EUROBANK CYPRUS LTD

PILLAR 3 REPORT

FOR THE YEAR ENDED

31 DECEMBER 2020

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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] (and together with its subsidiaries the Group). Although its strategic focus remains concentrated to its main pillars of Wealth Management, Corporate and Commercial Banking, International Business Banking and Global Markets, 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 2020 and 2019 are as follows:

	31 December 2020	31 December 2019
Key Financial results	**€ thousands**	€ thousands
Net interest income	75.206	78.233
Operating income	108.919	106.191
Operating expenses	(40.217)	(36.373)
Profit from operations before impairment losses and provisions	**68.702**	**69.818**
Impairment losses and provisions	(16.259)	(10.831)
Profit before tax and government levies	52.443	58.987
Profit for the year	**40.142**	**44.467**
Balance sheet Highlights	**€ thousands**	**€ thousands**
Customer deposits	5.484.129	5.545.712
Loans and advances to customers	2.199.611	2.097.428
Total assets	6.821.221	6.303.646
Equity	526.702	494.137
NPEs	71.802	72.602
Financial Ratios	**%**	%
Cost to income	36,9	34,3
Cost of risk	0,7	0,5
NPE provisions coverage	64,0	65,5
Credit-impaired loans/gross loans	3,2	3,4
Capital adequacy ratio (all CET 1)	26,2	25,1

- The Bank's profit for the year reached €40,1 million compared to €44,5 million in 2019. The liquidity position of the Bank is satisfactory, maintaining high liquid ratios on all regulatory and internal liquidity measures.
- Cost/income ratio increased from 34,3% in 2019 to 36,9% in 2020.
- The quality of the loan portfolio improved further in 2020 as depicted by the decrease in the credit-impaired loans/gross loans ratio to 3,2% from 3,4% in 2019. In addition, the NPE provisions coverage remained at high levels at 64.0% in 2020.
- Customer deposits for 2020 amounted to €5,5 billion.

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

- Loans & advances to customers reported an increase of €102 million vs 2019 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 26,2% well above the SREP 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 3-5 of the Report.

1.1 Scope of Pillar 3

The present Pillar 3 report (the Report) is issued in response to the provisions set out in Part Eight of the CRR requiring EU institutions to publicly disclose information on their risk management strategies, processes, policies and procedures, as well as their risk governance structure, accompanied by numerical information on their capital adequacy year-end calculations.

The Report is prepared by the Bank on a solo basis, drawing on Article 13 of the CRR allowing limited disclosure of information, in consideration of the fact that the Group prepares consolidated Pillar 3 reporting and the Bank is a significant subsidiary of the consolidating group entity.

The Bank includes in its Pillar 3 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 2016, the EBA published guidelines on revised Pillar 3 disclosure requirements to improve the consistency and comparability of institutions' regulatory disclosures (EBA/GL/2016/11). These guidelines are applied since 31 December 2017.

In December 2018 the EBA has published Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10), that apply from 31 December 2019 and include enhanced formats for the disclosure of institutions' non-performing and forborne exposures and foreclosed assets. The Bank has adopted and implemented these guidelines within this Report, with the exception of certain templates which are not being disclosed due to the fact that the obligation for disclosing them is subject to the reporting institution recording a gross NPL ratio of 5% or above, which is not the case for the Bank.

1.1.1 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.

1.2 Compliance with Basel III 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 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 Pillar 3 report, while the Board of Directors (BoD) of the Bank is responsible to approve it.

1.3 Regulatory framework

The general Basel III 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 EU Regulation No. 575/2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No. 648/2012 (the CRR).
- Pillar 2 addresses the internal processes for assessing overall capital adequacy in relation to risks (Internal Capital Adequacy Assessment Process - ICAAP and Internal Liquidity Adequacy Assessment Process - ILAAP). Pillar 2 also introduces the Supervisory Review and Evaluation Process (SREP), by which the supervisory authorities assess the internal capital adequacy of credit institutions.
- Pillar 3 deals with 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 CRR provisions, the following minimum required thresholds apply:

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

Furthermore, banks are required to maintain a capital conservation buffer equal to 2,5% of their total risk exposure amount calculated.

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

a) Countercyclical Capital buffer: 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 2020. (2019: 0%).
b) Global Systemically Important Institutions buffer (G-SIIs): 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 buffer (O-SIIs): On 07.05.2020, 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. O-SII buffer rates applied to Cyprus banks range from 0,5% to 2% and are gradually phased-in within a period of five years (2019 – 2023). The Bank has been designated as an O-SII in Cyprus and should meet a transitional additional requirement of 1% of CET1 by 2023, 0,5% of which is applicable in 2020 (2019: 0,25%). As per the CBC announcement of 10 April 2020, it was also decided to defer the phasing-in schedule for the gradual build-up of this buffer by 12 months, aiming to further assist corporations and households to deal with the economic consequences of the COVID-19 pandemic and to safeguard the stability of the financial system.

d) Systemic Risk buffer: 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 2020 and similar to 2019 no Systemic Risk buffer was imposed to Cypriot banks by the CBC.
e) Pillar 2 Requirement: 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% (2019: 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: 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. If adhere to, it should be maintained in the form of CET1 capital. This is not required to be maintained by the Bank. It’s a recommendation for the Bank’s management towards the minimum requirements. The Pillar 2 Guidance was set at 1,5%.

Due to Covid-19, for 2020 the ECB announced a capital buffer relaxation to all Banks to operate temporarily below the level of capital defined by the Pillar 2 Guidance (of 1,5%), the capital conservation buffer (of 2,5%) and the liquidity coverage ratio.

