022 amounts to €18,9 million (2021: €15,9 million)

Table 20: Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	31 December 2022				
	Relevant indicator				
Banking activities	**31/12/2019 € thousands**	**31/12/2020 € thousands**	**31/12/2021 € thousands**	**Own funds requirements € thousands**	**Risk exposure amount € thousands**
Banking activities subject to basic indicator approach (BIA)	100.562	111.520	164.080	18.808	235.101

	31 December 2021				
	Relevant indicator				
Banking activities	31/12/2019 € thousands	31/12/2019 € thousands	31/12/2019 € thousands	Own funds requirements € thousands	Risk exposure amount € thousands
Banking activities subject to basic indicator approach (BIA)	104.945	100.562	111.520	15.851	198.142

8. Liquidity Risk

8.1 Definition and monitoring

Liquidity of the Bank is monitored by the Market, Liquidity & Counterparty Risk department. Liquidity risk is the risk of the Bank failing to meet its liabilities / obligations when they fall due without incurring severe losses. Liquidity risk arises when the maturity of assets and liabilities does not match and as a result there may be inability to meet cash calls.

The Bank monitors its liquidity position in order to make certain that sufficient funds are available under all circumstances to meet scheduled or extraordinary liabilities. Furthermore, the Bank established a comprehensive liquidity risk management framework and maintains adequate controls to ensure that regulatory liquidity requirements are always preserved. On a monthly basis, the Bank conducts stress tests to ensure that adequate liquidity is available even under stressed market conditions. Overall, during 2022, the Bank's liquidity ratios were maintained well above the minimum regulatory limits and the Bank's own liquidity ratio targets. The Bank monitors the Liquidity Coverage Ratio ("LCR") on a monthly basis.

Overall, the Bank follows a conservative approach on liquidity management aiming to:

a) Maintain an adequate liquidity buffer under any conditions.

b) Differentiate funding across a significant number of liquidity providers.

c) Comply with all regulatory and internal liquidity limits.

The Bank is exposed on a daily basis to events that affect the level of its available liquidity resources. The Bank identifies the following set of events which might materially affect its liquidity position:

- deposit outflows;
- significant losses from loans or open positions, fraud, etc.;
- liquidity problems of bank-counterparties or in the banking system in general;
- signs of economic and/or political crisis;
- negative publicity with regard to the Bank;
- deterioration of the sovereign credit rating;
- asset market illiquidity and reduction on the value of liquid assets due to asset downgrades or due to market movements or market perceptions or due to the increase on the applicable haircuts by the counterparties;
- the impact of any forthcoming significant regulatory change that may have side effects on secured or unsecured funding;
- decision by foreign Central banks that may affect FX-rates and result to significant market movements.

8.2 Liquidity Risk Management Framework

The Bank Liquidity Risk Management Policy defines the clear allocation of responsibilities among the main bodies involved in the Bank's Liquidity Risk Management Framework and the segregation of duties between the operational and monitoring functions of the Bank, as explained below.

- Board Risk Committee role is to approve the liquidity risk strategy and appetite of the Bank as well as all strategic liquidity risk management decisions and monitor the quantitative and qualitative aspects of liquidity risk;
- Assets & Liabilities Committee ("ALCO") has the mandate to review assets and liabilities and propose actions for managing structural exposures, and analyse and endorse Bank's liquidity strategy and alternative financing plans.
- Treasury Unit ("TU") is responsible for the daily management and monitoring of the Bank's liquidity.
- RMU: is responsible for the measuring, monitoring and reporting on the liquidity risk profile of the Bank to the Senior Management, ALCO and BRC. Also it prepares and implements the ILAAP and performs appropriate stress tests with regards to liquidity risk.

The Bank, in line with regulatory requirements and expectations, applies risk management policies, processes and controls regarding Asset Encumbrance / Liquidity Buffers and Collateral Management, Contingency Funding Plan ("CFP"), Intraday Liquidity Risk Management and Liquidity Stress Tests. These policies, processes and controls along with the liquidity governance are described in the Liquidity Risk Policy of the report as well as the annual ILAAP report.

RMU monitors liquidity on a daily, weekly and monthly basis through the use of various internal and regulatory reports. Information is derived from the Bank's core banking system and relevant systems used by the Treasury function. Processing is conducted through the use of various automated systems.

8.3 Funding Sources

Customers' deposits represent the main source of the Bank's funding and stood at ca. €6.6 billion as of 31/12/2022 (excluding cash collateral). In June 2020 and March 2021, the Bank participated in Targeted Longer-Term Refinancing Operations III ("TLTRO III") operations for total amount of ca. €615 million, of which €550 million are to be repaid by June 2023 and €65 million are to be repaid in March 2024. Additionally, the Bank obtained in the past received funding under the European Investment Bank scheme for support of Small-Medium Entities ("SMEs") and MIDCAPs that was partially repaid by the Bank and the remaining balance stood at €14 million as of 31/12/2022.

8.4 Liquidity Buffer

The Bank holds a liquidity buffer comprising of cash and cash equivalents, as well as liquid assets or securities which the Bank can easily convert to liquidity and use to generate cash inflows in a timely manner. The liquidity buffer consists of the following items (where applicable):

- Cash and cash equivalents;
- Balances with Central Bank, in excess of Mandatory Reserve Requirement;
- Nostros and Interbank placements that mature within the observation period of 30 calendar days.
- Cash value of unencumbered European Central Bank eligible assets available for MRO/LTRO funding;
- Cash value of unencumbered Central Bank eligible bonds;
- Cash value of unencumbered securities that can be used for market repos;
- Bonds under Security Lending are excluded.

The liquidity buffer of the Bank as at 31/12/2022, amounted to €5,0 billion (2021: €4,4 billion). It includes bonds, securities obtained through reverse repo and placements of funds to third parties and the CBC. Approximately €1.0 billion (2021: €1,0 billion) of liquidity coming from bonds or bonds under Reverse Repos is excluded from the liquidity buffer, since the Bank has performed security lending transactions amounting to €349 million (2021: €346 million) with various counterparties and also due to the bonds collateral pledged for TLTRO III funding amounting to €666 million (2021: €661 million). The funding received by the Bank from the latter transaction increases the Central Bank balances component of the buffer accordingly.

8.5 Liquidity Metrics

Liquidity Coverage Ratio

The LCR as at 31 December 2022 stood at 246% (2021: 303%), well above the regulatory limit of 100%, highlighting the strong liquidity position of the Bank. The LCR ratio decreased during 2022 from its starting level of 303% to the level of 251% reported for Q1-2022 due to the removal of c. € 400 million from the LCR inflows which related to reverse repos with non -high quality liquid assets (“HQLAs”) placed as collateral, and which were rolled over for a maturity exceeding one month. The ratio has remained relatively stable during the remaining 9-month period in 2022.

The Bank monitors closely any potential currency mismatch on the LCR and maintains adequate liquidity buffers so as to meet any obligation arising from any such mismatch.

Net Stable Funding Ratio

The Bank monitors the Net Stable Funding Ratio (“NSFR”) which also stems from the CRR. NSFR has been developed to provide a sustainable maturity structure of assets and liabilities. It calculates the proportion of available stable funding via the liabilities over required stable funding for the assets. The components of stable funding are not equally weighted. The NSFR is calculated on a quarterly basis, with the minimum regulatory threshold is set at 100% NSFR as at 31 December 2022 stood at 197% (2021: 191%), well above the regulatory limit of 100%, highlighting the strong liquidity position of the Bank. The increase in the value of the NSFR reported for 2022 compared to 2021 is attributed to the increased customer deposit balances, increasing the “Available Stable Funding” component of the ratio by c. € 717 million, which is partly offset by the increase in “Required Stable Funding” by € 290 million due to the growth in the size of the securities and loan portfolios of the Bank. .

It is noted that further to the LCR and the NSFR, the Bank monitors liquidity on a daily and monthly basis using additional internal indicators and aims to maintain the liquidity ratios within the internally set limits at all times.

The next tables present the key components of LCR and NSFR, as per the respective EBA guidelines on LCR and NSFR.

