EUROBANK CYPRUS LTD

PILLAR 3 REPORT

FOR THE YEAR ENDED

31 DECEMBER 2021

41, Arch. Makariou III Avenue, 1065 Nicosia, Cyprus
www.eurobank.com.cy, Tel.: (+ 357) 22 208000
Company Registration No: HE 217050

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 2021 and 2020 are as follows:

Key Financial results	31 December 2021 € thousands	31 December 2020 € thousands
Net interest income	80.705	75.206
Operating income	112.008	108.919
Operating expenses	(41.899)	(40.217)
Profit from operations before impairment losses and provisions	**70.109**	**68.702**
Impairment losses and provisions	(3.378)	(16.259)
Profit before tax and government levies	66.731	52.443
Profit for the year	**55.227**	**40.142**
Balance sheet Highlights	**€ thousands**	**€ thousands**
Customer deposits	6.619.640	5.484.129
Loans and advances to customers	2.600.550	2.199.611
Total assets	8.156.866	6.821.221
Equity	571.473	526.702
NPEs	62.616	71.802
Financial Ratios*		%
Cost to income	37,4	36,9
Return on equity	9,5	7,9
Loans to deposits	39,3	40,1
Cost of risk	0,2	0,7
NPE provisions coverage	83,1	67,8
Credit-impaired loans/gross loans	2,4	3,2
Capital adequacy ratio**	25,4	26,2
Leverage ratio	7,1	8,0

* 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 maintain with CET1 capital.

- The Bank's profit for the year reached €55,2 million compared to €40,1 million in 2020. The liquidity position of the Bank is satisfactory, maintaining high liquid ratios on all regulatory and internal liquidity measures.
- Cost/income ratio increased from 36,9% in 2020 to 37,4% in 2021.
- The quality of the loan portfolio improved further in 2021 as depicted by the decrease in the credit-impaired loans/gross loans ratio to 2,4% from 3,2% in 2020. In addition, the NPE provisions coverage remained at high levels at 83,1% in 2021, which is higher than the coverage of 67,8% in 2020.

[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.

- Customer deposits for 2021 amounted to €6,6 billion, an increase of ca. 21% from 2020.
- Loans & advances to customers reported an increase of €400 million vs 2020 with the Bank continuing to implement a selective credit expansion policy as demonstrated by the low ratio on credit-impaired loans.
- CET1 and Total Capital ratio reached 25,4% 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 III 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:

- Common Equity Tier 1 ("CET1") ratio: 4,5%;
- Tier 1 ratio: 6%;
- Total Capital Adequacy ratio: 8%

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 set at 0% for 2021 (2020: 0%).

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 (2020: 0,5%).

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 2021 and similar to 2020 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% (2020: 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 covers risks which are underestimated or not covered by the minimum regulatory requirement.

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.

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, nor to extend beyond March 2022 the supervisory measure that allows them to exclude central bank exposures from their leverage ratios.

1.2.2 Regulatory Developments

On 29 May 2020, the European Banking Authority 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 need to be expanded to existing loans that have been renegotiated and to the stock of existing loans.

On 17 December 2020, the European Commission published Regulation 2021/451, which lays down uniform reporting formats and templates, instructions, frequency and dates of reporting. This Regulation is applicable from 28 June 2021.

On 22 December 2020, EBA published an update to the reporting framework 3.0 and the ITS on institutions' Pillar 3 public disclosures, the mapping of quantitative disclosure data and supervisory reporting and also a summary of the frequency of disclosure of each template and table, in accordance with the Regulation (EU) No 2019/876. The disclosure requirements are applicable from June 2021.

In May 2021, the CRD introduced key changes which include:

- the obligation for financial holding companies to seek approval by the consolidating supervisory authority in order to be brought under the direct scope of supervisory powers pursuant to CRD IV and CRR and ensure compliance with consolidated prudential requirements;
- the requirement for banks to meet at least three quarters of the P2R with Tier 1 capital and at least 75% of this Tier 1 capital to be made up of CET1 capital;
- the increase of the upper limit for the O-SII buffer to 3% from 2% under the previous regime.

On 26 May 2021, EBA published final draft Regulatory Reporting Standards ("RTS") on own funds and eligible liabilities. Since their entry into force, the RTS on own funds have significantly enhanced regulatory harmonization of prudential rules and contributed to strengthening the quality of regulatory capital. The draft RTS align existing provisions to changes introduced in the revised CRR in the area of own funds. This is the case, in particular, for provisions relating to the regime of supervisory prior permission for the reduction of own funds. In addition, the draft RTS specify some of the newly introduced criteria for eligible liabilities instruments derived from the own funds regime. These include the absence of direct or indirect funding for the acquisition of ownership of eligible liabilities, the absence of incentives to redeem, the need for the resolution authority's prior permission for the reduction of eligible liabilities.

On 21 June 2021, EBA published its updated Report on the monitoring of Additional Tier 1 ("AT1") instruments including an update on the monitoring of the implementation of the EBA's Opinion on legacy instruments and its considerations on Environmental, Social and Governance ("ESG") capital bonds. The objective of this update is to further strengthen the robustness and quality of credit institutions' own funds and eligible liabilities instruments. In addition, the EBA has identified differences in the clauses of the ESG issuances made for capital/loss absorbency purposes. In this regard, the EBA is providing best practices or practices that should be avoided for these issuances. The purpose is to give views and recommendations on how ESG capital bonds features are meant to interact with the eligibility criteria for own funds and eligible liabilities instruments, and ultimately to safeguard the quality of the instruments from a prudential perspective.

On 15 September 2021, EBA published the Final Guidelines specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of as set in the CRR and the time and measures to return to compliance. The guidelines contain the criteria to determine the exceptional cases referred to in the CRR, information to be provided to the competent authority in case of a breach of the Large Exposure limits, criteria to determine the appropriate time to return to compliance and measures to be taken to ensure the timely return according to the CRR.

On 22 September 2021, ECB published the results of its economy-wide climate stress test. The exercise tested the impact of climate change on more than four million firms worldwide and 1,600 euro area banks under three different climate policy scenarios. The results show that firms and banks clearly benefit from adopting green policies early on to foster the transition to a zero-carbon economy. The exercise also reveals that the impact of climate risk is concentrated in certain regions and sectors of the euro area. In particular, firms located in regions most exposed to physical risk could face very severe and frequent natural disasters, which would in turn affect their creditworthiness. The final climate stress test results are in line with the preliminary results published in March 2021 and complement these findings by including assessments of banks' resilience to climate risks through loans, security and equity holdings.

On 22 October 2021, the three European Supervisory Authorities delivered to the European Commission their Final Report with draft RTS regarding disclosures under the Sustainable Finance Disclosure Regulation ("SFDR") as amended by the Regulation on the establishment of a framework to facilitate sustainable investment (Taxonomy Regulation). The disclosures relate to financial products that make sustainable investments contributing to environmental objectives. The draft RTS aim to:

- provide disclosures to end investors regarding the investments of financial products in environmentally sustainable economic activities, providing them with comparable information to make informed investment choices; and
- establish a single rulebook for sustainability disclosures under the SFDR and the Taxonomy Regulation

On 24 January 2022, EBA published its final draft ITS on Pillar 3 disclosures on 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")).

1.2.3 COVID-19 regulatory measures

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

On 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy.

On 20 March 2020 the ECB published Frequently Asked Questions ("FAQs") on supervisory measures in reaction to the coronavirus. The relief measures covered a) asset quality deterioration and non- performing loans, b) operational aspects of supervision and c) capital and liquidity requirements. Specifically, banks have been allowed, among others, to operate temporarily below the level of capital defined by the P2G and the CCB. Banks have also been allowed to partially use capital instruments that do not qualify as CET1 capital, for example AT1 or Tier 2 ("T2") instruments, to meet the P2R.

Following the ECB recommendation of 27 March of 2020 (2020/19) on dividend distribution, the ECB recommends that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders.

On 2 April 2020, the EBA published "Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis before 30 June 2020". On 25 June 2020, EBA introduced a new deadline of 30 September 2020 replacing the previous date of 30 June 2020. The aim of these Guidelines was to clarify the requirements for public and private moratoria, which if fulfilled, help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

On 9 June 2020, the Economic and Monetary Affairs Committee MEPs agreed to apply specific changes to the CRR, which will have to be coherently applied in the European Union. Banks will have to monitor the effects of the pandemic on their balance sheets, pay close attention to non-performing loans and apply know-your-customer standards.

On June 24, 2020, the EU Council announced that it had adopted Regulation (EU) 2020/873 ("CRR quick fix") amending the CRR The CRR 'quick fix' legislation intends to help credit institutions to mitigate impact of the COVID-19 outbreak and to provide incentives for banks to continue lending to business and consumers.