Regulatory Developments

On 14 February 2020 the European Commission published Regulation 2020/429 which amends Regulation 680/2014 and sets out implementing technical standards on the supervisory reporting of institutions under the CRR. The key amendments set out by Regulation 2020/429 relate to reporting on securitization positions, IFRS 16 on leases, non-performing exposures and liquidity. This Regulation is based on the draft implementing technical standards submitted by the European Banking Authority (EBA) to the European Commission.

On 20 May 2020, the ECB published a guide for consultation that explains how it expects banks to safely and prudently manage climate-related and environmental risks and disclose such risks transparently under the current prudential framework. The ECB wants banks to account for these risks given that they drive existing prudential risk categories and can substantially impact the real economy and banks.

On 29 May 2020, the EBA published its Guidelines on loan origination and monitoring that expect Banks to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines set requirements for assessing the borrowers’ creditworthiness together with the handling of information and data for the purposes of such assessments. In these requirements, the Guidelines bring together the EBA’s prudential and consumer protection objectives.

On 18 September 2020 the ECB published the finalised guide outlining the methodology it uses to assess how euro area banks calculate their exposure to Counterparty Credit Risk (CCR) and Advanced Credit Valuation Adjustment (CVA) Risk. The guide published explains the methodology the ECB uses to assess the validity of such models, especially in internal model investigations.

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. Specifically, banks have been allowed, among others, to operate temporarily below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement. Banks have also been 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 (P2R).

On 20 March 2020 the ECB published 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.

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 27 July 2020, the ECB extended its recommendation to banks on dividend distributions and share buy-backs until 1 January 2021 and asked banks to be extremely moderate with regards to variable remuneration.

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, the 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, will help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

On June 24, 2020, the EU Council announced that it had adopted Regulation (EU) 2020/873 (CRR quick fix) amending the CRR and EU Regulation 2019/876 (CRR II), in order to mitigate the economic impact of the COVID-19 pandemic. The changes include exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by amending the methodology for calculating the transitional impact of IFRS9 on CET1 capital and extending the transitional implementation period, by treating more favorably non-performing loans secured by government guarantees for prudential backstop calculations, by allowing the temporary exclusion of certain exposures to central banks from the Leverage Ratio total exposure measure, as well as by advancing (a) the date of application of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects and (b) the exemption of certain software assets from capital deductions, among others.

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 EU. 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.

Supervisory Review and Evaluation Process (SREP)

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:

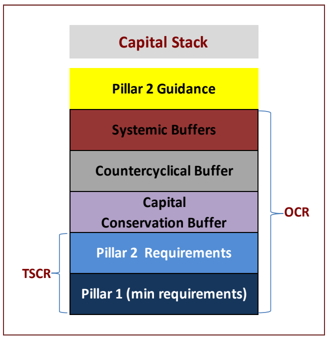
- business model analysis;
- assessment of internal governance and institution-wide control arrangements;
- assessment of risks to capital and adequacy of capital to cover these risks; and
- assessment of risks to liquidity and adequacy of liquidity resources to cover these risks.

The minimum capital adequacy requirements are determined by the ECB following the assessment of the institution’s risk profile (through SREP). For 2020 the SREP requirements consist of:

- The minimum required CET1 ratio and the minimum required Total capital adequacy ratio (Total SREP Capital Requirements or TSCR) that the Bank must meet at all times;
- The Overall Capital Requirements (OCR), which include, in addition to the TSCR, the combined buffer requirement, which in case they are breached, can lead to the trigger of the Maximum Distributable Amount (MDA);
- The Pillar 2 Guidance (P2G), which is an additional capital buffer recommended by the ECB to be kept over and above the OCR.

Pillar 2 Requirement (P2R)

The Pillar 2 Requirement (P2R) is a capital requirement 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. The P2R is 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 2020 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 held in the form of CET1 capital and it must be maintained at all times, in accordance with Article 16(2)(a) of Regulation (EU) No 1024/2013. However, ECB as part of its response to the pandemic, allowed banks to partially use capital instruments that do not qualify as Common Equity Tier 1 (CET1) capital, for example Additional Tier 1 or Tier 2 instruments, to meet the Pillar 2 Requirements (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.

1.4 Implementation of Capital Adequacy framework at Eurobank Cyprus Ltd

1.4.1 Credit risk

The Bank is using the Basel III Standardized 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.

1.4.2 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.

1.4.3 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 according 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 Common Equity Tier 1 (CET1) and Additional Tier 1 capital.

The Bank's Own Funds as at 31 December 2020 were composed entirely out of CET1 capital, and more specifically of ordinary shareholders' equity, share premium, retained earnings, year-end 2020 profits and accumulated other comprehensive income, from the sum of which the following items were deducted:

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

2.1.1 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 Regulatory capital

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

In addition, Appendix 1 provides information on the main features of the Bank's capital instruments as at 31 December 2020, and has been prepared in accordance with Annex II of the "Commission Implementing Regulation (EU) No. 1423/2013 of 20 December 2013 laying down implementing technical standards with regard to disclosure of own funds requirements for institutions according to Regulation (EU) No 575/2013 of European Parliament and of the Council".

Table 1: Reconciliation of Own Funds to Total Equity as per Financial Statements

	31 December 2020	31 December 2019
	€ thousands	€ thousands
Total Equity per Financial Statements	526.702	494.137
Deconsolidation of insurance entities	-	-
Intangible assets	(13.334)	(7.973)
Additional value adjustments	(693)	(567)
Total Common Equity Tier 1	**512.675**	**485.597**
Additional Tier 1	-	-
Total Tier 1	**512.675**	**485.597**
Tier 2 Capital	-	-
Total Own funds	**512.675**	**485.597**

The CET1 ratio is defined as CET1 capital divided by total RWAs, the Tier 1 ratio is defined as Tier 1 capital divided by total RWAs and Total Capital Adequacy ratio is defined as 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.