The tables below present the level and components of the Bank’s LCR and NSFR for 2022:

Table 21: Template EU LIQ1 - Quantitative information of LCR

	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	**31 December 2022**	30 September 2022	30 June 2022	31 March 2022	**31 December 2022**	30 September 2022	30 June 2022	31 March 2022
	€ thousands	€ thousands	€ thousands	€ thousands	**€ thousands**	€ thousands	€ thousands	€ thousands
Number of data points used in the calculation of averages	**13**	13	13	13	**13**	13	13	13
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					3.717.629	3.574.593	3.426.587	3.279.924
CASH - OUTFLOWS								
Retail deqosits and deqosits from small business customers, of which:	**2.775.299**	**2.628.522**	**2.499.846**	**2.361.390**	**220.318**	**202.613**	**187.145**	**169.267**
Stable deqosits	810.692	772.678	727.718	693.400	40.535	38.634	36.386	34.670
Less stable deqosits	1.428.413	1.304.338	1.195.053	1.078.601	179.784	163.979	150.759	134.597
Unsecured wholesale funding	**3.470.730**	**3.341.315**	**3.127.574**	**2.916.730**	**1.597.622**	**1.540.257**	**1.443.273**	**1.352.470**
Oqerational deqosits (all counterqarties) and deqosits in networks of cooqerative banks	1.077.362	**1.056.972**	**1.026.833**	**962.582**	261.251	256.370	249.026	232.882
Non-oqerational deqosits (all counterqarties)	2.393.368	**2.284.343**	**2.100.741**	**1.954.148**	1.336.371	1.283.886	1.194.247	1.119.588
Unsecured debt	-	-	-	-	-	-	-	-
Secured wholesale funding					-	-	-	-
Additional requirements	**3.714**	1.788	1.985	1.358	**3.714**	1.788	1.985	1.358
Outflows related to derivative exqosures and other collateral requirements	3.714	**1.788**	**1.985**	**1.358**	3.714	1.788	1.985	1.358
Outflows related to loss of funding on debt qroducts	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	**5.963**	**5.784**	**5.410**	**4.772**	**5.963**	5.784	5.410	4.772
Other contingent funding obligations	**703.706**	**706.059**	**693.323**	**675.826**	**59.154**	60.170	58.883	57.194
TOTAL CASH OUTFLOWS					**1.886.771**	1.810.611	1.696.697	1.585.061
CASH - INFLOWS								
Secured lending (e.g. reverse reqos)	**906.103**	**996.511**	**1.057.650**	**1.138.373**	347.742	378.024	386.921	361.809
Inflows from fully qerforming exqosures	**115.344**	**151.980**	**190.700**	**211.533**	107.013	144.059	183.065	204.452
Other cash inflows	**232.218**	**229.205**	**218.629**	**224.156**	58.315	62.012	59.081	69.997
TOTAL CASH INFLOWS	**1.253.665**	1.377.696	1.466.979	1.574.062	**513.070**	584.096	629.067	636.258
Fully exemqt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% caq	-	-	-	-	-	-	-	-
Inflows subject to 75% caq	**1.253.665**	1.377.696	1.466.979	1.574.062	**513.070**	584.096	629.067	636.258
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					3.717.629	3.574.593	3.426.587	3.279.924
TOTAL NET CASH OUTFLOWS					1.373.701	1.226.516	1.067.630	948.804
LIQUIDITY COVERAGE RATIO					270,63%	291,44%	320,95%	345,69%

	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	31 December 2021	30 September 2021	30 June 2021	31 March 2021	31 December 2021	30 September 2021	30 June 2021	31 March 2021
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Number of data points used in the calculation of averages	13	13	13	13	13	13	13	13
HIGH-QUALITY LIQUID ASSETS								
Total high-quality liquid assets (HQLA)					3.142.485	3.002.497	2.866.508	2.790.093
CASH - OUTFLOWS								
Retail deqosits and deqosits from small business customers, of which:	**2.265.189**	**2.218.338**	**2.105.183**	**1.980.080**	**158.773**	153.291	140.495	129.334
Stable deqosits	655.194	**640.718**	**609.313**	**566.954**	32.760	32.036	30.466	28.348
Less stable deqosits	1.008.765	**972.214**	**889.776**	**814.390**	126.013	121.255	110.029	100.986
Unsecured wholesale funding	**2.680.528**	**2.578.839**	**2.528.083**	**2.489.711**	**1.257.222**	1.215.950	1.187.503	1.138.827
Oqerational deqosits (all counterqarties) and deqosits in networks of cooqerative banks	871.249	**816.152**	**767.525**	**760.387**	209.852	196.315	183.363	180.445
Non-oqerational deqosits (all counterqarties)	1.809.279	**1.762.687**	**1.760.558**	**1.729.324**	1.047.370	1.019.635	1.004.140	958.382
Unsecured debt	-	-	-	-	-	-	-	-
Secured wholesale funding					-	-	-	-
Additional requirements	**4.255**	4.776	5.324	5.468	**4.255**	4.776	5.324	5.468
Outflows related to derivative exqosures and other collateral requirements	4.255	**4.776**	**5.324**	**5.468**	4.255	4.776	5.324	5.468
Outflows related to loss of funding on debt qroducts	-	-	-	-	-	-	-	-
Credit and liquidity facilities	-	-	-	-	-	-	-	-
Other contractual funding obligations	**4.320**	**3.866**	**3.876**	**3.521**	**4.320**	3.866	3.876	3.521
Other contingent funding obligations	**648.741**	**619.755**	**572.296**	**537.737**	**54.794**	51.877	47.575	44.360
TOTAL CASH OUTFLOWS					**1.479.364**	1.429.760	1.384.773	1.321.510
CASH - INFLOWS								
Secured lending (e.g. reverse reqos)	**1.147.113**	**1.157.500**	**1.238.705**	**1.255.054**	228.977	189.943	127.696	66.682
Inflows from fully qerforming exqosures	**204.886**	**198.385**	**180.067**	**190.496**	198.644	193.077	175.793	187.233
Other cash inflows	**216.178**	**213.556**	**220.172**	**212.676**	65.814	61.897	65.197	55.380
(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					-	-	-	-
(Excess inflows from a related sqecialised credit institution)					-	-	-	-
TOTAL CASH INFLOWS	**1.568.177**	1.569.441	1.638.944	1.658.226	**493.435**	444.917	368.686	309.295
Fully exemqt inflows	-	-	-	-	-	-	-	-
Inflows subject to 90% caq	-	-	-	-	-	-	-	-
Inflows subject to 75% caq	**1.568.177**	1.569.441	1.638.944	1.658.226	**493.435**	444.917	368.686	309.295
TOTAL ADJUSTED VALUE								
LIQUIDITY BUFFER					3.142.485	3.002.497	2.866.508	2.790.093
TOTAL NET CASH OUTFLOWS					985.929	984.843	1.016.087	1.012.215
LIQUIDITY COVERAGE RATIO					318,73%	304,87%	282,11%	275,64%

Table 22: Template EU LIQ2: Net Stable Funding Ratio

	31 December 2022				
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Capital items and instruments	**608.659**	**-**	**-**	**-**	**608.659**
Own funds	608.659	-	-	-	608.659
Other capital instruments		-	-	-	-
Retail deposits		**2.918.597**	**146.776**	**1.830**	**2.818.132**
Stable deposits		1.066.781	82.545	1.310	1.093.170
Less stable deposits		1.851.816	64.230	520	1.724.962
Wholesale funding:		**4.943.492**	**70.684**	**109.295**	**1.879.244**
Operational deposits		1.191.160	-	-	595.580
Other wholesale funding		3.752.331	70.684	109.295	1.283.664
Interdependent liabilities		-	-	-	-
Other liabilities:	**26.885**	-	-	-	-
NSFR derivative liabilities	26.885				
All other liabilities and capital instruments not included in the above categories		-	-	-	-
Total available stable funding (ASF)					**5.306.035**

	31 December 2022				
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Required stable funding (RSF) Items	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Total high-quality liquid assets (HQLA)					78.841
Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
Deposits held at other financial institutions for operational purposes		28.909	-	-	14.455
Performing loans and securities:		1.328.057	406.949	1.942.943	2.503.853
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		25.157	2.479	6.273	2.801
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		634.659	380.370	1.385.019	1.684.781
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
Performing residential mortgages, of which:		8.473	20.179	248.109	225.219
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		659.767	3.921	303.541	591.052
Interdependent assets		-	-	-	-
Other assets:	-	31.347	-	31.848	59.488
Physical traded commodities				-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
NSFR derivative assets		23.934	-	-	23.934
NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories		7.413	-	31.848	35.555
Off-balance sheet items		306.949	37.832	309.403	40.846
Total RSF					**2.697.483**
Net Stable Funding Ratio (%)					**196,70%**