On 17 September 2020, ECB announced that euro area banks may exclude certain central bank exposures from the denominators of their leverage ratios owing to the exceptional macroeconomic circumstances.

On 14 October 2020, the EBA published its final draft RTS specifying the prudential treatment of software assets according to Art. 36(4) of the Capital Requirements Regulation, based on a prudential amortisation of software assets. EBA has concluded that the prudential amortization approach would best fit its purpose and objectives. This method implies that the positive difference between prudential and accounting accumulated depreciation shall be fully deducted from CET1, while the residual portion of the carrying amount shall be risk-weighted. If the useful life of software estimated for accounting purposes is shorter than the prudential amortization period, the former shall be used also for prudential purposes. Additionally, the prudential amortization period has been set at maximum 3 years, starting from the date on which the software asset is available for use. The prudential amortizations and deductions shall be made separately for each software asset. All the investments made for maintaining, enhancing or upgrading the existing software assets shall be treated as separate assets, considering that those investments are recognized as an intangible asset on the balance sheet. In line with the recent CRR 'quick fix', the date of entry into force of the RTS has been moved forward to the day following its publication in the Official Journal of the EU, i.e. 23 December 2020.

On 2 December 2020, EBA has decided to reactivate its Guidelines on Legislative and non-legislative moratoria due to the exceptional circumstances of the second COVID-19 wave. This reactivation ensures that loans, which had previously not benefitted from payment moratoria, can now also benefit from them. These Guidelines, which applied until 31 March

2021, included additional safeguards against the risk of an undue increase. The role of banks to ensure the continued flow of lending to clients remains of utmost importance in unrecognized losses on banks' balance sheet

On 15 December 2020, ECB extended its recommendation to banks on dividend distributions and share buy-backs until 30 September 2021, meaning the next decisions to pay dividends should take place in the fourth quarter of 2021. ECB asked banks to be extremely moderate with regard to variable remuneration.

On 6 April 2021, the EU adopted earlier two regulations to amend the securitisation framework (the review planned for 2022). The Regulation (EU) 2021/557 amending the Securitisation Regulation (2017/2402) provides a general framework for securitisation and creates a specific framework for simple, transparent and standardised securitisations. The Regulation (EU) 2021/558 makes changes to the CRR with respect to certain adjustments to securitisation framework. Both regulations came into force on 9 April 2021.

On 18 June 2021, the ECB announced that euro area banks under its direct supervision may continue to exclude certain central bank exposures from the leverage ratio as exceptional macroeconomic circumstances due to the COVID-19 pandemic continue. This extends until March 2022 the leverage ratio relief granted in September 2020, which was set to expire on 27 June 2021.

On 23 July 2021, ECB decided not to extend beyond September 2021 its recommendation that all banks limit dividends. Instead, supervisors will assess the capital and distribution plans of each bank as part of the regular supervisory process.

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 the P2G 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.

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 purposes 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 the year the Bank did not provide any newly originated loans and advances subject to public guarantee schemes introduced in response to COVID-19 crisis.

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:

- business model analysis;
- assessment of internal governance and institution-wide control arrangements;
- assessment of risks to capital and adequacy of capital to cover these risks; and
- assessment of risks to liquidity and adequacy of liquidity resources to cover these risks.

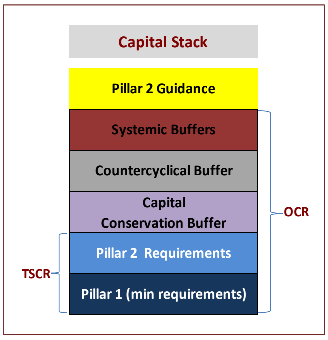
The minimum capital adequacy requirements are determined by the ECB following the assessment of the institution's risk profile (through SREP). The SREP requirements consist of:

- 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"), which in case of breach, leads to the trigger of the Maximum Distributable Amount ("MDA");
    - The CBR is the sum of the CCB, CCyB, G-SII, O-SII and SyRB buffers
- 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. P2Rs are binding and breaches can have direct legal consequences for institutions.

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 2021 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%) while AT1 and Tier 2 capital, where available, may be used to cover the remaining part.

However, ECB as part of its response to the pandemic, allowed banks to partially use capital instruments that do not qualify as CET1 capital, for example AT1 or Tier 2 instruments, to meet the P2R. In addition, the Bank is required to obtain ECB approval prior to making any distributions to its shareholders, where non-payment does not constitute an event of default. ECB also allowed banks to operate temporarily below the capital buffers. 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 EU law.

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. Following the new requirements, the Bank performed several changes to the tables disclosed in the Report and also adopted these changes in the comparative periods, in order to provide comparative information aligned with the EBA mapping tool.

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 27 April 2022.

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 2021, the Bank needs to comply with MREL on an individual basis at the level of 22,40% plus the fully loaded CBR of 3,25% of Total Risk Weighted Assets by 1 January 2024. The interim binding MREL target to be met by the Bank at 1 January 2022 is set at 22,09% plus a CBR of 3,125%. The final MREL target is updated by the SRB on an annual basis.

1.7 Implementation of Capital Adequacy framework at Eurobank Cyprus Ltd

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.

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 to 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 2021 were composed entirely out of CET1 capital, and more specifically of ordinary shareholders' equity, share premium, retained earnings, year-end 2021 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 2021 € thousands	31 December 2020 € thousands
Available own funds (amounts)		
Common Equity Tier 1 (CET1) capital	552.645	512.675
Tier 1 capital	552.645	512.675
Total capital	552.645	512.675
Risk-weighted exposure amounts		
Total risk exposure amount	2.176.405	1.956.516
Capital ratios (as a percentage of risk-weighted exposure amount)		
Common Equity Tier 1 ratio (%)	25,4%	26,2%
Tier 1 ratio (%)	25,4%	26,2%
Total capital ratio (%)	25,4%	26,2%
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]	2,25%	2,25%
of which: to be made up of CET1 capital (percentage points)	1,27%	1,27%
of which: to be made up of Tier 1 capital (percentage points)	1,69%	1,69%
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 (%)	2,50%	2,50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%
Institution specific countercyclical capital buffer (%)	0,00%	0,00%
Systemic risk buffer (%)	0,00%	0,00%
Global Systemically Important Institution buffer (%)	0,00%	0,00%
Other Systemically Important Institution buffer (%)	0,50%	0,50%
Combined buffer requirement (%) [4]	3,00%	3,00%
Overall capital requirements (%)	13,25%	13,25%
CET1 available after meeting the total SREP own funds requirements (%) [1]	15,15%	15,95%
Leverage ratio		
Total exposure measure	7.784.461	6.449.366
Leverage ratio (%)	7,1%	8,0%
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 (%)	0,00%	0,00%
of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%
Total SREP leverage ratio requirements (%)	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
Leverage ratio buffer requirement (%)	0,00%	0,00%
Overall leverage ratio requirement (%)	3,00%	3,00%
Liquidity Coverage Ratio [5]		
Total high-quality liquid assets (HQLA) (Weighted value)	3.665.557	2.696.485
Cash outflows - Total weighted value	1.877.285	1.567.404
Cash inflows - Total weighted value	667.742	341.425
Total net cash outflows (adjusted value)	1.209.544	1.225.978
Liquidity coverage ratio (%)	303,05%	219,95%
Net Stable Funding Ratio		
Total available stable funding	4.588.452	3.884.083
Total required stable funding	2.407.972	2.158.548
NSFR ratio (%)	190,55%	179,94%

(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 and the O-SII buffer

(5) Liquidity Coverage Ratio presents yearn end values

2.3 Reconciliation of Balance Sheets - financial accounting to regulatory scope

The table below presents 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 LI1 - Mapping of financial statement categories with regulatory risk categories [(1)]

		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**

		31 December 2020				
		Balance sheet as in published financial statements	Carrying value of items under the regulatory scope [2]			
	Ref.	€ thousands	Subject to the credit risk framework € thousands	Subject to the CCR framework € thousands	Subject to the securitisation framework € thousands	Not subject to capital requirements or subejct to deduction from capital € thousands
Assets						
Cash and balances with central banks		1.196.388	1.196.388	-	-	-
Due from credit institutions		2.383.902	256.614	2.127.288	-	-
Derivative financial instruments		238	-	238	-	-
Loans and advances to customers		2.199.611	2.199.611	-	-	-
Investment securities		994.970	994.970	-	-	-
Investments in subsidiaries		11	11	-	-	-
Property, plant and equipment		29.763	29.763	-	-	-
Intangible assets	*f*	13.910	576	-	-	13.334
Deferred tax assets		1.125	1.125	-	-	-
Other assets		1.303	1.303	-	-	-
Total assets		**6.821.221**	**4.680.361**	**2.127.526**	**-**	**13.334**
Liabilities						
Due to central banks		548.541	1.459	-	-	547.082
Due to credit institutions		142.349	-	-	-	142.349
Derivative financial instruments		53.215	-	53.215	-	-
Due to customers		5.484.129	-	30.038	-	5.454.091
Current tax liabilities		1.573	-	-	-	1.573
Deferred tax liabilities		438	-	-	-	438
Other liabilities		64.274	-	-	-	64.274
Total liabilities		**6.294.519**	**1.459**	**83.253**	**-**	**6.209.807**
Equity						
Share capital	*a*	12.010	-	-	-	12.010
Share premium	*b*	245.384	-	-	-	245.384
Other reserves	*c*	7.380	-	-	-	7.380
Retained earnings	*d*	261.928	-	-	-	261.928
Total equity	*e*	**526.702**	**-**	**-**	**-**	**526.702**
Total equity and liabilities		**6.821.221**	**1.459**	**83.253**	**-**	**6.736.509**