The table below discloses the nature and amounts of specific items of own funds:

Table 2: Annex IV, Reg 1423/2013 - Own funds disclosure template

	31 December 2020	31 December 2019
	€ thousands	€ thousands
Common Equity Tier 1 capital: instruments and reserves		
Capital instruments and the related share premium	257.394	257.394
Retained earnings	261.928	221.786
Accumulated other comprehensive income (and any other reserves)	7.380	14.957
Common Equity Tier 1 capital: capital before regulatory adjustments	**526.702**	**494.137**
Common Equity Tier 1 capital: regulatory adjustments		
Additional value adjustments	(693)	(567)
Intangible assets (net of related tax liability)	(13.334)	(7.973)
Total regulatory adjustments to Common Equity Tier 1	**(14.027)**	**(8.540)**
Common Equity Tier 1 capital	**512.675**	**485.597**
Additional Tier 1 (AT1) capital: instruments		
Additional Tier 1 (AT1) capital before regulatory adjustments	-	-
Additional Tier 1 (AT1) capital: regulatory adjustments		
Additional Tier 1 (AT1) capital	-	-
Tier 1 capital (T1=CET1+AT1)	**512.675**	**485.597**
Tier 2 (T2) capital: instruments and provisions		
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)	**512.675**	**485.597**
Total risk-weighted assets	**1.956.516**	**1.936.394**
Capital ratios and buffers		
Common Equity Tier 1 capital	**26,2%**	**25,1%**
Tier 1	**26,2%**	**25,1%**
Total capital	**26,2%**	**25,1%**

2.3 Countercyclical Capital buffer

The Countercyclical Capital buffer (CCyB) 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 3: Annex I, Reg 2015/1555 -Geographical distribution of credit exposures relevant for the calculation of the Countercyclical Capital buffer [(1)]

	31 December 2020						
	Exposures	Own Funds Requirements					
Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	Exposure Value for Standardised Approach € thousands	of which: General Credit Risk Exposures € thousands	of which: Trading Book Exposures € thousands	of which: Securitisation Exposures € thousands	Total € thousands	Own Funds Requirements Weights	Countercyclical Buffer Rate
Cyprus	1.882.150	73.889	-	-	73.889	62,2%	0,0%
Other European Countries [(2)]	503.492	25.006	-	-	25.006	21,0%	0,0%
Other countries	698.751	20.010	-	-	20.010	16,8%	0,0%
Total	**3.084.393**	**118.905**	**-**	**-**	**118.905**	**100,0%**	

	31 December 2019						
	General Credit Exposures	Own Funds Requirements					
Geographical distribution of credit exposures relevant for the calculation of the countercyclical capital buffer	Exposure Value for Standardised Approach € thousands	of which: General Credit Risk Exposures € thousands	of which: Trading Book Exposures € thousands	of which: Securitisation Exposures € thousands	Total € thousands	Own Funds Requirements Weights	Countercyclical Buffer Rate
Cyprus	1.759.032	75.597	-	-	75.597	59,2%	0,0%
Other European Countries [(2)]	507.315	30.083	-	-	30.083	23,5%	0,0%-1,0%
Other countries	691.769	22.179	-	-	22.179	17,3%	0,0%
Total	**2.958.116**	**127.859**	**-**	**-**	**127.859**	**100,0%**	

[(1)] The table above does not cover exposures on central governments or central banks, multilateral development banks and institutions asset classes.

[(2)] Other European Countries include the countries which are members of the EU.

Table 4: Annex I, Reg 2015/1555 -Amount of Institution-specific Countercyclical Capital buffer

Amount of Institution-specific Countercyclical Capital buffer	**31 December 2020**	31 December 2019
Total Risk Exposure Amount (€ thousands)	1.956.516	1.936.394
Institution-specific Countercyclical Capital buffer rate (%)	0%	~0%
Institution-specific Countercyclical Capital buffer requirement (€ thousands)	0	10

2.4 Supervisory Review and Evaluation Process (SREP) capital requirements

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 (i.e. Capital Conservation Buffer, Countercyclical Capital Buffer) until at least the end of 2022, as per the latest ECB communication issued on 28 July. 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 (P2R).

Without taking into account the aforementioned developments, the Bank was required in 2020 to meet a CET1 ratio of at least 9,75% (at the same level as in the pre-COVID-19 outbreak) and a Total Capital Adequacy Ratio of at least 14,75% including the Combined Buffer Requirement and P2G of 1,5% (the OCR remains at the same level as in the pre-COVID-19 outbreak). According to the FAQs published by the ECB (last updated 1 February 2021), 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.

The table below shows the capital requirements of the Bank for 31 December 2020, without taking in consideration the reliefs provided by the ECB :

Table 5: SREP Capital Requirements

	31 December 2020	
	CET1 Capital Requirements	Total Capital Requirements
Pillar 1 CET1	4,50%	4,50%
Pillar 1 AT1	-	1,50%
Pillar 1 T2	-	2,00%
Minimum regulatory Requirement	4,50%	8,00%
Pillar 2 Requirement (P2R)	2,25%	2,25%
Total SREP Capital Requirement (TSCR)	**6,75%**	**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)	**9,75%**	**13,25%**
Pillar 2 Guidance (P2G)	1,50%	1,50%
Overall Capital Requirement (OCR) including P2G	**11,25%**	**14,75%**

	31 December 2019	
	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)	2,25%	2,25%
Total SREP Capital Requirements (TSCR)	**6,75%**	**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)	0,25%	0,25%
Overall Capital Requirement (OCR)	**9,50%**	**13,00%**
Pillar 2 Guidance (P2G)	1,50%	0,00%
Overall Capital Requirements (OCR) including P2G	**11,00%**	**13,00%**

As at 31 December 2020 the Bank’s CET1 ratio, as well as its Total Capital ratio were 26,2%, well above the minimum capital requirements.