	31 December 2021				
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Capital items and instruments	**552.645**	**-**	**-**	**-**	**552.645**
Own funds	552.645	-	-	-	552.645
Other capital instruments		-	-	-	-
Retail deposits		**2.248.583**	**216.789**	**984**	**2.271.735**
Stable deposits		910.816	127.493	755	987.149
Less stable deposits		1.337.767	89.296	229	1.284.586
Wholesale funding:		**4.948.595**	**72.839**	**28.484**	**1.764.072**
Operational deposits		1.229.367	-	-	614.683
Other wholesale funding		3.719.228	72.839	28.484	1.149.389
Interdependent liabilities		-	-	-	-
Other liabilities:	**9.264**	**-**	**-**	**-**	**-**
NSFR derivative liabilities	9.264				
All other liabilities and capital instruments not included in the above categories		-	-	-	-
Total available stable funding (ASF)					**4.588.452**

	31 December 2021				
	Unweighted value by residual maturity				**Weighted value**
	No maturity	**< 6 months**	**6 months to < 1yr**	**≥ 1yr**	
Required stable funding (RSF) Items	**€ thousands**	**€ thousands**	**€ thousands**	**€ thousands**	**€ thousands**
Total high-quality liquid assets (HQLA)					72.876
Assets encumbered for a residual maturity of one year or more in a cover pool		-	-	-	-
Deposits held at other financial institutions for operational purposes		42.265	-	-	21.133
Performing loans and securities:		1.152.646	426.115	1.768.249	2.224.513
Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		-	-	-	-
Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		89.512	1.131	7.255	16.771
Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		614.829	401.980	1.350.972	1.656.730
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		-	-	-	-
Performing residential mortgages, of which:		9.547	18.917	167.175	123.168
With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		9.417	10.643	165.809	117.807
Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		438.758	4.087	242.847	427.844
Interdependent assets		-	-	-	-
Other assets:	-	87.577	-	25.562	47.754
Physical traded commodities				-	-
Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		-	-	-	-
NSFR derivative assets		18.538	-	-	18.538
NSFR derivative liabilities before deduction of variation margin posted		-	-	-	-
All other assets not included in the above categories		69.039	-	25.562	29.216
Off-balance sheet items		190.489	233.882	282.855	41.696
Total RSF					**2.407.972**
Net Stable Funding Ratio (%)					**190,55%**

8.6 Derivative Exposures

The Bank engages in SWAP contracts with its parent Bank. Interest rate SWAPs are in place in order to hedge against price variability of its long-term bonds in case of movements in market interest rates FX and cross currency SWAPs which are mainly with underlying currencies EURUSD, EURCHF, EURJPY, EURGBP are in place for liquidity management purposes. Margin calls are posted accordingly and can result either in liquidity inflows or outflows, depending on mark-to market of derivative portfolio. The Bank maintains satisfactory level of high liquid assets to support margin calls, even under stressed conditions.

8.7 Contingency Funding Plan

The Bank has in place a comprehensive Contingency Funding Plan (CFP) in order to address an emergency liquidity situation by ensuring that the Bank always maintains an adequate liquidity buffer that is available in the event of a liquidity crisis. Furthermore, the CFP defines the roles and responsibilities of the various Bank units if such an event does take place. The CFP is reviewed and revised at least annually.

8.8 Stress Testing

Liquidity stress testing enables the Bank to identify and quantify its exposures to possible future liquidity stresses and analyses possible impacts on its liquidity buffer, cash flows and liquidity position. The results of these stress tests are shared and discussed at ExCo and BRC and form the basis of decision making in order to restore the Bank’s liquidity position and adjust its liquidity risk profile in line with its risk appetite, where deemed necessary. The liquidity position is stress-tested under various scenarios which include assumptions on key liquidity risk drivers including deposit outflows and market risk shocks impacting the Bank’s liquidity buffer. In all cases, the ability of the Bank to maintain satisfactory liquidity even under downturn economic conditions is manifested.

8.9 Liquidity Risk statement

The results of the ongoing monitoring of the Bank’s liquidity risk profile as well as the various liquidity risk assessments conducted, attest to the Bank’s robust liquidity position and buffer that covers all risks associated with liquidity as assessed on the 31 December 2022 while at the same time satisfying minimum regulatory requirements. The Bank as at the above date maintains an LCR ratio of 246% and an NSFR ratio of 197%, satisfying the regulatory thresholds by a wide margin. Taking into account the above as well as the comprehensive liquidity risk management framework that has been established by the Bank, the Management remains confident that the Bank maintains sufficient liquidity even under adverse conditions and that all necessary arrangements and processes are in place to ensure compliance with all internal as well as regulatory requirements.

9. Asset Encumbrance

An encumbered asset is an asset which has been pledged as collateral against an existing liability and as a result is no longer available to the Bank for further collateral or liquidity requirements. An unencumbered asset is an asset which has not been pledged against an existing liability.

The reporting on asset encumbrance is important as it allows market participants to better understand and analyse the liquidity and solvency profiles of institutions. The Bank discloses, when applicable, information regarding the main types and usage of encumbrance.

The Bank's encumbered assets as at 31 December 2022 include €725 million (in face value) from the TLTRO III repo funding program (2021: €609 million) and €373 million encumbered assets from securities lending transactions (2021: €339 million).

10. Leverage Ratio

The CRR regulatory framework has introduced the leverage ratio as a non-risk based measure which is intended to restrict the build-up of excessive leverage from on- and off-balance sheet items in the banking sector. The leverage ratio is defined as Tier 1 capital divided by the total exposure measure. The Bank submits to the regulatory authorities the leverage ratio on quarterly basis and monitors the level and the factors that affect the ratio.

The risk of excessive leverage is monitored and managed through the leverage ratio indicator for which specific early warning and trigger thresholds have been set both at the Risk Appetite Statements as well as the Recovery Plan of the Bank. The Bank has established appropriate governance arrangements requiring escalation, including at the level of the Bank's BoD / BRC if needed, should a breach of the trigger level take place, in order to take the necessary actions needed to restore the leverage ratio within the set limits.

The level of the leverage ratio with reference date 31 December 2022 was at 7,2%, significantly over the 3% minimum threshold applied by the competent authorities.

In the table below, the detailed disclosures on the Bank's leverage ratio are presented with reference date 31 December 2022 and 31 December 2021.

Table 23: Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures [(1)]

	31 December 2022 **€ thousands**	31 December 2021 € thousands
Total assets as per published financial statements	8.930.915	8.156.866
Adjustment for derivative financial instruments	1.624	85.961
Adjustment for securities financing transactions (SFTs)	(657.697)	(687.720)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	223.223	246.015
Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(543)	(578)
Other adjustments	(33.657)	(16.083)
Total exposure measure	**8.463.865**	**7.784.461**

[(1)] The table above shows the difference in value between the accounting value and the exposure value recognised for leverage purposes, as per the provisions of Regulation (EU) 575/2013.

[(2)] The main difference arises from Securities Financing Transactions, since for reverse repurchase agreements the accounting value recognised in the financial statements considers only the asset side of the transaction, while the value recognised for the leverage ratio is after the recognition of any credit risk mitigation achieved through the collaterals obtained. Additionally, securities lending take an exposure for leverage purposes but do not for accounting purposes. In addition to this we also take into consideration the collateral posted under the TLTRO III transaction which assimilates a Repurchase Agreement, however these are not present on the asset side of the financial statements.

Thus, for reverse repos the leverage exposure is less than for the accounting value, but for securities lending as well as TLTRO III-related collateral the leverage exposure is higher.