[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 €8,138 million (2020: €6,807 million) while total liabilities equal to €46,5 million (2020: €84,7 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 table below provides 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 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**

	31 December 2020			
	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))*	6.807.887	4.680.361	2.127.526	-
Liabilities carrying value amount under the regulatory scope *(as per template EU CC2 (Table 2))*	84.712	1.459	83.253	-
Total carrying value amount under the regulatory scope	**6.892.599**	**4.681.820**	**2.210.779**	**-**
Off-balance sheet amount [(1)]	577.582	577.582	-	-
Security Lendings [(2)]	700.574	-	700.574	-
Difference in valuations [(3)]	(43.996)	-	(43.996)	-
Difference due to netting	50.927	50.927	-	-
Collaterals under the TLTRO transaction	582.594	-	582.594	-
	8.760.280	**5.310.329**	**3.449.951**	**-**

[(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, while both derivative assets and derivative liability positions are considered.

[(4)] Total assets of €8,138 million (2020: 6,807 million) under the regulatory scope are total assets less intangibles, referenced in Table 2 above - template EU CC2. Total liabilities of €46,5 million (2020: 84,7 million), referenced in Table 2 above - template EU CC2 are mainly repurchase agreements and derivatives

The table below shows the composition of the Bank's regulatory capital as at 31 December 2021 and at 31 December 2020:

Table 4: Template EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements [1]

	Ref.	31 December 2021 € thousands	31 December 2020 € thousands
Total Equity per Financial Statements	*e*	571.473	526.702
Regulatory adjustments			
Intangible assets	*f*	(18.250)	(13.334)
Additional value adjustments		(578)	(693)
Total Common Equity Tier 1		**552.645**	**512.675**
Additional Tier 1		-	-
Total Tier 1		**552.645**	**512.675**
Tier 2 Capital		-	-
Total Own funds		**552.645**	**512.675**
Ratios			
Commone Equity Tier 1		**25,40%**	26,20%
Tier 1		**25,40%**	26,20%
Total Capital Adequacy Ratio		**25,40%**	26,20%

The table below shows the composition of the Bank's regulatory capital as at 31 December 2021, 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 2021.

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

	Ref.	31 December 2021 € thousands	31 December 2020 € thousands
Common Equity Tier 1 (CET1) capital: instruments and reserves			
Capital instruments and the related share premium accounts	e	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	(126)	7.380
Common Equity Tier 1 (CET1) capital before regulatory adjustments		**571.473**	**526.702**
Common Equity Tier 1 capital: regulatory adjustments			
Additional value adjustments		(578)	(693)
Intangible assets (net of related tax liability)	f	(18.250)	(13.334)
Total regulatory adjustments to Common Equity Tier 1 (CET1)		**(18.828)**	**(14.027)**
Common Equity Tier 1 (CET1) capital		**552.645**	**512.675**
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)		**552.645**	**512.675**
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)		**552.645**	**512.675**
Total Risk exposure amount		**2.176.405**	**1.956.516**
Capital ratios and requirements including buffers			
Common Equity Tier 1 capital		**25,40%**	**26,20%**
Tier 1 capital		**25,40%**	**26,20%**
Total capital		**25,40%**	**26,20%**
Institution CET1 overall capital requirements [(1)]		8,77%	8,77%
of which: capital conservation buffer requirement		2,50%	2,50%
of which: countercyclical capital buffer requirement		0,00%	0,00%
of which: systemic risk buffer requirement		0,00%	0,00%
of which: Other Systemically Important Institution (O-SII) buffer requirement		0,50%	0,50%
of which: additional own funds requirements to address the risks other than the risk of exc		2,25%	2,25%
Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements		**15,15%**	**15,95%**

[(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 P25 plus the CBR. The amount of additional own funds required to be met with CET1 capital (for P2R = 1,25%) is ca. €28mln

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 2021												
Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	General Credit Exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value	Own Funds Requirements				Risk-weighted exposure amounts	Own Funds Requirements Weights	Countercyclical Buffer Rate
	Exposure Value for Standardised Approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for	Value of trading book exposures for internal models	Exposure value for non-trading book		General Credit Risk Exposures	Trading Book Exposures	Securitisation Exposures	Total			
	€ 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%**	

Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	31 December 2020												
	General Credit Exposures		Relevant credit exposures – Market risk		Securitisation exposures	Total exposure value[3]	Own Funds Requirements				Risk-weighted exposure amounts	Own Funds Requirements Weights	Countercyclical Buffer Rate
	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		General Credit Risk Exposures	Trading Book Exposures	Securitisation Exposures	Total			
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands		
Cyprus	1.124.073	-	-	-	-	1.124.073	73.889	-	-	73.889	923.613	62,2%	0,0%
Other European Countries [2]	407.120	-	-	-	-	407.120	25.006	-	-	25.006	312.575	21,0%	0,0%
Other countries	300.171	-	-	-	-	300.171	20.010	-	-	20.010	250.125	16,8%	0,0%
Total	**1.831.364**	**-**	**-**	**-**	**-**	**1.831.364**	**118.905**	**-**	**-**	**118.905**	**1.486.313**	**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") and post-CCF but before the application of any substation effect

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

[4] The YE2020 comparative has been restated to be aligned with the new EBA mapping tool, regarding the relevant exposure value

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

Amount of Institution-specific Countercyclical Capital buffer	**31 December 2021**	31 December 2020
Total Risk Exposure Amount (€ thousands)	2.176.405	1.956.516
Institution-specific Countercyclical Capital buffer rate	0%	0%
Institution-specific Countercyclical Capital buffer requirement (€ thousands)	0	0

2.5 Capital requirements under Pillar 1

The table below shows the Banks's RWAs and capital requirements as at 31 December 2021 and 31 December 2020. 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 2021 Total risk exposure amounts € thousands	31 December 2020 Total risk exposure amounts € thousands	31 December 2021 Total own funds requirements € thousands
Credit risk (excluding CCR)	**1.833.458**	**1.609.044**	**146.677**
Of which the standardised approach	1.833.458	1.609.044	146.677
Of which amounts below the thresholds for deduction (subject to 250% risk weight) [(3)]	4.447	2.813	356
Counterparty credit risk - CCR	**130.543**	**162.642**	**10.443**
Of which the standardised approach	-	-	-
Of which credit valuation adjustment - CVA	7	20	1
Of which other CCR [(2)]	130.536	162.622	10.443
Settlement risk	-	-	-
Securitisation exposures in the non-trading book (after the cap)	**14.262**	-	**1.141**
Of which SEC-ERBA (including IAA)	**14.262**	-	1.141
Of which 1250% / deduction	-	-	-
Position, foreign exchange and commodities risks (Market risk)	-	-	-
Of which the standardised approach	-	-	-
Large exposures	-	-	-
Operational risk	**198.142**	**184.830**	**15.851**
Of which basic indicator approach	198.142	184.830	15.851
Total	**2.176.405**	**1.956.516**	**174.112**

[(1)] The main drivers of the increase of RWAs compared to 31 December 2020 is the increase in Operational risk RWAs and the increase in Credit risk RWAs as well as the introduction of RWA arising from investments in securitization exposures. The increase in "Credit risk (including CCR)" RWAs is mainly due to the increase in the Bank's loan portfolio.

[(2)] This includes CCR for derivative exposures as calculated under the Original Exposure Method. The specific method came into effect for the first time in Q2 2021, meaning that the comparative 2020 figure for derivatives was calculated under a different methodology (now obsolete), which is not depicted under this table. The change of methodology resulted in an increase of RWA from derivative exposures by ca. €50 million. The decrease in CCR for 2021 relates to decrease in RWA from securities financing transactions (mainly relating to securities lending transactions), which counteracted the increase in RWA from derivative exposures

[(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

[(4)] The presentation of the YE2020 comparative has been restated to be aligned with the new EBA mapping tool

As seen in table EU CC1, certain items are deducted from CET1 capital, which amount to €18,8 million (2020: €14,0 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 3,41% (2020: 2,74%) to and Total Risk Exposure Amount would increase by €18.2 million (2020: €13,3 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 14,75%. This includes a P2R of 2,25% (which is to be met at 1,27% by CET1 capital and 1,69% by T1 capital) and a P2G of 1,5%. The Bank decided to adhere to the P2G.