2.5 Capital requirements under Pillar 1

The table below shows the Banks's Risk Weighted Assets (RWAs) and capital requirements as at 31 December 2020 and 31 December 2019. The minimum capital requirements under Pillar 1 are calculated as 8% of RWAs.

Table 6: EU OV 1 - EBA/GL/2016/11 - Overview of RWAs [(1)]

	31 December 2020 RWA € thousands	31 December 2019 RWA € thousands	31 December 2020 Minimum capital requirements € thousands
Credit risk (excluding CCR)	**1.606.231**	**1.625.204**	**128.499**
Of which the standardised approach	1.606.231	1.625.204	128.499
Counterparty Credit Risk (CCR)	**162.642**	**134.192**	**13.011**
Of which mark to market	5.103	14.965	408
Of which CVA	20	25	2
Settlement risk	-	-	-
Market risk	-	-	-
Large exposures	-	-	-
Operational risk	**184.830**	**176.998**	**14.786**
Of which basic indicator approach	184.830	176.998	14.786
Amounts below the thresholds for deduction (subject to 250% risk weight)	**2.813**	**-**	**225**
Total	**1.956.516**	**1.936.394**	**156.521**

[(1)] The main drivers of the increase of RWAs compared to 31 December 2019 is the increase in Operational risk RWAs and the increase in Credit risk RWAs (including Counterparty Credit Risk (CCR)). The increase in credit risk (including CCR) RWAs is mainly due to the increase in investments in bonds and the increase in securities financing transactions (mainly relating to securities lending transactions).

2.6 Internal Capital Adequacy Assessment Process (ICAAP)

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 ("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.

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 PDs and LGDs that take under consideration worst historical data as well as current macroeconomic conditions. Specifically, in 2020 the Bank conducted stress tests considering also the effect of the pandemic.

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.

2.7 Internal Liquidity Adequacy Assessment Process (ILAAP)

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.

In the first half of 2020, the Bank prepared and submitted its annual ILAAP report. The report examined the adequacy of the Bank's liquidity buffers: i) under base and adverse economic forecasts (as used in the ICAAP report, incorporating also COVID-19 assumptions) and ii) under various market stress scenarios. The examination of the scenarios revealed that the Bank's liquidity buffer remains high even under stressed conditions.

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 Bank Risk and Capital Strategy, 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 (e.g. risk appetite, capital allocation, balance sheet profile and risk management structure). 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 independent non-executive directors, and reports to the BoD on a regular basis, at least quarterly basis. During 2020 the Committee directors convened twelve (12) times (vs 7 times in 2019) 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% for regular and 97% for ad hoc meetings.

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 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, credit 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 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 RMU departments;
- 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 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 and are all quantitative in nature. In this regard, the RAS is devoid of ambiguity while monitoring becomes simpler and more 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 as well as the 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 on which 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.

Monitoring Principles

All Risk Appetite indicators are monitored by the RMU which communicates on an appropriate frequency the evolution of the indicators to the respective business owners and to the ExCo and the BRC.

Risk Appetite Dashboard

The Risk Appetite Dashboard describes the risk metrics selected to measure and monitor compliance of the Bank's evolving risk profile versus the risk appetite. As at 31.12.2020, the Bank's risk profile was broadly within the risk appetite limits across all relevant metrics. In December 2020 the BRC approved an additional set of indicators covering credit quality, liquidity and interest rate risk, enhancing in 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:

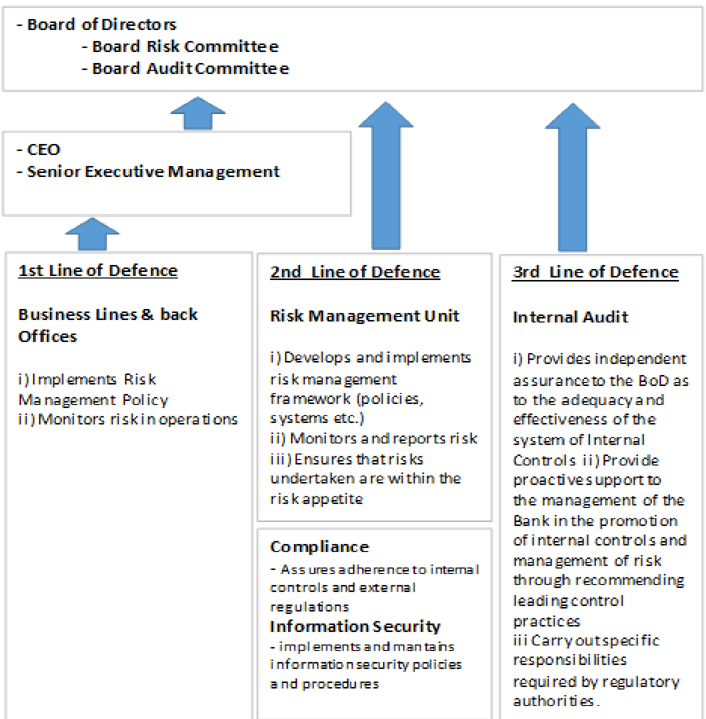
- Credit risk;
- Market, Counterparty and Liquidity risk;
- Operational risk;
- Business and Strategy Risk;
- Other Risks (i.e. Political, HR, Environmental).