[(3)] Other adjustments act as a balancing figure. This mainly includes the amounts deducted from Own Funds as per Table EU CC1

[(4)] The application of netting methodology for determining the exposure value for derivative financial instruments is the reason for the difference to the corresponding value in 2021

[(5)] Off-balance sheet amounts are presented post-CCF, as pre the relevant CCFs applied for the Leverage Exposure

Table 24: Template EU LR2 - LRCom: Leverage ratio common disclosure

	31 December 2022 CRR Leverage ratio exposures € thousands	31 December 2021 CRR Leverage ratio exposures € thousands
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	7.409.603	6.625.058
(Asset amounts deducted in determining Tier 1 capital)	(27.657)	(18.828)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**7.381.946**	**6.606.230**
Derivative exposures		
Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	-	-
Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	-	-
Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
Exposure determined under Original Exposure Method	25.558	104.500
(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
Adjusted effective notional amount of written credit derivatives	-	-
(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
Total derivative exposures	**25.558**	**104.500**
Securities financing transaction (SFT) exposures		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2.505.531	2.548.180
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2.072.136)	(2.108.260)
Counterparty credit risk exposure for SFT assets	399.745	387.795
Agent transaction exposures	-	-
Total securities financing transaction exposures	**833.140**	**827.715**
Other off-balance sheet exposures [(1)]		
Off-balance sheet exposures at gross notional amount	652.870	707.226
(Adjustments for conversion to credit equivalent amounts)	(421.394)	(459.475)
(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(8.253)	(1.736)
Off-balance sheet exposures	**223.223**	**246.015**
Capital and total exposure measure		
Tier 1 capital	**608.659**	552.645
Total exposure measure	**8.463.865**	7.784.461
Leverage ratio [(2)]		
Leverage ratio (%)	**7,2%**	**7,1%**
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**7,2%**	**7,1%**
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	**7,2%**	**7,1%**
Regulatory minimum leverage ratio requirement (%)	**3,0%**	**3,0%**
Additional own funds requirements to address the risk of excessive leverage (%)	**0,0%**	**0,0%**
of which: to be made up of CET1 capital	**0,0%**	**0,0%**
Leverage ratio buffer requirement (%)	**0,0%**	**0,0%**
Overall leverage ratio requirement (%)	**3,0%**	**3,0%**

[(1)] *Total off-balance sheet items exposures presented in accordance with Article 111 (1) of Regulation (EU) No 575/2013 (Standardised Approach).*

[(2)] *Leverage ratio: The leverage ratio is calculated as total regulatory capital (Tier 1 capital) divided by total leverage ratio exposure.*

Factors that had an impact on the leverage ratio

From the above table we see the components of the leverage ratio. The main increase in the numerator, (i.e. Tier 1 capital) is the profit for the year 2022 (counteracting the decrease in the OCI reserve) while the main changes to the denominator compared to 2021 were:

- increase in the value of on-balance sheet exposures mainly due to increase lending of ca. €120 million, increase in the value of investment securities of ca. €357 million of as well as increased cash balances with the central bank to ca. €3,3 billion in 2022 (2021: €2,8 billion)
- decrease in the value of derivative exposures due to the netting-approach applied in calculating the exposure to derivatives with the Parent Entity

During 2020 the government introduced a scheme to subsidise the accrued interest for a period of 4 years for housing/ business loans that fall under the provisions of the decree of the Ministry of Finance. The program was extended until the end of 2022 and contributed to the increased lending activity of the Bank.

Government grants are transfers of resources to the Bank by a government entity such as government, government agencies and similar bodies whether local, national or international, in return for compliance with certain past of future conditions related to the Bank's operating activities.

Government grants are recognised when there is reasonable assurance that the grant will be received and the Bank will comply with the conditions attached to it. The grants are recognised in the income statement on a systematic basis to match the way that the Bank recognises the expenses for which the grants are intended to compensate. In case of subsequent changes in the Bank's expectations of meeting the conditions attached to the government grants, the effect of such changes is recognised in the income statement.

The table below is the applicable categories of EU LR2 – LRCom above, showing the quarterly average of each year

Table 25: Average of Template EU LR2 – LRCom (as per table 26 above

	31 December 2022	31 December 2021
	CRR Leverage ratio exposures € thousands	CRR Leverage ratio exposures € thousands
On-balance sheet exposures (excluding derivatives and SFTs)		
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	7.205.189	5.812.571
(Asset amounts deducted in determining Tier 1 capital)	(22.341)	(14.685)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**7.182.848**	**5.797.886**
Derivative exposures		
Exposure determined under Original Exposure Method	31.109	80.956
Total derivative exposures	**31.109**	**80.956**
Securities financing transaction (SFT) exposures		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2.568.116	2.819.565
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2.079.367)	(2.257.267)
Counterparty credit risk exposure for SFT assets	434.328	519.073
Total securities financing transaction exposures	**923.077**	**1.081.371**
Other off-balance sheet exposures		
Off-balance sheet exposures at gross notional amount	694.894	666.580
(Adjustments for conversion to credit equivalent amounts)	(459.268)	(441.957)
(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(6.844)	(1.335)
Off-balance sheet exposures	**228.782**	**223.288**
Capital and total exposure measure		
Tier 1 capital	**568.258**	**519.512**
Total exposure measure	**8.365.814**	**7.183.502**
Leverage ratio		
Leverage ratio (%)	**6,8%**	**7,2%**

Table 26: Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) [(1)]

	31 December 2022	31 December 2021
	CRR Leverage ratio exposures **€ thousands**	CRR Leverage ratio exposures € thousands
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**7.409.603**	**6.625.058**
Trading book exposures	-	-
Banking book exposures, of which:	7.409.603	6.625.058
Covered bonds	-	-
Exposures treated as sovereigns	4.267.978	3.576.626
Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	-	-
Institutions	144.529	174.195
Secured by mortgages on immovable properties	352.464	338.165
Retail exposures	181.549	165.708
Corporate	2.124.187	2.095.249
Exposures in default	27.831	18.139
Other exposures	311.065	256.976
	7.409.603	**6.625.058**

[(1)] The table above does not cover derivatives, repurchase agreements and securities lending.

11. Remuneration policy and practices

11.1 Basic principles of the Bank's Remuneration Policy

The Bank has established a Remuneration Policy that is applicable to all Bank employees and covers their total remuneration. It aims to create a competitive remuneration framework in order to attract, engage and retain its employees. The Remuneration Policy forms an integral part of the Bank's corporate governance practice and is developed in accordance with its operational model, business strategy, objectives, long-term interests, and incorporates measures to avoid conflict of interest. The Remuneration Policy is prepared/ updated in cooperation with the Parent Entity in order to ensure that the basic principles and requirements of the Remuneration are aligned with the Parent Entity, so as to promote consistent application on a consolidated basis throughout the Group.

Also, the Remuneration Policy promotes sound and effective risk management and is consistent with the objectives of the Bank's business and risk strategy, corporate culture and values, risk culture including with regard to ESG risk factors, long term interests of the Bank and the measures used to avoid conflicts of interest and the encouraging of excessive risk-taking on behalf of the Bank. Changes of such objectives and measures are taken into account when updating the Remuneration Policy.

The Bank ensures that remuneration practices are aligned with their overall risk appetite, taking into accounts all risk and long-term interests of shareholders.

Accordingly, the operating standards and mechanisms which have been adopted ensure that the levels of remuneration are directly linked to results and desired behaviors.

The Remuneration Policy has been drafted and is being implemented in accordance with the CBC Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions ("CBC Directive"), EBA Guidelines (EBA/2021/04) on Sound Remuneration Policies under Directive 2013/36/EU, the Commission Delegated Regulation (EU) 2021/923, as well as the Tripartite Relationship Framework Agreement between the Hellenic Financial Stability Fund, Eurobank Ergasias Holdings S.A. and the Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector, as well as other elements of the pertinent regulatory framework.

The Bank has established a competitive remuneration framework in order to attract, engage and retain its employees. The Remuneration Policy has been designed in order to be consistent with and to promote sound and effective risk management including sustainability risks. Its basic principles are to:

- The Remuneration policy is gender neutral.
- Safeguard that remuneration is sufficient to retain and attract executives with appropriate skill and experience.
- Monitor that internal equity between all Units is applied.
- Avoid excessive risk taking including with respect to direct and indirect sustainability risks.
- Link remuneration with long-term performance.

The continuous monitoring of market trends and best practices in domestic and global level ensures a competitive Remuneration Policy that is governed by transparency and internal equity.