In response to the COVID-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Specifically, banks will be allowed, among others, to operate below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement (“CBR”) (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer, O-SII Buffer) until the end of 2022. Banks will also be allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements.

Without taking into account the aforementioned developments, the Bank was required in 2021 to meet a CET1 ratio of at least 10,27% and a Total Capital Adequacy Ratio of at least 14,75% including the CBR and P2G of 1,5%. According to the FAQs published by the ECB (last updated 10 February 2022), the allowance provided to banks to operate below the Combined Buffer Requirement results in the ECB taking a flexible approach to approving capital conservation plans that banks are legally required to submit if they breach the Combined Buffer Requirement.

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).

The table below shows the capital requirements of the Bank for 31 December 2021, without taking in consideration the reliefs provided by the ECB:

Table 9: SREP Capital Requirements

	31 December 2021	
	CET 1 Capital Requirements	Total Capital Requirements
Pillar 1 CET1	4,50%	4,50%
Pillar 1 AT1	-	1,50%
Pillar 1 T2	-	2,00%
Minumum regulatory Requirements	4,50%	8,00%
Pillar 2 Requirement (P2R)	1,27%	2,25%
Total SREP Capital Requirements (TSCR)	**5,77%**	**10,25%**
Combined Buffer Requirement (CBR)		
Capital Conservation Buffer (CCoB)	2,50%	2,50%
Countercyclical Capital Buffer (CCyB)	0,00%	0,00%
Other Systemically Important Institutions Buffer (O-SII)	0,50%	0,50%
Overall Capital Requirement (OCR)	**8,77%**	**13,25%**
Pillar 2 Guidance (P2G)	1,50%	1,50%
Overall Capital Requirements (OCR) including P2G	**10,27%**	**14,75%**

As at 31 December 2021 the Bank’s CET1 ratio, as well as its CET1 and Total Capital ratios were 25,4%, 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 organization 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 organization 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 utilizes 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 materialize.

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 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 organization. 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 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 2021 the Committee directors convened eight 8 times (vs 12 times in 2020) 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 the highest annual average Committee member attendance level of 100%.

The BoD through the BRC and the Executive Committee ("ExCo") of the Bank maintain an active role in overseeing current and evolving risks and make 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 assisted 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.

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;
- 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;
- Participate in the 'Procedure for Regulatory Revision and Evaluation' carried out by the CBC.

3.2 Risk Appetite Statement

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 Framework. 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 Risk Appetite Statement ("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 boundaries of risk taking outside of which the Bank is not prepared to venture in the pursuit of its long-term objectives.

Basic Principles

The Bank acknowledges the need for the Risk Executive and the ExCo to be actively engaged in setting and monitoring the risk appetite. To this end, the ExCo is engaged in agreeing and monitoring the appetite for all material risks.

Management principles

The Bank has established the following principles for the effective management, monitoring, and reporting of Risk Appetite Statements.

- Risk appetite is defined by the ExCo and approved by the BoD.
- The introduction of new Risk Appetite indicators or changes to existing ones follows recommendations by Risk and other control functions and/or Finance, regulators and/or auditors (both internal and external) and ExCo.
- The on-going management of selected Risk Appetite indicators (in terms of changes to data sources, refinements to calculation formulae, definitions, etc.) is the responsibility of the Risk and Finance Divisions.
- Any additions or changes to the existing Risk Appetite indicators, including thresholds or limits should be approved by the ExCo and the BoD/ BRC.
- All Risk Appetite indicators are revisited formally, at least once a year, or whenever the BoD/ BRC or ExCo considers it is required.

The Bank's Risk Appetite employs Red-Amber-Green system for quantifying and monitoring limits, with appropriate early warning indicators and established escalation mechanisms.

Monitoring Principles

All risk appetite indicators are monitored by the Risk Management Unit, which communicates on an appropriate frequency the evolution of the indicators to the respective business owners and the Executive Committee. Limit breaches are escalated to the BRC for actions with notification of the responsible managers/ unit heads. The Risk Committee of the Bank reviews and monitors the evolution of the risk indicators included in the Risk Appetite at least on a quarterly basis and takes appropriate action.

Risk Appetite Dashboard

The Risk Appetite Dashboard depicted below describes the risk metrics selected to measure and monitor compliance of the Bank's evolving risk profile versus the risk appetite. As at 31/12/2021, the Bank's risk profile was within the risk appetite limits across all relevant metrics. In 2021 the BRC approved an additional set of indicators covering credit quality, liquidity and interest rate risk, enhancing this way the granularity and precision of risk capturing and monitoring.

3.3 Types of risk

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

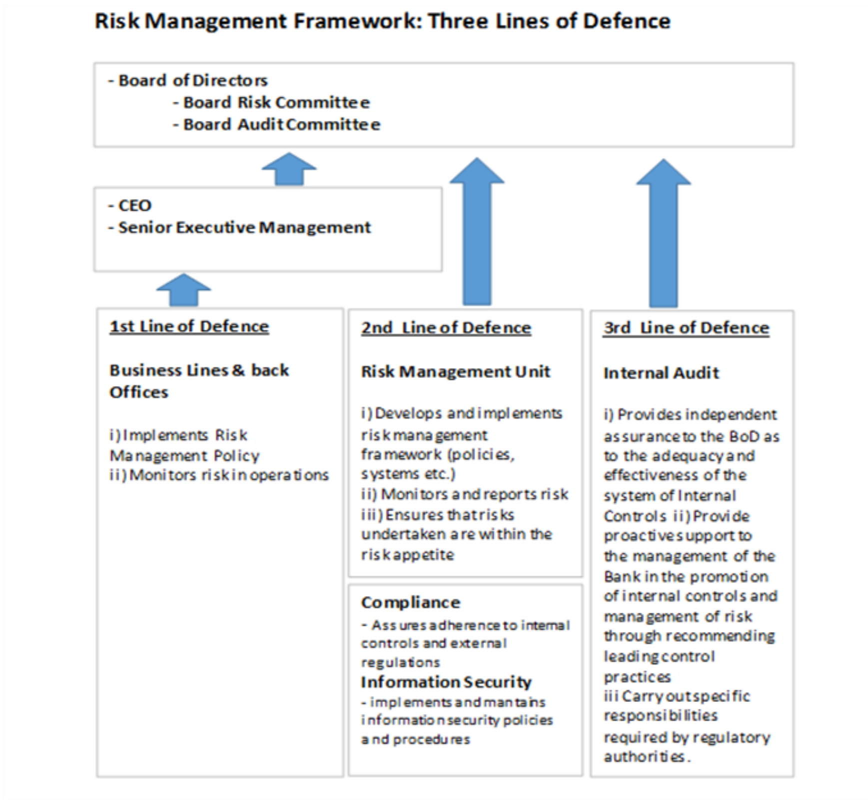
- Credit risk;
- Market, Counterparty and Liquidity risk;
- Operational risk;
- Business and Strategy Risk;

With regard to climate risk, the Bank recognizes 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 so as to comply in full with supervisory requirements and international standards.

3.4 Organization

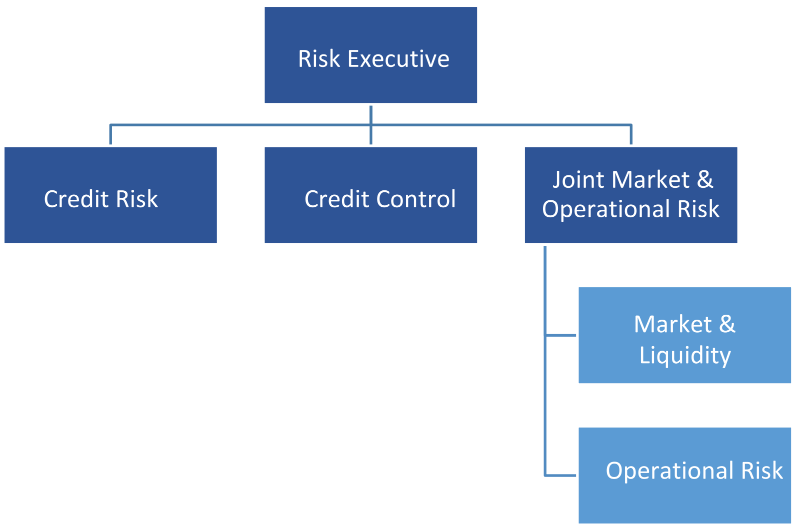
The BoD through the BRC and the ExCo maintain an active role in overseeing current and evolving risks and make sure that appropriate and timely mitigating action is undertaken.