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:

Risk Management Framework: Three Lines of Defence



3.5 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.

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

Nomination criteria

The Board, supported by the Nominations & Internal Governance Committee, 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.

3.7 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. In 2020, within this context and in regard to the less represented gender in the Board, the NomCo's aim was that the percentage of the female gender representation in Bank's Board shall be at least 20% calculated on the total Board size (rounded to the nearest integer) in the next 3 years, with a minimum of 2 female members, also considering industry trends and best practices which was met.

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. 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.

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.

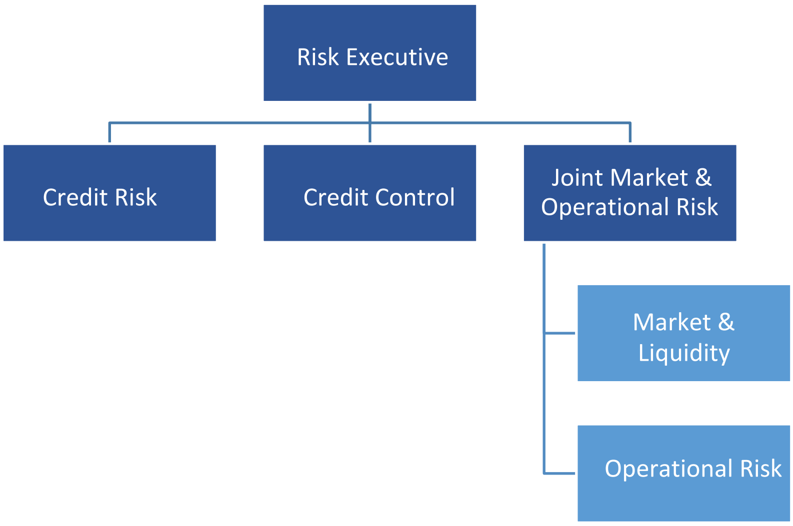
Credit risk arises principally from the wholesale and retail lending activities of the Bank, including from credit enhancement provided, such as financial guarantees and letters of credit. The Bank is also exposed to credit risk arising from other activities such as investments in debt securities, trading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

Taking into account that credit risk is the principal risk the Bank is exposed to, it is very closely managed and is monitored by centralised dedicated risk units, reporting to the Risk Executive.

4.2 Credit Risk organization and processes

4.2.1 Credit Risk organization

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:



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 Credit exposures

The following table presents the Bank's total and average values of on and off-balance sheet exposures, after impairments and before any Credit Risk Mitigation (CRM) and any Credit Conversion Factor (CCF), as at 31 December 2020 and 2019.

Table 7: EU CRB-B - EBA/GL/2016/11 - Total and average net amount of exposures [(1)]

	2020		2019	
	Net value of exposures at the end of the period € thousands	**Average net exposures over the period € thousands**	Net value of exposures at the end of the period € thousands	Average net exposures over the period € thousands
Central governments or central banks [(2)]	2.489.858	2.086.971	1.422.149	1.626.301
Regional governments or local authorities	-	-	-	-
Public sector entities	-	-	-	-
Multilateral development banks	72.829	93.020	138.247	131.220
International organisations	-	3.251	-	-
Institutions [(3)]	3.161.839	3.280.350	2.901.872	2.483.706
Corporates	2.259.484	2.208.515	2.182.555	2.189.456
Of which: SMEs	*1.435.515*	*1.569.216*	*1.571.753*	*1.595.302*
Retail	286.863	258.173	246.588	265.954
Of which: SMEs	*212.721*	*194.115*	*189.498*	*208.537*
Secured by mortgages on immovable property	347.250	359.280	345.744	281.971
Of which: SMEs	*197.869*	*225.355*	*238.284*	*188.972*
Exposures in default	26.608	20.490	19.813	24.606
Items associated with particularly high risk	76.108	79.430	86.121	76.493
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
Collective investments undertakings	1.934	1.972	1.987	1.974
Equity exposures	255	200	248	227
Other exposures	37.256	33.167	26.530	22.385
Total standardised approach	**8.760.284**	**8.424.819**	**7.371.854**	**7.104.293**

[(1)] The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write-offs.

[(2)] The increase in Central governments or central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

[(3)] The increase in Institutions compared to 31 December 2019 is mainly due to the increase in securities lending, nostro balances and investments in bonds other than government bonds.

4.3.1 Geographical and industry analysis

The following table presents the geographical breakdown of the net value of exposures as at 31 December 2020 and 2019:

Table 8: EU CRB-C - EBA/GL/2016/11 - Geographical breakdown of exposures [(1)]

	31 December 2020			
	Net Value			
	Cyprus [(2)] € thousands	Other European Countries [(3)] € thousands	Other Countries € thousands	Total € thousands
Central governments or central banks	2.332.026	123.341	34.491	**2.489.858**
Regional governments or local authorities	-	-	-	**-**
Public sector entities	-	-	-	**-**
Multilateral development banks	-	72.829	-	**72.829**
International organizations	-	-	-	**-**
Institutions	8.552	3.098.665	54.622	**3.161.839**
Corporates	1.194.273	409.592	655.619	**2.259.484**
Retail	252.743	21.268	12.852	**286.863**
Secured by mortgages on immovable property	268.890	61.516	16.844	**347.250**
Exposures in default	25.331	1.277	-	**26.608**
Items associated with particularly high risk	57.097	8.362	10.649	**76.108**
Covered bonds	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	**-**
Collective investments undertakings	1.934	-	-	**1.934**
Equity exposures	-	255	-	**255**
Other exposures	37.142	-	114	**37.256**
Total standardised approach	**4.177.988**	**3.797.105**	**785.191**	**8.760.284**