Moreover, the Bank has adopted a remuneration framework the main objective of which is to provide a unified remuneration management approach within the Bank and a common framework taking into consideration the need for flexibility in the decision making process and the diverse operational models of all units. The Bank promotes the integration of sustainability risk related factors into the remuneration policies.

The Bank's remuneration framework is based on a two-dimensional grading structure for each position:

- Job Family, depending on the nature of business (for example IT, Finance).
- Band which is linked to position requirements, range of responsibilities and professional experience.

The Bank's Band structure is set using a specific methodology, which evaluates each position based on 3 parameters:

- Know How
- Problem Solving
- Accountability.

The Remuneration Policy was assessed during 2022 was amended on 25/11/2022 by the BoD, mainly in order to align the Bank's Remuneration Policy with the Group. The main change of the updated version being the amendment of the Quantitative Criteria for the Individuals with Material Impact on the Bank's Risk Profile based on EBA Guidelines (EBA/2021/04) on sound Remuneration Policies under Directive 2013/36/EU, the Remuneration Approval Process, the threshold set with respect to variable remuneration payments subject to deferral arrangements and the amendment of the Deferral, Retention and Method of Payment Requirements.

A main qualitative change was that the Remuneration Policy enhanced the Bank's effort to attract, engage and retain its employees, to be fair and equal amongst genders for equal work or work of value.

Moreover, the Remuneration Policy was also enhanced, amongst others in the following areas:

- Responsibilities of the control functions involved in the Remuneration Policy
- Remuneration approval process
- Updating definitions for fixed and guaranteed variable remuneration
- Consideration for additional risks such as ESG/ sustainability for effective risk management

11.2 Remuneration Policy Adoption, Overview of Implementation and Revision

The non-executive members of the Bank's BoD approve and periodically review the Remuneration Policy and are responsible for overseeing its implementation.

The Remuneration Committee assists the non-executive members of the Bank's BoD regarding the drafting, revision and implementation of the Remuneration Policy and makes relevant recommendations. During 2022 the Remuneration committee held 6 meetings.

The Remuneration Committee is established in such a way as to be able to offer specialised and independent advice regarding the Remuneration Policy and its implementation and the incentives created for managing corporate risk culture, capital and liquidity. The Remuneration Committee's objective and key responsibilities are determined by its Terms of Reference and are as follows:

- To provide specialised and independent advice for matters relating to remuneration policy and its implementation and for the incentives created while managing risks, capital and liquidity and to support and advise the BoD regarding the design, update, monitoring of the implementation of the remuneration policy and its compliance;
- To safeguard the proper exercise of its duties and responsibilities, the efficient alignment of the personnel's remuneration with the risks the Bank undertakes and manages and the required alignment between the Parent Entity and the Bank ; and
- To approve or propose for approval all exposures of Key Management Personnel and their and their close family members, as well as their controlled or jointly controlled entities excluding BoD members exposures which are approved by the BoD.

The Committee, in carrying out its duties, is accountable to the Bank's BoD.

The Committee members should not exceed 40% of total BoD members of the Bank, with a minimum of three (3) members. All Committee members are Non-Executive Directors of the Bank's BoD while the majority of the members, including the Chairman, are Independent Non-Executive Directors

The drafting of the Remuneration Policy has taken into account the input provided by all competent control functions, Risk Management Unit, Compliance Division, Internal Audit Division, Human Resources Department, and Legal Services Division. More specifically:

- **Human Resources Department**: Participates and informs on the drawing up and the evaluation of the remuneration policy for the Bank, including the remuneration structure levels and incentive schemes, ensuring that it is aligned with the Bank's risk profile.
- **Risk Management Unit**: Assists and informs on the definition of suitable risk adjusted performance measures (including ex post adjustments) in assessing how the variable remuneration structure affects the risk profile and culture of the Bank and validates and assesses risk adjustment data.
- **Compliance Division**: Assesses compliance with legislation, regulations, internal policies and risk culture and reports all identified compliance risks and issues of non-compliance to the BoD.
- **Internal Audit Division**: Carries out an independent review of the design, implementation and effects of the Bank's remuneration policies on its risk profile and the way these effects are managed in line with the regulatory framework. Moreover, the implementation of the Remuneration Policy is subject to an annual internal audit review, where any findings and proposals for potential revision of the Remuneration Policy are reported to the Remuneration Committee.

The Remuneration Policy is accessible to all employees through the Bank's intranet site/common folders.

11.3 Categories of remuneration

Remuneration plays a significant role in attracting and retaining talent whose contribution in the Bank's results is deemed critical. Remuneration mechanisms incorporate principles that take into account employees' skills and performance while supporting at the same time long-term business objectives. Remuneration mechanisms are consistent with the principle of equal pay for male, female and diverse employees for equal work or work of equal value. Any form of discrimination, based on gender or otherwise is not tolerated.

The Bank has developed a remuneration framework that is based on total remuneration ranges that differ among hierarchical levels and nature of business and on the basis of gender neutrality. Total remuneration ranges are reviewed annually taking into consideration market trends and current legal requirements. To this end, data from Compensation and Benefits Surveys, provided from external consultants, is used as benchmark.

It should be noted that employees engaged in internal control functions are independent from the business units they oversee and have appropriate authority and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

The remuneration of the employees in the independent control functions is predominantly fixed, to reflect the nature of their responsibilities. The variable remuneration of control functions, i.e. Risk Management Unit, Compliance Division, Internal Audit Division and Information Security Division, is not based on the financial performance of the Units they monitor. On the other hand, the variable remuneration is based on simple and clear criteria formed on the basis of control objectives and to some extent on the performance of the Bank as a whole.

For the payout amount in relation to the variable remuneration of the members of the control functions, the qualitative and quantitative criteria will be defined according to the KPIs framework (yet to be established by the Bank), which will take into account the principles of the requirements of the specific criteria for control functions.

Employees' total remuneration consists of fixed and variable components.

11.4 Fixed Remuneration General Principles

Fixed remuneration is gender neutral, permanent, predetermined, non-discretionary, transparent and non-revocable. Fixed remuneration reflects the relevant professional experience of the employee taking into account the educational level, experience, the degree of seniority, the level of expertise, skills, job experience and the position's functional requirements. In addition, fixed remuneration does not provide incentives for risk assumption and it is not subject to malus and clawback arrangements. Individual increase proposals are based on market data and employee performance.

11.5 Separation Agreement Schemes

The Bank may provide separation agreement schemes for employees taking into consideration current legislation.

A minimum and maximum amount as well as other specific terms is each time determined for each Separation Agreement Scheme applied to employees.

11.6 Variable Remuneration General Principles

The Bank may provide variable remuneration in order to reward employee performance in alignment with unit and / or Bank performance taking into consideration the general principles set below.

The amount of variable remuneration awarded appropriately reflects to changes of the performance of the employees, the business unit and the Bank overall. In such variable remuneration schemes, the Bank specifies how the variable remuneration reacts to performance changes and the performance levels. This also includes performance levels where variable remuneration decreases down to zero.

As a result, it is upon Bank's discretion to award variable remuneration to employees as long as financial sustainability is maintained. The Bank has the right to partly or fully revoke the distribution of variable remuneration to its employees.

The total variable remuneration pool, as well as the distribution parameters used for its allocation among different business units, should be determined after taking into consideration the following parameters:

- The profitability of the business unit, the Bank and the Parent Entity
- The cost of tied-up capital, which is associated to risks undertaken spread over a period of time and is calculated based on the existing regulatory framework.
- Key developments in terms of credit risk, liquidity risk and market risk, which further adjust the Bank's total variable remuneration pool.
- Additional criteria for measuring the effectiveness and efficiency of employees, which include qualitative factors (e.g. qualifications, skills, compliance with Bank's policies contribution to the unit's performance, and personal competencies such as continuous improvement, customer orientation, team spirit, change leadership and people management) as well as factors related to the management of risks undertaken.

The variable remuneration pool allocated to each business unit, should be further adjusted through additional unit specific risk parameters (such as provisions from non-performing exposure, Value at Risk, credit, market & liquidity risk, losses incurred by fraud, etc.) thus stressing the importance of the prudent management of such risks.