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



3.5 Risk Management Unit

To address this risk, the Bank has established an organizational 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 organization 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 & procedure

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 and business administration, 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 and retail banking and arrears 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 proposal, which was approved by the Board, 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) by 2023, with a minimum of 2 female members, also considering industry trends and best practices which was met.

During 2021, following appointment of the third female independent Director in November 2021, following regulatory approvals, the Bank has achieved the above.

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 nationalization, 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 organization and processes

4.2.1 Credit Risk organization

To address this risk, the Bank has established an organizational 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 - 21, 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 2021:

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

31 December 2021										
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	**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	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 under "Loans and advances" in the Report.

(2) Relates to investment in equities not meeting the definition of debt securities

(3) Relates to "Settlement balances with credit institutions" which is represented differently between the Financial Statements and 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 2021 and 2020:

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

	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	-	5.048.598	1.001.780	1.705.586	-	**7.755.964**
Debt securities	-	153.561	615.797	245.585	-	**1.014.943**
Total	**-**	**5.202.159**	**1.617.577**	**1.951.171**	**-**	**8.770.907**

	31 December 2020					
	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	-	2.783.269	1.591.280	1.976.217	-	**6.350.766**
Debt securities	-	351.234	460.110	181.437	-	**992.781**
Total	**-**	**3.134.503**	**2.051.390**	**2.157.654**	**-**	**7.343.547**

[(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.

[(2)] The increase in Loans and advances relates to the increase in exposures with Central governments or central banks compared to 31 December 2020, which is mainly due to the increase in the Mandatory Reserve Requirement ("MRR") balance. The increase in debt securities relates to increased position in Sovereign bonds.

4.5 Credit quality of financial assets

The Bank recognizes 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 recognized as they exhibit no significant increase in credit risk since initial recognition and loans for which a "Lifetime ECL allowance" is recognized 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 categorized 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 realization 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 2021 and 31 December 2020. 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 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	2.869.049	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 [2]	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [2]	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**

	31 December 2020											
	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	1.290.329	1.290.329	-	-	-	-	-	-	-	-	-	-
Loans and advances	**4.457.077**	**4.456.641**	**436**	**71.802**	**50.160**	**3**	**415**	**6.641**	**3.205**	**915**	**10.463**	**71.802**
Central banks [2]	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [2]	2.283.303	2.283.303	-	-	-	-	-	-	-	-	-	-
Other financial corporations	613.072	613.069	3	22.320	20.717	-	53	1.186	300	-	64	22.320
Non-financial corporations	1.345.865	1.345.699	166	33.696	20.181	-	340	3.933	934	315	7.993	33.696
Of which SMEs	965.953	965.787	166	30.639	17.126	-	340	3.933	932	315	7.993	30.639
Households	214.837	214.570	267	15.786	9.262	3	22	1.522	1.971	600	2.406	15.786
Debt securities	**993.173**	**993.173**	-	-	-	-	-	-	-	-	-	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	722.552	722.552	-	-	-	-	-	-	-	-	-	-
Credit institutions	149.091	149.091	-	-	-	-	-	-	-	-	-	-
Other financial corporations	121.530	121.530	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**579.343**			**987**								**987**
Central banks	-			-								-
General governments	1			-								-
Credit institutions	305			-								-
Other financial corporations	99.366			130								130
Non-financial corporations	432.925			785								785
Households	46.746			72								72
Total	**7.319.922**	**6.740.143**	**436**	**72.789**	**50.160**	**3**	**415**	**6.641**	**3.205**	**915**	**10.463**	**72.789**

[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 securities lending.

[2] «Settlement balances with credit institutions" account is included under credit institutions asset class for the purposes of the Report. The increase in Cash balances at central banks compared to 31 December 2020 is mainly due to the increase in the MRR balance

[3] The increase to Debt Securities compared to 2020 is due to increased position in Sovereign bonds.

[4] The YE2020 comparative has been restated to be aligned with the new EBA mapping tool and updated template format

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 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020:

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

	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**

	31 December 2020
	Gross carrying amount
	€ thousands
Initial stock of non-performing loans and advances	**72.602**
Inflows to non-performing portfolios	22.545
Outflows from non-performing portfolios	(23.345)
Outflows due to write-offs	(15.178)
Outflow due to other situations [(1)]	(8.167)
Final stock of non-performing loans and advances	**71.802**

[(1)] *The "Outflow due to other situations" consist mainly of decrease due to repayments (either full or partial) of 66% of the total value (2020: 34%) while 32% relates to curing to the performing status, a notable difference relating to the 2020 figure which was 1% of the balance. Although the Bank has Debt for Asset solutions, no such solutions were effected in 2021.*

[(2)] *No debt securities were classified as defaulted or impaired as at 31 December 2021 nor 31 December 2020.*

[(3)] *The YE2020 comparative has been restated to be aligned with the new EBA mapping tool*

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 2021 and 31 December 2020. 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 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 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	2.869.049	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 [2]	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [2]	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**

	31 December 2020												
	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	1.290.329	1.290.329	-	-	-	(14)	(14)	-	-	-	-	-	-
Loans and advances	**4.457.077**	**4.302.235**	**154.842**	**71.802**	**71.802**	**(6.037)**	**(4.098)**	**(1.939)**	**(39.973)**	**(39.973)**	**(29.987)**	**3.965.613**	**28.544**
Central banks [(2)]	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [(2)]	2.283.303	2.283.303	-	-	-	(45)	(45)	-	-	-	-	2.127.288	-
Other financial corporations	613.072	583.286	29.786	22.320	22.320	(703)	(293)	(410)	(8.604)	(8.604)	(458)	596.077	13.702
Non-financial corporations	1.345.865	1.227.226	118.639	33.696	33.696	(4.689)	(3.290)	(1.399)	(22.247)	(22.247)	(24.247)	1.044.741	8.228
Of which SMEs	965.953	872.210	93.743	30.639	30.639	(3.717)	(2.320)	(1.397)	(22.245)	(22.245)	(24.247)	809.370	8.228
Households	214.837	208.420	6.417	15.786	15.786	(600)	(470)	(130)	(9.122)	(9.122)	(5.282)	197.507	6.614
Debt securities	**993.173**	**993.173**	**-**	**-**	**-**	**(392)**	**(392)**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	722.552	722.552	-	-	-	(392)	(392)	-	-	-	-	-	-
Credit institutions	149.091	149.091	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	121.530	121.530	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**579.343**	**553.188**	**26.155**	**987**	**987**	**(2.748)**	**(2.037)**	**(711)**	**-**	**-**	**-**	**242.181**	**854**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1	1	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	305	305	-	-	-	-	-	-	-	-	-	304	-
Other financial corporations	99.366	96.359	3.007	130	130	(61)	(53)	(8)	-	-	-	21.574	70
Non-financial corporations	432.925	410.207	22.718	785	785	(2.551)	(1.855)	(696)	-	-	-	198.631	713
Households	46.746	46.316	430	72	72	(136)	(129)	(7)	-	-	-	21.672	71
Total	**7.319.922**	**7.138.925**	**180.997**	**72.789**	**72.789**	**(9.191)**	**(6.541)**	**(2.650)**	**(39.973)**	**(39.973)**	**(29.987)**	**4.207.794**	**29.398**

[(1)] The table above includes 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 securities lending.

[(2)] «Settlement balances with credit institutions" account is included under credit institutions asset class for the purposes of Pillar 3 disclosures report. The increase in Cash balances at central banks compared to 31 December 2020 is mainly due to the increase in the MRR balance

[(3)] The increase to Debt Securities compared to 2020 is due to increased positions in Sovereign bonds.