	31 December 2019			
	Net Value			
	Cyprus [(2)] € thousands	Other European Countries [(3)] € thousands	Other Countries € thousands	Total € thousands
Central governments or central banks	1.305.707	88.261	28.181	**1.422.149**
Regional governments or local authorities	-	-	-	**-**
Public sector entities	-	-	-	**-**
Multilateral development banks	-	138.247	-	**138.247**
International organizations	-	-	-	**-**
Institutions	10.700	2.872.646	18.526	**2.901.872**
Corporates	1.113.387	419.578	649.590	**2.182.555**
Retail	221.264	16.870	8.454	**246.588**
Secured by mortgages on immovable property	264.474	62.073	19.197	**345.744**
Exposures in default	18.220	1.296	297	**19.813**
Items associated with particularly high risk	67.479	6.700	11.942	**86.121**
Covered bonds	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	**-**
Collective investments undertakings	1.987	-	-	**1.987**
Equity exposures	-	248	-	**248**
Other exposures	26.304	-	226	**26.530**
Total standardised approach	**3.029.522**	**3.605.919**	**736.413**	**7.371.854**

[(1)] The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs.

[(2)] The increase in total exposures in Cyprus compared to 31 December 2019 is mainly due to (i) the increase in the MRR balance, balances with Central Bank and investments in government bonds and (ii) the increase in the lending volumes in the Corporate asset class.

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

The following table shows a breakdown of net value of exposures by industry sector as at 31 December 2020 and 2019:

Table 9: EU CRB-D - EBA/GL/2016/11 - Concentration of exposures by industry or counterparty types [(1)]

(€ thousands)

	31 December 2020 – Net Value																					
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and Insurance Activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services [(2)]	Private Individuals	Not Applicable [(3)]	Total
Central governments or central banks [(4)]	-	-	-	-	-	-	-	-	-	-	1.766.573	-	-	-	723.285	-	-	-	-	-	-	**2.489.858**
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72.829	-	-	**72.829**
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Institutions	-	-	-	-	-	-	-	-	-	-	3.161.836	-	3	-	-	-	-	-	-	-	-	**3.161.839**
Corporates	1.152	8.330	117.998	84.862	23.435	74.667	257.735	202.644	333.567	15.404	769.960	187.014	25.920	28.095	-	-	4.944	35.484	-	86.969	1.304	**2.259.484**
Retail	706	537	17.666	2.894	103	41.105	41.605	1.950	7.961	4.428	20.457	50.314	9.625	9.840	-	592	1.217	1.333	447	74.083	-	**286.863**
Secured by mortgages on immovable property	165	-	17.867	30	2.249	7.210	53.854	625	7.875	1.610	47.311	77.988	3.547	5.014	-	324	579	11.509	220	109.273	-	**347.250**
Exposures in default	-	-	70	-	-	373	4.640	-	17	-	9.375	283	4.376	169	-	550	-	-	421	6.334	-	**26.608**
Items associated with particularly high risk	-	524	-	-	-	23.302	315	-	-	-	20.088	28.847	-	136	-	-	-	-	106	2.790	-	**76.108**
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	1.934	-	-	-	-	-	-	-	-	-	-	**1.934**
Equity exposures	-	-	-	-	-	12	243	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**255**
Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	37.256	**37.256**
Total standardised approach	**2.023**	**9.391**	**153.601**	**87.786**	**25.787**	**146.669**	**358.392**	**205.219**	**349.420**	**21.442**	**5.797.534**	**344.446**	**43.471**	**43.254**	**723.285**	**1.466**	**6.740**	**48.326**	**74.023**	**279.449**	**38.560**	**8.760.284**

[(1)] The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs.

[(2)] Other services include activities of extraterritorial organizations and bodies.

[(3)] Not available includes property, plant and equipment and cash.

[(4)] The increase in Central governments or central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

Table 9: EU CRB-D - EBA/GL/2016/11 - Concentration of exposures by industry or counterparty types [1]

(€ thousands)

	31 December 2019																					
	Net Value																					
	Agriculture, forestry and fishing	Mining and quarrying	Manufacturing	Electricity, gas, steam and air conditioning supply	Water supply	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Information and communication	Financial and Insurance Activities	Real estate activities	Professional, scientific and technical activities	Administrative and support service activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Other services [2]	Private Individuals	Not Applicable [3]	Total
Central governments or central banks	-	-	-	-	-	-	-	-	-	-	868.315	-	-	-	553.834	-	-	-	-	-	-	**1.422.149**
Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Multilateral development banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	138.247	-	-	**138.247**
International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Institutions	-	-	-	-	-	-	-	-	-	-	2.858.105	-	3	-	43.764	-	-	-	-	-	-	**2.901.872**
Corporates	1.227	282	126.993	93.620	22.487	110.913	208.897	223.730	223.327	68.421	737.297	171.617	27.533	30.964	-	10	3.419	38.803	1.110	91.110	795	**2.182.555**
Retail	584	546	22.568	2.447	469	27.826	42.596	1.637	11.473	2.965	24.779	32.915	9.403	6.538	-	561	757	1.096	425	57.003	-	**246.588**
Secured by mortgages on immovable property	-	-	17.205	39	2.024	6.222	53.675	662	29.761	1.089	48.001	71.355	7.448	6.148	-	325	314	8.889	220	92.367	-	**345.744**
Exposures in default	-	-	121	-	-	499	1.660	288	21	-	9.635	279	11	155	-	2.078	-	-	543	4.523	-	**19.813**
Items associated with particularly high risk	-	-	-	-	-	24.190	477	-	-	-	28.258	29.779	-	1.035	-	-	-	-	125	2.257	-	**86.121**
Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**-**
Collective investments undertakings	-	-	-	-	-	-	-	-	-	-	1.987	-	-	-	-	-	-	-	-	-	-	**1.987**
Equity exposures	-	-	-	-	-	12	236	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**248**
Other exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	26.530	**26.530**
Total standardised approach	**1.811**	**828**	**166.887**	**96.106**	**24.980**	**169.662**	**307.541**	**226.317**	**264.582**	**72.475**	**4.576.377**	**305.945**	**44.398**	**44.840**	**597.598**	**2.974**	**4.490**	**48.788**	**140.670**	**247.260**	**27.325**	**7.371.854**

[1] The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs.