In case that the Bank grants variable remuneration to its employees, the appropriate risk alignment process should be followed as per the respective EBA's Guidelines (EBA/2021/04) on Sound Remuneration Policies under Directive 2013/36/EU and specifically Article 225 whereby institutions should set and document both quantitative and qualitative criteria for individuals, business units and the institution, encompassing both financial and non-financial criteria. The above are taken into account as part of the KPIs framework. The Bank reserves the right to apply malus or clawback arrangements to the variable remuneration awarded to employees.

The remuneration guidelines differentiate between the requirements applicable to all employees and requirements applicable to identified employees. As identified employees have a higher impact on the risk profile it is appropriate that more stringent remuneration policies are applied. Consequently, in cases where variable remuneration is awarded to identified employees according to the EU Regulation 923/2021 additional requirements are applied to the variable remuneration amounts (as described in Section "Variable Remuneration for Identified Employees").

11.7 Individuals with Material Impact on the Bank's Risk Profile

The identification process of the identified employees is based on the qualitative and quantitative criteria as set out in Commission Delegated Regulation (EU) No 923/2021 and, where needed, additional criteria have been set by the Bank that reflect the levels of risk of different activities within the Bank and the impact of employees on the Bank's risk profile.

Employees that fall or are likely to fall under the criteria in Article 3 of Regulation (EU) No 923/2021 for a period of at least three months in a financial year are treated as identified employees. The identification process of the identified employees is performed on an annual basis at Bank level as well as at Group level.

The individuals who have a material impact on the Bank's risk profile ("identified employees") according to the EU Regulation 923/2021 are identified with respect to the following qualitative and quantitative criteria:

Qualitative criteria

1. All members of the BoD and senior management;
2. Employees with managerial responsibility over the Bank's control functions or material business units;
3. Employees with managerial responsibility for predefined business activities;
4. Employees who are responsible for, or are members of Committees responsible for the management of a risk category other than credit risk and market risk;
5. With regard to credit risk exposures of a nominal amount per transaction which represents 0.5% of the Bank's Common Equity Tier 1 capital and at least € 5 million:
   a. Employees who have authority to take, approve or veto a decision on such credit risk exposures;
   b. Employees who are voting members of a Committee which has the authority to take the decisions referred to in point (i) of this point (5);
6. Employees who individually or, as members of Committees, have authority to take, approve or veto a decision on transactions on the trading book which in aggregate meet one of the following thresholds:
   a. where the standardized approach is used, an own funds requirement for market risks which represents 0.5% or more of the Bank's Common Equity Tier 1 capital; or
   b. where an internal model-based approach is approved for regulatory purposes, 5% or more of the Bank's internal value-at-risk limit for trading book exposures at a 99% confidence level

7. Employees who head a group of staff who have individual authorities to commit the Bank to transactions and either of the following conditions is met:
   a. the sum of those authorities equals or exceeds a threshold set out in point5 (i) or point 6 (i);
   b. where an internal model-based approach is approved for regulatory purposes those authorities amount to 5% or more of the Bank's internal value-at-risk limit for trading book exposures at 99%. Where the Bank does not calculate a value-at-risk at the level of that employee the value-at-risk limits of employees under the management of this employee shall be added up;
8. Employees meet either of the following criteria with regard to decision on approving or vetoing the introduction of new products:
   a. Employees have authority to take such decisions;
   b. Employees are voting members of Committees with authority to take such decisions.

Quantitative criteria

Employees entitled to significant remuneration in the proceeding financial year belong to a material business unit or have significant impact on the risk profile of a material business unit and have not been identified as per the above qualitative criteria provided that any of the following conditions are met:

i. Employee's total remuneration is equal or greater than a specified limit;
ii. Employees' total remuneration is within the 0,3% of the employees, who have been awarded the highest total remuneration in the preceding financial year;
iii. Employees' total remuneration is equal to or greater than a specified limit (but lower than point (i) above) and equal to or greater than the average total remuneration of all members of the BoD and senior management belonging to the Qualitative Criteria (1).

11.8 Other Variable Remuneration Components

11.8.1 Guaranteed Variable Remuneration

The Bank may provide guaranteed variable remuneration which should be exceptional, occur only when hiring new staff and where the Bank has a sound and strong capital base and is limited to the first year of employment. Guaranteed variable remuneration can take several forms such as a 'guaranteed bonus', 'welcome bonus', 'sign-on bonus', 'minimum bonus', etc., and can be awarded either in cash or in instruments. The amount of guaranteed variable remuneration may not be included in the calculation of the ratio between the fixed and variable components of the total remuneration (as described in Section "Ratio Between Fixed and Variable Remuneration") for the first performance period, where the guaranteed variable remuneration is awarded when hiring new staff before the first performance period starts.

As part of the arrangements guaranteeing this part of variable remuneration, the Bank may not apply the requirements on malus and clawback arrangements to guaranteed variable remuneration. In addition, the Bank may pay out the full amount in non-deferred cash.

11.8.2 Incentive Schemes

The Bank may provide incentive schemes addressed to employees aiming at:

- Supporting the goals of the organisation by aligning employee goals with them;
- Motivating employees to increase individual / Unit performance;
- Improving retention; and
- Emphasising the importance of teamwork in achieving Group goals.

It should be noted that incentive schemes parameters ensure that employees are not rewarded in a way that constitutes a conflict to the Bank's Policy to protect its customers. More specifically, incentive schemes are designed to discourage risk taking that exceeds the tolerated risk of the Bank. Employees are not provided with incentives that would encourage them to propose to customers specific financial instruments instead of other instruments that would best serve the customers' needs.

The Incentive Schemes' payouts are directly linked to the Business Units' profitability results (for example lending balances and profitability, liquidity, portfolio quality) or NPE's reduction as well as operating expenses' containment cascading down to the individuals' targets and in line with the Bank's principles on variable remuneration as stated in this document.

11.8.3 Retention Schemes

The Bank may provide retention schemes to retain employees.

The retention amount complies with the general principles on variable remuneration, including the ex-post risk alignment, payment in instruments, deferral, retention, malus and clawback. Retention amounts are not based on performance, but on other conditions (i.e. the circumstance that the employee stays in the Bank for a predetermined period of time or until a certain event), therefore ex ante risk adjustments are not necessary.

The retention amount is not awarded to merely compensate for performance-related remuneration that is not paid due to insufficient performance or the Bank's financial situation.

The Bank sets the retention period as a specific period of time or by defining an event when the retention condition is met, after which the retention amount is awarded.

The retention amount is taken into account within the calculation of the ratio between the variable and the fixed remuneration as variable remuneration (as described in Section "Ratio Between Fixed and Variable Remuneration"). The retention amount is taken into account either with an annual amount in each year of the retention period which is calculated on a linear pro rata basis independent of the fact that the full amount is awarded after the end of the retention period, or with the full amount when the retention condition is met. Where the exact length of the retention period is not known upfront, the Bank sets and duly documents a period considering the situation and measures taken that justify the payment of a retention amount. The calculation of the ratio is based on the period set.

For awarded instruments a retention period of at least one year is set. Longer periods are set in particular where ex post risk adjustments mainly rely on changes of the value of instruments which have been awarded. Where the deferral period is at least five years, a retention period for the deferred part of at least six months may be imposed for employees other than members of the BoD and senior management for whom a minimum retention period of one year should be applied.

11.8.4 Discretionary Pension Benefits

As a rule, discretionary pension benefits are not granted and, in any case, if they may be provided, they should constitute a form of variable remuneration. The Bank ensures that where an employee leaves the Bank or retires, discretionary pension benefits are not paid without the consideration of the economic situation of the Bank or risks that have been taken by the employee which can affect the Bank in the long term.

As far as the identified employees are concerned the full amount of discretionary pension benefits is awarded as follows:

- when an identified employee leaves the Bank before retirement, the Bank holds the full amount of any discretionary pension benefits in instruments at least for a period of five years without the application of pro rata vesting;
- when an identified employee reaches retirement, a five-year retention period is applied to the full amount paid in instruments.

The Bank ensures that malus and clawback arrangements are applied in the same way to discretionary pension benefits as to other elements of variable remuneration.

11.8.5 Variable Remuneration for "Identified Employees"

For identified employees additional requirements to their variable remuneration awarded are applied according to L. 144(I)/2007 as in force which has incorporated the Directive 2013/36/EU as in force.