[(4)] The YE2020 comparative has been restated to be aligned with the new EBA mapping tool and updated template format

The following tables present an overview of the quality of forborne exposures as at 31 December 2021 and 31 December 2020:

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

	31 December 2021							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
	€ 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**

	31 December 2020							
	Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
	Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
			Of which defaulted	Of which impaired				
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
Loans and advances	**19.655**	**44.805**	**44.805**	**44.805**	**(402)**	**(21.402)**	**37.865**	**23.360**
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	4.279	20.718	20.718	20.718	(253)	(7.357)	15.131	13.361
Non-financial corporations	12.452	15.407	15.407	15.407	(71)	(9.794)	15.625	5.613
Households	2.924	8.680	8.680	8.680	(78)	(4.251)	7.109	4.386
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	**683**	**557**	**557**	**557**	**(2)**	**-**	**675**	**557**
Total	**20.338**	**45.362**	**45.362**	**45.362**	**(404)**	**(21.402)**	**38.540**	**23.917**

[(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 2021 and 2020:

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

	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)**	**-**

	31 December 2020				
	Gross carrying amount/nominal amount				
	Gross carrying/nominal amount		Non-performing exposures		
		Of which defaulted	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
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
On balance sheet exposures [2]	**5.522.052**	**71.802**	**(46.402)**		-
Cyprus	1.853.839	67.648	(42.508)		-
Other European Countries [1]	2.732.069	77	(1.060)		-
Other countries	936.144	4.077	(2.834)		-
Off-balance-sheet exposures	**580.330**	**987**		**(2.748)**	
Cyprus	528.361	986		(2.728)	
Other European Countries [1]	9.040	1		(7)	
Other countries	42.929	-		(13)	
Total	**6.102.382**	**72.789**	**(46.402)**	**(2.748)**	**-**

[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 2021			
	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	4.308	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)**	**-**

	31 December 2020			
	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	1.298	-	(1)	-
Mining and quarrying	8.212	-	-	-
Manufacturing	104.347	500	(740)	-
Electricity, gas, steam and air conditioning supp	44.828	-	(306)	-
Water supply	18.458	-	(105)	-
Construction	87.382	5.179	(4.989)	-
Wholesale and retail trade	229.032	8.847	(6.189)	-
Transport and storage	194.758	1.593	(1.854)	-
Accommodation and food service activities	304.822	17	(138)	-
Information and communication	3.484	-	(45)	-
Financial and insurance actvities	-	-	-	-
Real estate activities	268.151	5.655	(5.234)	-
Professional, scientific and technical activities	29.579	5.096	(1.197)	-
Administrative and support service activities	27.242	2.718	(2.651)	-
Public administration and defense, compulsory	-	-	-	-
Education	3.203	2.347	(1.820)	-
Human health services and social work activitie	5.100	-	(33)	-
Arts, entertainment and recreation	47.791	-	(138)	-
Other services	1.874	1.744	(1.496)	-
Total	**1.379.561**	**33.696**	**(26.936)**	**-**

[1] The table provides information on loans and advances to exposures 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 categorized 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 2020 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 or 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 2021 and 31 December 2020:

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

	31 December 2021					
	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	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%**

	31 December 2020					
	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	1.907.262	-	1.955.217	-	51.601	2,6%
Regional governments or local authorities	-	-	-	-	-	0,0%
Public sector entities	-	-	-	-	-	0,0%
Multilateral development banks	72.829	-	72.829	-	-	0,0%
International organisations	-	-	-	-	-	0,0%
Institutions	323.702	1.296	258.052	351	76.796	29,7%
Corporates	1.839.593	389.449	1.246.834	69.354	1.107.163	84,1%
Retail	141.975	144.813	109.100	32.683	88.059	62,1%
Secured by mortgages on immovable property	314.914	32.335	314.914	15.648	122.954	37,2%
Exposures in default	26.077	531	25.216	108	28.138	111,1%
Items associated with particularly high risk	66.950	9.158	64.280	4.346	102.939	150,0%
Covered bonds	-	-	-	-	-	0,0%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
Collective investments undertakings	1.934	-	1.934	-	600	31,0%
Equity exposures	255	-	255	-	255	100,0%
Other exposures	37.256	-	37.256	-	30.539	82,0%
Total	**4.732.747**	**577.582**	**4.085.887**	**122.490**	**1.609.044**	**38,2%**

[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 securitization 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 20120 mainly as a result of increased exposures with Central Governments/Central Banks (ca. €1.7 million) that enjoy 0% risk weight.*
- *Regarding exposures to Institutions, even though the exposure decreased by 40%, the RWA density has increased. This is due to ca. €22 million investments in bonds that with counterparties that employ a weighted average RW of 115%, offset the decrease of exposures that enjoy smaller risk weights.*

[3] The YE2020 comparative has been restated to be aligned with the new EBA mapping tool

4.8 Credit risk mitigation

A key component of the Bank's business strategy is to reduce risk by utilizing 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 minimizing 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 collateralized, except for car loans where the Bank retains ownership until full loan repayment. Mortgage loans are fully collateralized 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 2021 and 31 December 2020:

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

	31 December 2021				
	Exposures unsecured – Carrying amount	**Exposures secured – Carrying amount [(2)]**	**Exposures secured by collateral**	**Exposures secured by financial guarantees[(3)]**	**Exposures secured by credit derivatives**
	€ thousands	**€ thousands**	**€ thousands**	**€ thousands**	**€ thousands**
Total loans	3.305.070	3.749.052	3.740.678	8.374	-
Total debt securities	1.014.943	-	-	-	-
Total exposures	**4.320.013**	**3.749.052**	**3.740.678**	**8.374**	**-**
Of which non-performing exposures	739	24.123	24.123	-	-
Of which defaulted	739	24.123	24.123	-	-

	31 December 2020				
	Exposures unsecured – Carrying amount	Exposures secured – Carrying amount [(2)]	Exposures secured by collateral	Exposures secured by financial guarantees[(3)]	Exposures secured by credit derivatives
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Total loans	1.779.027	3.994.157	3.981.402	12.755	-
Total debt securities	992.781	-	-	-	-
Total exposures	**2.771.808**	**3.994.157**	**3.981.402**	**12.755**	**-**
Of which non-performing exposures	3.285	28.544	28.544	-	-
Of which defaulted	3.285	28.544	28.544	-	-

[(1)] The table above covers loans to customers and debt securities exposures but does not include off-balacne sheet exposures. The table covers CRM techniques regardless of whether these techniques are recognised udner the CRR.
The main differences between the increase in unsecured exposures compared to 2020 is due to increase in cash balances at central banks, while the decrease in secured exposures compared to 2020 is due to the decrease in the balance of Reverse Repurchase Agreements.
[(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 2021 and 31 December 2020.
[(3)] Financial gurantees as per table above include bank guarantees.
[(4)] Financial gurantees as per table above include bank guarantees.
[(5)] The value of collaterals and the amount of financial guarantees shown above are the allocated values
[(6)] For real estate properties the lower between the market value and the pledged amount is considered
[(7)] The YE2020 comparative has been restated to be aligned with the new EBA mapping tool.

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. The following templates cover the reporting requirements in light of the COVID-19 crisis on exposures subject to legislative and non-legislative moratoria and loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria, for the year ended 31 December 2020 only:

Table 20: Template 1 - EBA GL 2020/07 - Information on loans and advances subject to legislative and non-legislative moratoria (1)

	2020							2020							Gross carrying amount
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							
		Performing			Non performing				Performing			Non performing			
			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			Of which: exposures with forbearance measures	Of which: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Of which: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days	Inflows to non-performing exposures
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Loans and advances subject to moratorium	**999.776**	**955.627**	**14.051**	**125.355**	**44.149**	**39.965**	**44.149**	**20.101**	**2.618**	**317**	**1.432**	**17.483**	**17.287**	**17.483**	**16.031**
of which: Households	*121.861*	*115.532*	*846*	*3.637*	*6.329*	*5.971*	*6.329*	*2.445*	*277*	*16*	*60*	*2.168*	*2.070*	*2.168*	*3.468*
of which: Collateralised by residential immovable property	*84.523*	*78.945*	*790*	*3.118*	*5.578*	*5.220*	*5.578*	*1.788*	*208*	*14*	*56*	*1.580*	*1.482*	*1.580*	*3.468*
of which: Non-financial corporations	*699.740*	*682.638*	*8.926*	*98.959*	*17.102*	*13.276*	*17.102*	*9.898*	*1.940*	*48*	*1.071*	*7.958*	*7.860*	*7.958*	*8.410*
of which: Small and Medium-sized Enterprises	*527.095*	*513.048*	*8.926*	*74.199*	*14.047*	*13.276*	*14.047*	*9.547*	*1.589*	*48*	*1.069*	*7.958*	*7.860*	*7.958*	*5.355*
of which: Collateralised by commercial immovable property	*542.205*	*528.248*	*7.963*	*91.834*	*13.957*	*13.186*	*13.957*	*9.203*	*1.335*	*44*	*782*	*7.868*	*7.771*	*7.868*	*5.355*

(1) The table does not show all sub-categories of loans and advances subject to moratorium.

(2) The gross carrying amount of facilities under moratorium as at 31 December 2020 was €999,8 million.