[2] Other services include activities of extraterritorial organizations and bodies.

[3] Not available includes property, plant and equipment and cash.

4.3.2 Residual Maturity analysis

The following table presents a breakdown of net exposures value by residual maturity and exposure class as at 31 December 2020 and 2019:

Table 10: EU CRB-E - EBA/GL/2016/11 - Maturity analysis of exposures [(1)]

	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**
Central governments or central banks [(2)]	-	1.995.562	360.726	132.445	1.125	**2.489.858**
Regional governments or local authorities	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	**-**
Multilateral development banks	-	72.829	-	-	-	**72.829**
International organisations	-	-	-	-	-	**-**
Institutions	-	3.091.432	51.882	18.525	-	**3.161.839**
Corporates	-	1.016.167	476.922	766.395	-	**2.259.484**
Retail	-	121.944	78.582	86.337	-	**286.863**
Secured by mortgages on immovable property	-	-	-	347.250	-	**347.250**
Exposures in default	-	6.849	5.594	14.165	-	**26.608**
Items associated with particularly high risk	-	10.470	54.100	11.538	-	**76.108**
Covered bonds	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	**-**
Collective investments undertakings	-	-	-	1.934	-	**1.934**
Equity exposures	-	-	-	255	-	**255**
Other exposures	6.717	-	-	-	30.539	**37.256**
Total standardised approach	**6.717**	**6.315.253**	**1.027.806**	**1.378.844**	**31.664**	**8.760.284**

	31 December 2019					
	Net exposure value					
	On Demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Central governments or central banks [(2)]	-	936.368	342.277	143.504	-	**1.422.149**
Regional governments or local authorities	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	**-**
Multilateral development banks	-	91.716	46.531	-	-	**138.247**
International organisations	-	-	-	-	-	**-**
Institutions	-	2.884.312	16.297	1.263	-	**2.901.872**
Corporates	-	629.027	886.823	666.705	-	**2.182.555**
Retail	-	126.604	53.350	66.634	-	**246.588**
Secured by mortgages on immovable property	-	-	-	345.744	-	**345.744**
Exposures in default	-	3.690	6.260	9.863	-	**19.813**
Items associated with particularly high risk	-	17.966	58.061	10.094	-	**86.121**
Covered bonds	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	**-**
Collective investments undertakings	-	-	-	1.987	-	**1.987**
Equity exposures	-	-	-	248	-	**248**
Other exposures	9.559	-	-	-	16.971	**26.530**
Total standardised approach	**9.559**	**4.689.683**	**1.409.599**	**1.246.042**	**16.971**	**7.371.854**

[(1)] The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs.

[(2)] The increase in Central governments or central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

4.4 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 that are reported as non-impaired include loans for which a '12-month ECL allowance' is recognised as they exhibit no significant increase in credit risk since initial recognition, and loans for which a 'Lifetime ECL allowance' is recognised as they exhibit a significant increase in credit risk since initial recognition but are not considered to be in default.

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

'Default exposures', in line with the regulatory definition of default as adopted by the Bank, include material exposures that are past due more than 90 days, 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 '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.

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. The accounting definition of default is consistent with the one used for internal credit risk management purposes.

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 past due event;
- 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-organization;
- For POCI financial 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 credit rating of the issuer/counterparty corresponds to a rating equivalent to "C" (Moody's rating scale) or if 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 significant increase in credit risk (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: instrument type, portfolio type, asset class, product type, industry, originating entity, credit risk rating, remaining term to maturity, geographical location of the borrower, value of collateral to the financial asset, forbearance status and days in arrears.

The Bank identifies individually significant exposures and performs the ECL measurement based on borrower-specific information for both retail and wholesale portfolios. This measurement is performed at a borrower level, hence the criteria are defined at this level, while both qualitative and quantitative factors are taken into consideration including forward-looking information.

For the remaining exposures, ECL are measured on a collective basis. 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 effective interest rate (EIR) of the same instrument, or the credit-adjusted EIR in case of purchased or originated credit impaired assets (POCI). In measuring ECL, information about past events, current conditions and reasonable and supportable forecasts of future conditions are considered. For undrawn commitments, ECLs are calculated as the present value of the difference between the contractual cash flows due if the commitment was drawn down and the expected cash flows, while for financial guarantees ECLs are measured as the expected payments to reimburse the holder less any amounts that the Bank expects to receive.

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 collateralized 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 Probability of Default (PD), the Loss Given Default (LGD), the Exposure At Default (EAD) and other input parameters such as the Credit Conversion Factor (CCF). 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 IFRS 9 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 amount.