11.8.6 Deferral, Retention and Method of Payment Requirements

Variable remuneration of identified employees is applied in a manner that is appropriate to the Bank's size, internal organisation and the nature, scope and complexity of their activities.

Applying the principle of proportionality and under the scope of a gradual normalisation, variable remuneration up to the amount a specified limit is paid in cash and for any variable remuneration exceeding said limit deferral requirements apply. Deferral percentage is determined taking into consideration the role of the employee and the amount of the variable remuneration.

The deferral amount is deferred over a period which is not less than four years, with the exception of the Board Members and / or Board Committee Members, the CEO, and the direct reports of the CEO who are also Executive Committee members, for which the deferral period is five years. In addition, the deferral amount vests no faster than on a pro-rata basis and is correctly aligned with the nature of the business, its risks and the activities of the employee concerned. The first deferred portion should not vest sooner than 12 months after the start of the deferral period. The deferral period ends when the awarded variable remuneration has vested or where the amount was reduced to zero as malus was applied.

The Bank benefits from the derogation as specified in Article 94(3)(b) of Directive 2013/36/EU, thus variable remuneration below a certain limit is awarded in cash and is not subject to retention and deferral policies. The number of identified staff that benefit from this derogation is 10, with variable remuneration comprising ~21% of their total remuneration

Variable remuneration (deferred and non-deferred) is awarded or vests only if it is sustainable according to the financial situation of the Bank as a whole, and justified on the basis of the performance of the Bank, the business unit and the employee concerned. Without prejudice to the general principles of national contract and labour law, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Bank occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

For any variable remuneration lower than a pre-defined amount, the cash payout is higher or equal to 50% in decreasing proportionality. For any variable remuneration exceeding this pre-defined amount, at least 50% of the variable remuneration awarded should consist of a balance of the following:

- shares or equivalent ownership interests;
- where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the Bank as a going concern and are appropriate to be used for the purposes of variable remuneration in accordance to the relevant clauses of Regulation (EU) No 527/2014; and
- variable remuneration should not be paid through vehicles or methods that facilitate the non-compliance with L. 4261/2014 or the CRR.

A cumulative limit applies in case identified employees receive incentive amounts from more than one scheme. Identified employees are required not to use personal hedging strategies or remuneration and liability-related insurance to undermine the risk alignment effects embedded in their remuneration arrangements.

11.9 Ratio between Fixed and Variable Remuneration

Provided that variable remuneration is awarded to employees, the following rules should apply:

- The variable component cannot exceed 50% of the fixed component of the total remuneration.
- The Bank's Annual General Meeting may approve a higher maximum level of the ratio between the fixed and variable components of remuneration provided the overall level of the variable component shall not exceed 100% of the fixed component of the total remuneration for each individual and according to the process described as per CBC Directive. Any approval under the clauses of a higher ratio of 50% shall be carried out in accordance with the specific procedure of CBC Directive which was effected for year 2022 during 1Q'23.
- The effective ratio is calculated as the sum of all variable components of remuneration that have been awarded for the last performance year as set out in this Remuneration Policy, including amounts awarded for multi-year accrual periods, divided by the sum of fixed elements of remuneration awarded for the same performance year. For multiyear accrual periods that do not revolve annually, the Bank alternatively takes into account in each year of the performance period the maximum amount of variable remuneration that is awarded at the end of the performance period divided by the number of years of the performance period.
- The ratio between the variable and fixed remuneration components is set independent of any potential future ex post risk adjustments or fluctuation in the price of instruments.

11.10 Malus and Clawback Arrangements

The Bank is able to apply malus or clawback arrangements up to 100% of the total variable remuneration regardless of the method used for the payment, including deferral or retention arrangements.

The Bank sets criteria for the application of malus and clawback as well as a period during which malus or clawback will be applied, which covers deferral and retention periods. The criteria used are the following:

- evidence of misconduct or serious error by the employee;
- whether the Bank and/or the business unit subsequently suffers a significant downturn in its financial performance;
- whether the Bank and/or the business unit in which the employee works suffers a significant failure of risk management;
- significant increases in the Bank's or business unit's economic or regulatory capital base;
- any regulatory sanctions where the conduct of the employees contributed to the sanction.

Where malus can only be applied at the moment of vesting of the deferred payment, clawback on variable remuneration may be applied without prejudice to the general principles of national contract or labour law

Malus and clawback arrangements lead to a reduction of the variable remuneration where appropriate. Under no circumstances should an explicit ex post risk adjustment lead to an increase of the initially awarded variable remuneration or, where malus or clawback was already applied in the past, to an increase of the reduced variable remuneration.

11.11 Aggregate quantitative information on remuneration

The tables that follow present information regarding the employees whose professional activities had a material impact on the risk profile of the Bank. During 2022, the Bank did not offer to any employee remuneration payment which exceeded the threshold of €1 million.

In addition, for the year 2022, the Bank did not pay any amount for termination of the employment of employees whose professional activities had a material impact on the risk profile of the Bank.

The Bank did not give out any guaranteed variable remuneration.

The table below provides information on the number of identified staff and the breakdown of their remuneration for the financial year 2022 and 2021:

Table 27: Template EU REM1 - Remuneration awarded for the financial year

	31 December 2022			
	MB Supervisory function € thousands	MB Management function € thousands	Other senior management € thousands	Other identified staff € thousands
Fixed Remuneration				
Number of identified staff	**8**	**2**	**8**	**6**
Total fixed remuneration	**377**	**824**	**1.461**	**523**
Of which: cash-based	377	824	1.461	523
Of which: shares or equivalent ownership interests				
Of which: share-linked instruments or equivalent non-cash instruments				
Of which: other instruments				
Of which: other forms				
Variable remuneration				
Number of identified staff	**8**	**2**	**8**	**6**
Total variable remuneration	**-**	**451**	**515**	**97**
Of which: cash-based	-	125	283	97
Of which: deferred	-	50	5	-
Of which: shares or equivalent ownership interests	-	201	152	-
Of which: deferred	-	201	152	-
Of which: share-linked instruments or equivalent non-cash instruments	-	125	80	-
Of which: deferred	-	125	80	-
Of which: other instruments				
Of which: deferred				
Of which: other forms				
Of which: deferred				
Total remuneration	**377**	**1.275**	**1.976**	**620**

	31 December 2021			
	MB Supervisory function € thousands	MB Management function € thousands	Other senior management € thousands	Other identified staff € thousands
Fixed Remuneration				
Number of identified staff	**10**	**2**	**13**	**3**
Total fixed remuneration	**303**	**798**	**1.960**	**230**
Of which: cash-based	303	798	1.960	230
Of which: shares or equivalent ownership interests				
Of which: share-linked instruments or equivalent non-cash instruments				
Of which: other instruments				
Of which: other forms				
Variable remuneration				
Number of identified staff	**10**	**2**	**13**	**3**
Total variable remuneration	**-**	**304**	**559**	**27**
Of which: cash-based	-	65	427	27
Of which: deferred	-	15	52	-
Of which: shares or equivalent ownership interests	-	240	132	-
Of which: deferred				
Of which: share-linked instruments or equivalent non-cash instruments				
Of which: deferred				
Of which: other instruments				
Of which: deferred				
Of which: other forms				
Of which: deferred				
Total remuneration	**303**	**1.102**	**2.519**	**257**

The table below provides information on deferred remuneration:

Table 28: Template EU REM3 - Deferred remuneration

	31 December 2022							
	Deferred and retained remuneration							
	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
MB Supervisory function	-	-	-	-	-	-	-	-
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function	**295**	**91**	**204**	-	-	-	**81**	**85**
Cash-based	4	2	2				77	-
Shares or equivalent ownership interests	284	85	199				-	85
Share-linked instruments or equivalent non-cash instruments	7	4	3				4	-
Other instruments								
Other forms								
Other senior management	**146**	**51**	**95**	-	-	-	**293**	**36**
Cash-based	10	5	4				283	-
Shares or equivalent ownership interests	118	36	83				-	36
Share-linked instruments or equivalent non-cash instruments	18	10	8				10	-
Other instruments								
Other forms								
Other identified staff	-	-	-	-	-	-	**97**	-
Cash-based	-	-	-				97	-
Shares or equivalent ownership interests	-	-	-				-	-
Share-linked instruments or equivalent non-cash instruments	-	-	-				-	-
Other instruments								
Other forms								
Total amount	**441**	**142**	**299**	-	-	-	**471**	**121**