Table 21: Template 2 - EBA GL 2020/07 - Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria [(1)]

	2020								
	Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Loans and advances for which moratorium was offered	**734**	**1.000.228**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Loans and advances subject to moratorium (granted)	**731**	**999.776**	**999.776**	**-**	**999.776**	**-**	**-**	**-**	**-**
of which: Households	-	121.861	121.861	-	121.861	-	-	-	-
of which: Collateralised by residential immovable property	-	84.523	84.523	-	84.523	-	-	-	-
of which: Non-financial corporations	-	699.740	699.740	-	699.740	-	-	-	-
of which: Small and Medium-sized Enterprises	-	527.095	527.095	-	527.095	-	-	-	-
of which: Collateralised by commercial immovable property	-	542.205	542.205	-	542.205	-	-	-	-

[(1)] *Residual maturity of moratoria: Maturity of the moratoria scheme.*

5. Counterparty credit risk

5.1 Definition, Governance and Policies

Counterparty credit risk 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.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to certain limitations. Given this, actual outcomes are monitored regularly, via back testing process, to test the validity of the assumptions and the parameters used in the VaR calculation. 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") risk 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 recognized 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 2021 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 Interest Rate in the Banking Book ("IRRBB") taking into account FVOCI and AC portfolios (loans, deposits and debt securities), including sensitivity of NII and sensitivity of Bank's EVE (Economic Value of Equity) 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 unrealized 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") and (d) the scenario assessment for the identification of material or significant operational risk exposures.

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 specialized database for the recording of all operational risk events data. The relevant information is monitored and analyzed 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.

The frequency of the monitoring of each KRI varies from monthly, quarterly, semi-annually or yearly depending on the nature. Compliance-related KRIs comprise 35% of all KRIs, 13% are attributable to operational risk while the rest are spread across 11 other business activities.

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 operational risks per assessment entity, associated with activities and controls, summarized into operational risk profiles.

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 are 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 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 further 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 risk assessments of outsourced activities, (e) the resolution of the findings of the Internal Audit , (f) the further improvement of Bank's Operational risk policy framework, (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.

7.6 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 2021 amounts to €15,9 million (2020: €14,8 million)

Table 22: Template EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

	31 December 2021				
	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)	104.945	100.562	111.520	15.851	198.142

	31 December 2020				
	Relevant indicator				
Banking activities	31/12/2018 € thousands	31/12/2019 € thousands	31/12/2020 € thousands	Own funds requirements € thousands	Risk exposure amount € thousands
Banking activities subject to basic indicator approach (BIA)	90.221	104.945	100.562	14.786	184.830

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 2021, 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 analyze 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 31/12/2021. 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. 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 €16 million as of 31/12/2021.

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 31/12/2021 amounted to €4,4 billion (2020: €3, 3 billion). It includes bonds, securities obtained through reverse repo and placements of funds to third parties and the Central Bank of Cyprus. Approximately €1 billion (2020: €1,3 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 €346 million (2020: €694 million) with various counterparties and also due to the bonds collateral pledged for TLTRO III funding amounting to €661 million (2020: €583 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 2021 stood at 303% (2020: 220%), well above the regulatory limit of 100%, highlighting the strong liquidity position of the Bank. The main reason for the increase of the LCR is the increase of customer deposits during the year by €1.1 billion which were either placed in the Central Bank or invested, mainly in High-Quality Liquid assets ("HQLA') (such as EU sovereign bonds and US T-Bills). Also, the variability of the LCR during the year 2021 related to the technical nature of the ratio and its sensitivity to the distribution of expected outflows at each month, which can vary even with immaterial variations of actual outflows. In addition, the distribution of LCR outflows depends on the classification of liabilities to retail, financial and non-financial, operational and non-operational categories.

Particularly, during 2021, a large financial deposit with a 3-month rolling maturity caused large fluctuations in the LCR ratio, specifically a large decline every quarter-end the residual maturity of the deposit dropped below 30 days.

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 2021 stood at 191% (2020: 180%), well above the regulatory limit of 100%, highlighting the strong liquidity position of the Bank. The main reason for the increase of the NSFR is the increase of customer deposits during the year by €1.1 billion which increases the numerator.

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 presents the key components of LCR and NSFR, as per the respective EBA guidelines on LCR and NSFR.

The tables below presents the level and components of the Bank's LCR and NSFR for 2021:

Table 23: Template EU LIQ1 - Quantitative information of LCR

	Total unweighted value (average)				Total weighted value (average)			
Quarter ending on	**31 December 2021**	30 Seqtember 2021	30 June 2021	31 March 2021	**31 December 2021**	30 Seqtember 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	**12**	12	12	12	**12**	12	12	12
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
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 (1)					318,73%	304,87%	282,11%	275,64%

Table 24: Template EU LIQ2: Net Stable Funding Ratio

	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 maintains always 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 2021 while at the same time satisfying minimum regulatory requirements. The Bank as at the above date maintains an LCR ratio of 303% and an NSFR ratio of 191%, 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 2021 include €609 million encumbered assets (in face value) from the TLTRO III repo funding programme (2020: €541) and €339million encumbered assets from securities lending transactions (2020: €660 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 thresholds have been set at the risk appetite statement as well as specific triggers in the recovery plan of the Bank. The Bank has set specific actions to be undertaken in order to restore the leverage ratio within the risk appetite in case of any deviation.

The level of the leverage ratio with reference date 31 December 2021 was at 7,1%, 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 2021 and 31 December 2020.

Table 25: Template EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures [(1)]

	31 December 2021 € thousands	31 December 2020 € thousands
Total assets as per published financial statements	8.156.866	6.821.221
Adjustment for derivative financial instruments	85.961	9.082
Adjustment for securities financing transactions (SFTs)	(687.720)	(604.390)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	246.015	192.402
Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	(578)	(693)
Other adjustments	(16.083)	31.744
Total exposure measure	**7.784.461**	**6.449.366**

[(1)] The table above shows the difference in value between the accounting value and the exposure value recognized for leverage purposes, as per the provisions of Regulation (EU) 575/2013. The main difference arises from Securities Financing Transactions, since for reverse repurchase agreements the accounting value recognized in the financial statements considers only the asset side of the transaction, while the value recognized 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. Thus, for reverse repos the leverage exposure is less than for the accounting value, but for securities lending the leverage exposure is more.

[(2)] The change in methodology for determining the exposure value for derivative financial instruments is the reason for the difference to the corresponding value in 2020value in derivative financial instruments compared to 31 December 2020 is due to the change in methodology for determine the increase in securities lending.

Table 26: Template EU LR2 - LRCom: Leverage ratio common disclosure

	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)	6.625.058	4.732.747
(Asset amounts deducted in determining Tier 1 capital)	(18.828)	(8.000)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**6.606.230**	**4.724.747**
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	104.500	9.319
(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	**104.500**	**9.319**
Securities financing transaction (SFT) exposures		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2.548.180	2.127.290
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2.108.260)	(1.337.643)
Counterparty credit risk exposure for SFT assets	387.795	733.251
Agent transaction exposures	-	-
Total securities financing transaction exposures	**827.715**	**1.522.898**
Other off-balance sheet exposures (1)		
Off-balance sheet exposures at gross notional amount	707.226	580.330
(Adjustments for conversion to credit equivalent amounts)	(459.475)	(385.181)
(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(1.736)	(2.747)
Off-balance sheet exposures	**246.015**	**192.402**
Capital and total exposure measure		
Tier 1 capital	**552.645**	512.675
Total exposure measure	**7.784.461**	6.449.366
Leverage ratio (2)		
Leverage ratio (%)	**7,1%**	**8,0%**
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**7,1%**	**8,0%**
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	**7,1%**	**8,0%**
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 2021m while the main changes to the denominator compared to 2020 were:

- increase in the value of on-balance sheet exposures mainly due to increase lending of as well as increased cash balances with the central bank to ca. €2,8 billion in 2021 (2020: €1,2 billion)
- increase in the value of derivative exposures due to the change in methodology for determining the exposure for regulatory purposes, which introduces a factor of 1,4 to be applied to the exposure value as was used to be determined in previous years
- decrease in the value of securities financing transactions exposures which resulted from the decrease in the nominal amount to ca. €335 million in 2021 (2020: €667 million) of the transactions entered into by the Bank. This decrease relates to the Bank's strategy which had an indirect effect on the leverage ratio

During 2020 the government introduced a scheme to subsidize 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

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

Table 27: Average of EU LR2 - LRCom

	31 December 2021 CRR Leverage ratio exposures € thousands	31 December 2020 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)	6.625.058	4.732.747
(Asset amounts deducted in determining Tier 1 capital)	(18.828)	(8.000)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**6.606.230**	**4.724.747**
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	104.500	9.319
(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	**104.500**	**9.319**
Securities financing transaction (SFT) exposures		
Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	2.548.180	2.127.290
(Netted amounts of cash payables and cash receivables of gross SFT assets)	(2.108.260)	(1.337.643)
Counterparty credit risk exposure for SFT assets	387.795	733.251
Agent transaction exposures	-	-
Total securities financing transaction exposures	**827.715**	**1.522.898**
Other off-balance sheet exposures (1)		
Off-balance sheet exposures at gross notional amount	707.226	580.330
(Adjustments for conversion to credit equivalent amounts)	(459.475)	(385.181)
(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	(1.736)	(2.747)
Off-balance sheet exposures	**246.015**	**192.402**
Capital and total exposure measure		
Tier 1 capital	**552.645**	512.675
Total exposure measure	**7.784.461**	6.449.366
Leverage ratio (2)		
Leverage ratio (%)	**7,1%**	**8,0%**
Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	**7,1%**	**8,0%**
Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	**7,1%**	**8,0%**
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%**