	31 December 2022							
	Deferred and retained remuneration							
	Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e.changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
MB Supervisory function	-	-	-	-	-	-	-	-
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
MB Management function	**9**	-	**9**	-	-	-	-	-
Cash-based	9		9					
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other senior management	**30**	-	**30**	-	-	-	-	-
Cash-based	30		30					
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Other identified staff	-	-	-	-	-	-	-	-
Cash-based								
Shares or equivalent ownership interests								
Share-linked instruments or equivalent non-cash instruments								
Other instruments								
Other forms								
Total amount	**39**	-	**39**	-	-	-	-	-

The table below provides information on fixed and variable remuneration for identified staff for 2022 and 2021:

Table 29: Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	31 December 2022									
	Management body remuneration			Business areas						Total
	MB Supervisory function	MB Management function	Total MB	Investment banking & Asset management (1)	Retail banking	Corporate functions	Independent internal control functions	All other		
Total number of identified staff										**24**
Of which: members of the MB	8	2	10							
Of which: other senior management				2	4	1	1	-		
Of which: other identified staff				1	-	2	3	-		
Total remuneration of identified staff (€'000)	**377**	**1.275**	**1.652**	**543**	**1.039**	**524**	**490**	**-**		
Of which: variable remuneration (€'000)	-	451	451	133	293	102	84	-		
Of which: fixed remuneration (€'000)	377	824	1.201	410	746	422	406	-		

	31 December 2021								
	Management body remuneration			Business areas					Total
	MB Supervisory function	MB Management function	Total MB	Investment banking & Asset management [1]	Retail banking	Corporate functions	Independent internal control functions	All other	
Total number of identified staff									**28**
Of which: members of the MB	10	2	12						
Of which: other senior management				2	5	2	4	-	
Of which: other identified staff				1	-	2	-	-	
Total remuneration of identified staff (€'000)	**303**	**1.102**	**1.406**	**477**	**1.268**	**599**	**432**	**-**	
Of which: variable remuneration (€'000)	-	304	304	99	337	95	55	-	
Of which: fixed remuneration (€'000)	303	798	1.101	378	931	503	377	-	

[1] The Investment banking and Assets management business areas have been combined together into one category.

The remuneration to the non-executive members of the BoD comprises 29% (2021: 22%) of the total remuneration to the BoD.

Appendix 1: Template EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments

		2022/2021
1	Issuer	**Eurobank Cyprus Ltd**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
2a	Public or private placement	Private
3	Governing law(s) of the instrument	Cyprus
3a	Contractual recognition of write down and conversion powers of resolution authorities	No
	Regulatory treatment	
4	Current treatment taking into account, where applicable, transitional CRR rules	N/A
5	Post-transitional CRR rules	N/A
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€12.010K
9	Nominal amount of instrument	€10K per share
EU-9a	Issue price	100%
EU-9b	Redemption price	100%
10	Accounting classification	Shareholders equity
11	Original date of issuance	21 December 2007
12	Perpetual or dated	Perpetual
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	N/A
31	If write-down, write-down trigger(s)	N/A
32	If write-down, full or partial	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

Appendix 2: Definition of financial ratios included in the Report

- **Cost to income ratio:** Total operating expenses divided by total operating income.
- **Return on equity:** Profit for the year divided by the average equity (the arithmetic average of equity at the end of the reported year and at the end of the previous year).
- **Loans to deposits:** Loans and advances to customers divided by due to customers at the end of the reported year.
- **Cost of risk:** Impairment allowance on loans and advances charged in the reported year, divided by the average balance of loans and advances to customers (the arithmetic average of loans and advances to customers at the end of the reported year and at the end of the previous year).
- **NPE provisions coverage:** Impairment allowance for loans and advances to customers, including impairment allowance for credit related commitments (off balance sheet items) divided by NPEs at the end of the reported period.
- **Credit-impaired loans/gross loans:** NPEs divided by gross loans and advances to customers (the balance of loans and advances to customers before impairment allowance).
- **Capital adequacy ratio:** Total regulatory capital as defined by the CRR, divided by total Risk Weighted Assets.
- **MREL Ratio:** Total regulatory capital (as above) plus MREL Eligible liabilities as defined by BRRD and BRRD2 divided by Total RWAs.
- **Leverage ratio:** The leverage ratio is calculated as total regulatory capital divided by total exposure measure, as defined by the CRR.

Appendix 3: List of abbreviations

Abbreviation	Definition
AC	Amortised Cost
ALCO	Assets & Liabilities Committee
AT1	Additional Tier 1
BIA	Basic Indicator Approach
BoD or the Board	Board of Directors
BRC	Board Risk Committee
BRRD	Bank Recovery and Resolution Directive
BRRD2	Directive (EU) 2019/879
BTAR	Banking Book Taxonomy Alignment Ratio
CBC	Central Bank of Cyprus
CBC Directive	CBC Directive to Credit Institutions on Governance and Management Arrangements in Credit Institutions
CBR	Combined Buffer Requirement
CCB	Capital Conservation Buffer
CCF	Credit Conversion Factor
CCR	Counterparty Credit Risk
CCyB	Countercyclical buffer
CET1	Common Equity Tier 1
CFP	Contingency Funding Plan
C&E risks	Climate and Environmental risks
CRD or Capital Requirements Directive	Directive (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU
CRM	Credit Risk Mitigation
CRR or Capital Requirements Regulation	Regulation (EU) 2019/876 of the European Parliament and of the Council of 20 May 2019 amending Regulation (EU) No 575/2013
CRR Quick fix	Regulation (EU) 2020/873
CSA	Credit Support Annex
CVA	Credit Valuation Adjustment
DE&I	Diversity, Equity & Inclusion
EAD	Exposure at Default
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
ECB	European Central Bank
ECL	Expected Credit Losses
ESG	Environmental, Social and Governance
EU	European Union
EVE	Economic Value of Equity
ExCo	Executive Committee
FAQs	Frequently Asked Questions
FRTB	Fundamental Review of the Trading Book

Abbreviation	Definition
FVOCI	Fair Value Through Other Comprehensive Income
FX or Currency	Foreign Exchange
GAR	Green Asset Ratio
GMRA	Global Master Repurchase Agreements
G-SII	Globally Systemically Important Institutions
HQLA	High-Quality Liquid assets
ICAAP	Internal Capital Adequacy Assessment Process
identified employees or identified staff	individuals who have a material impact on the Bank's risk profile
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
KPIs	Key Performance Indicators
KRIs	Key Risk Indicators
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MDA	Maximum Distributable Amount
MREL	Minimum Requirement for Own funds and Eligible Liabilities
MRR	Mandatory Reserve Requirement
NFRD	Non-Financial Reporting Directive
NII	Net Interest Income
NMD	Non-maturity deposits
NomCo	Nominations & Internal Governance Committee
NSFR	Net Stable Funding Ratio
OCR	Overall Capital Requirements
O-SII	Other Systemically Important Institutions
Own Funds	Total Regulatory Capital
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
Parent Entity	Eurobank S.A.
PD	Probability of Default
RAS	Risk Appetite Statement
RAS Indicators	Risk Appetite Indicators
RAF	Risk Appetite Framework
RCSA	Risk and Control Self – Assessments
RMU	Risk Management Unit
RTS	Regulatory Reporting Standards
RWA	Risk Weighted Assets
SFDR	Sustainable Finance Disclosure Regulation
SMEs	Small-Medium Entities

Abbreviation	Definition
SPE	Single Point of Entry
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SRM Regulation	European Parliament and Council adopted Regulation No 806/2014
SRMR2	Directive (EU) 2019/877
STS	Simple Transparent and Standardised
SyRB	Systemic Risk Buffer
T2	Tier 2
the Bank	Eurobank Cyprus Ltd
the Group	Parent Entity and its subsidiaries
the Report	Pillar 3 report
TLTRO III	Targeted Longer-Term Refinancing Operations III
TSCR or Total SREP Capital Requirements	Total capital adequacy ratio
TU	Treasury Unit
VaR	Value at Risk