Table 28: Template EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) (1)

	31 December 2021 CRR Leverage ratio exposures € thousands	31 December 2020 CRR Leverage ratio exposures € thousands
Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	**6.625.058**	**4.732.747**
Trading book exposures	-	-
Banking book exposures, of which:	6.625.058	4.732.747
Covered bonds	-	-
Exposures treated as sovereigns	3.576.626	1.980.091
Exposures to regional governments, MDBs, international organisations and PSEs not treated as sovereigns	-	-
Institutions	174.195	323.702
Secured by mortgages on immovable properties	338.165	314.914
Retail exposures	165.708	141.975
Corporate	2.095.249	1.839.593
Exposures in default	18.139	26.077
Other exposures	256.976	106.395
	6.625.058	**4.732.747**

(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 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 environmental, social and governance ("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") and the EBA Guidelines on Sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013, the Commission Delegated Regulation (EU) 2021/923, 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 2021 and was amended on 24/09/2021 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 deferral period from 3 to 4 years for certain employees not meeting conditions for a 5-year deferral period. The latest version presents revised criteria – both quantitative and qualitative – for the identification of individuals with material impact on the Bank's risk profile.
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 2021 the Remuneration committee held 4 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 risk, capital and liquidity. The Remuneration Committee's objective and key responsibilities are determined by its Terms of Reference. As follows:

- To provide specialized 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 relatives (spouses, children, siblings) 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.

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.

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 on Sound Remuneration Policies under Articles 74(3) and 75(2) of Directive 2013/36/EU and disclosures under Article 450 of Regulation (EU) No 575/2013". 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:

Quantitative criteria
Employees entitled to significant remuneration in the proceeding financial year provided the following conditions are met:

- Employee's total remuneration is equal or greater than a specified limit;
- Employees' total remuneration is within the 0.3 % of the employees, who have been awarded the highest total remuneration in the preceding financial year;
- Employees' professional activities do not have a material impact on the Bank's risk profile, because the employee, or the category of the employee to which the employee belongs, meet any of the following conditions:
  - Employees or categories of employees only carry out professional activities and have authorities in a business unit which is not a material business unit; or
  - The professional activities of the employees or category of employees have no material impact on the risk profile of a material business unit.

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 point 5 (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.

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. 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 organization by aligning employee goals with them;
- Motivating employees to increase individual / Unit performance;
- Improving retention; and
- Emphasizing 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 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 the Remuneration Policy.

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. 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.4261/2014 which has incorporated the Directive 2013/36/EU.

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 organization and the nature, scope and complexity of their activities.

For any variable remuneration exceeding a specified limit, deferral requirements apply according to the role of the employee. 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 who are also Bank Employees, the CEO and the direct reports of the CEO who are also ExCo 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 in question. 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/E, 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 16, with variable remuneration comprising ~15% 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.

As a result, 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 the CRR or other instruments which can be fully converted to CET1 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 the CBC Directive. Any approval under the clauses of a higher ratio of 50% shall be carried out in accordance with the specific procedure set out in the CBC Directive.

- 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 2021, the Bank did not offer to any employee remuneration payment which exceeded the threshold of €1 million.

In addition, for the year 2021, 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 2021 and 2020:

Table 29: Template EU REM1 - Remuneration awarded for the financial year

	31 December 2021			
	MB Supervisory function €	MB Management function €	Other senior management €	Other identified staff €
Fixed Remuneration				
Number of identified staff	**10**	**2**	**13**	**3**
Total fixed remuneration	**303.424**	**797.647**	**1.959.741**	**229.841**
Of which: cash-based	303.424	797.647	1.959.741	229.841
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	**-**	**304.452**	**559.037**	**27.000**
Of which: cash-based	-	64.764	426.745	27.000
Of which: deferred	-	14.764	51.745	-
Of which: shares or equivalent ownership interests	-	239.688	132.292	-
Of which: deferred	-	239.688	132.292	-
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				

	31 December 2020			
	MB Supervisory function €	MB Management function €	Other senior management €	Other identified staff €
Fixed Remuneration				
Number of identified staff	**10**	**2**	**13**	**2**
Total fixed remuneration	**277.034**	**820.993**	**1.939.950**	**225.239**
Of which: cash-based	277.034	820.993	1.939.950	225.239
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**	**2**
Total variable remuneration	**-**	**34.984**	**293.210**	**17.000**
Of which: cash-based	-	34.984	293.210	17.000
Of which: deferred	-	2.484	6.210	-
Of which: shares or equivalent ownership interests	-	-	-	-
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	**277.034**	**855.977**	**2.233.160**	**242.239**

The table below provides information on deferred remuneration:

Table 30: Template EU REM3 - Deferred remuneration

	31 December 2021					
	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)
	€	€	€	€	€	€
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	**8.827**	-	**8.827**	-	-	-
Cash-based	8.827		8.827			
Shares or equivalent ownership interests						
Share-linked instruments or equivalent non-cash instruments						
Other instruments						
Other forms						
Other senior management	**30.385**	-	**30.385**	-	-	-
Cash-based	30.385		30.385			
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	**39.212**	-	**39.212**	-	-	-

	31 December 2020					
	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)
	€	€	€	€	€	€
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	**15.746**	-	**15.746**	-	-	-
Cash-based	15.746		15.746			
Shares or equivalent ownership interests						
Share-linked instruments or equivalent non-cash instruments						
Other instruments						
Other forms						
Other senior management	**54.491**	-	**54.491**	-	-	-
Cash-based	54.491		54.491			
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	**70.238**	-	**70.238**	-	-	-

The table below provides information on fixed and variable remuneration for identified staff for 2021 and 2020:

Table 31: Template EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

	31 December 2021								
	Management body remuneration			**Business areas**					
	MB Supervisory function	**MB Management function**	**Total MB**	**Investment banking & Asset management [1]**	**Retail banking**	**Corporate functions**	**Independent internal control functions**	**All other**	**Total**
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 (€)	**303.424**	**1.102.099**	**1.405.523**	**476.903**	**1.267.710**	**598.908**	**432.098**	**-**	
Of which: variable remuneration (€)	-	304.452	304.452	98.826	336.780	95.432	55.000	-	
Of which: fixed remuneration (€)	303.424	797.647	1.101.071	378.077	930.930	503.476	377.098	-	

	31 December 2020								
	Management body remuneration			Business areas					
	MB Supervisory function	MB Management function	Total MB	Investment banking & Asset management [1]	Retail banking	Corporate functions	Independent internal control functions	All other	Total
Total number of identified staff									**27**
Of which: members of the MB	10	2	12						
Of which: other senior management				2	5	2	4	-	
Of which: other identified staff				-	1	1	-	-	
Total remuneration of identified staff (€)	**277.034**	**855.977**	**1.133.011**	**372.923**	**1.225.975**	**453.016**	**423.485**	**-**	
Of which: variable remuneration (€)	-	34.984	34.984	53.000	162.210	45.000	50.000	-	
Of which: fixed remuneration (€)	277.034	820.993	1.098.027	319.923	1.063.765	408.016	373.485	-	

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

(2) The YE2020 comparative has been restated to be aligned with the new guidelines issues

The remuneration to the non-executive members of the BoD comprises 22% (2020: 24%) of the total remuneration to the BoD.

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

		2021/2020
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 Regulations (EU) No 575/2013 and No 2395/2017, divided by total Risk Weighted Assets (RWA).
- **Leverage ratio:** The leverage ratio is calculated as total regulatory capital divided by total exposure measure, as defined by Regulations (EU) No 575/2013 and No 2395/2017.

Appendix 3: List of abbreviations

Abbreviation	Definition
AC	Amortised Cost
Assets & Liabilities Committee	ALCO
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
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
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
ExCo	Executive Committee
FAQs	Frequently Asked Questions
FVOCI	Fair Value Through Other Comprehensive Income
FX or Currency	Foreign Exchange
GAR	Green Asset Ratio
GMRA	Global Master Repurchase Agreements

Abbreviation	Definition
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
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
MRU	Risk Management Unit
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
RCSA	Risk and Control Self – Assessments
RTS	Regulatory Reporting Standards
RWA	Risk Weighted Assets
SFDR	Sustainable Finance Disclosure Regulation
SMEs	Small-Medium Entities
SRB	Single Resolution Board
SPE	Single Point of Entry
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
SyRB	Systemic Risk Buffer
T2	Tier 2
the Bank	Eurobank Cyprus Ltd

Abbreviation	Definition
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