The following table presents a breakdown of the Bank's defaulted and non-defaulted exposures by exposure classes as at 31 December 2020 and 31 December 2019:

Table 11: EU CR1-A - EBA/GL/2016/11 - Credit quality of exposures by exposure class and instrument [(1)]

	31 December 2020						
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values [(2)]
	Defaulted exposures	Non-defaulted exposures					
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Central governments or central banks	-	2.490.264	406	-	-	(163)	**2.489.858**
Regional governments or local authorities	-	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	-	**-**
Multilateral development banks	-	72.829	-	-	-	(34)	**72.829**
International organisations	-	-	-	-	-	-	**-**
Institutions	-	3.161.868	29	-	-	249	**3.161.839**
Corporates	-	2.264.953	5.469	-	1.782	2.732	**2.259.484**
Of which: SMEs	-	1.439.323	3.808	-	1.288	1.830	**1.435.515**
Retail	-	289.719	2.856	-	8.230	1.544	**286.863**
Of which: SMEs	-	215.149	2.428	-	6.991	1.487	**212.721**
Secured by mortgages on immovable property	-	347.250	-	-	-	263	**347.250**
Of which: SMEs	-	197.869	-	-	-	158	**197.869**
Exposures in default	54.266	-	27.658	-	8.780	5.984	**26.608**
Items associated with particularly high risk [(3)]	18.523	70.330	12.745	-	45.254	4.905	**76.108**
Covered bonds	-	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	**-**
Collective investments undertakings	-	1.934	-	-	-	-	**1.934**
Equity exposures	-	255	-	-	-	-	**255**
Other exposures	-	37.256	-	-	-	-	**37.256**
Total standardised approach	**72.789**	**8.736.658**	**49.163**	**-**	**64.046**	**15.480**	**8.760.284**
Of Which: Loans [(4)]	71.802	2.173.774	45.965	-	64.046	13.549	**2.199.611**
Of Which: Debt Securities	-	993.173	392	-	-	164	**992.781**
Of which: Off-balance-sheet exposures	987	579.343	2.748	-	-	1.742	**577.582**

	31 December 2019						
	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net Values [(2)]
	Defaulted exposures	Non-defaulted exposures					
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Central governments or central banks	-	1.422.710	561	-	-	26	**1.422.149**
Regional governments or local authorities	-	-	-	-	-	-	**-**
Public sector entities	-	-	-	-	-	-	**-**
Multilateral development banks	-	138.247	-	-	-	38	**138.247**
International organisations	-	-	-	-	-	-	**-**
Institutions	-	2.901.905	33	-	-	(55)	**2.901.872**
Corporates	-	2.185.738	3.183	-	387	(3.464)	**2.182.555**
Of which: SMEs	-	1.573.745	1.992	-	51	(110)	**1.571.753**
Retail	-	247.515	927	-	10.535	903	**246.588**
Of which: SMEs	-	190.318	820	-	9.129	(21)	**189.498**
Secured by mortgages on immovable property	-	345.744	-	-	-	101	**345.744**
Of which: SMEs	-	238.284	-	-	-	(7)	**238.284**
Exposures in default	47.492	-	27.679	-	3.896	11.163	**19.813**
Items associated with particularly high risk [(3)]	25.578	77.282	16.739	-	33.181	1.886	**86.121**
Covered bonds	-	-	-	-	-	-	**-**
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	**-**
Collective investments undertakings	-	1.987	-	-	-	-	**1.987**
Equity exposures	-	248	-	-	-	-	**248**
Other exposures	-	26.530	-	-	-	-	**26.530**
Total standardised approach	**73.070**	**7.347.906**	**49.122**	**-**	**47.999**	**10.599**	**7.371.854**
Of Which: Loans [(4)]	72.602	2.072.353	47.527	-	47.998	10.319	**2.097.428**
Of Which: Debt Securities	-	883.673	553	-	-	(278)	**883.120**
Of which: Off-balance-sheet exposures	468	568.285	1.006	-	-	612	**567.747**

[(1)] *The table above includes year-end exposures of all on and off- balance sheet assets after provisions and write- offs.*

[(2)] *Net values: Gross carrying values (of Defaulted and Non-defaulted exposures) less specific and general credit risk adjustment.*

[(3)] *Additional to the explanations provided in Table 7 EU CRB-B above, the decrease in the High Risk exposure class compared to 31 December 2019 is mainly due to an increase in write-offs applied to the portfolio of clients specifically assessed.*

[(4)] *Of which: loans Includes loans and advances to customers only.*

The following tables present the movement of the impairment allowances on loans and advances to customers from 1 January 2020 to 31 December 2020 according to the Financial Statements:

Table 12: EU CR2-A - EBA/GL/2016/11 - Changes in the stock of general and specific risk adjustments

	2020	
	Accumulated specific credit risk adjustment € thousands	Accumulated general credit risk adjustment € thousands
Opening balance	**47.527**	-
Increases due to amounts set aside for estimated loan losses during the period	17.551	-
Decreases due to amounts reversed for estimated loan losses during the period	(3.914)	-
Decreases due to amounts taken against accumulated credit risk adjustments	(15.175)	-
Impact of exchange rate differences and other adjustments	(24)	-
Closing balance	**45.965**	**-**

	2019	
	Accumulated specific credit risk adjustment € thousands	Accumulated general credit risk adjustment € thousands
Opening balance	**55.426**	-
Increases due to amounts set aside for estimated loan losses during the period	22.014	-
Decreases due to amounts reversed for estimated loan losses during the period	(11.686)	-
Decreases due to amounts taken against accumulated credit risk adjustments	(18.186)	-
Impact of exchange rate differences and other adjustments	(41)	-
Closing balance	**47.527**	-

The tables below show the changes in the movement in stock of defaulted and impaired loans and debt securities from 1 January 2020 to 31 December 2020 and from 1 January 2019 to 31 December 2019:

Table 13: EU CR2-B - EBA/GL/2016/11 - Changes in the stock of defaulted and impaired loans and debt securities

	2020
	Gross carrying value defaulted exposures € thousands
Opening balance	**72.602**
Loans and debt securities that have defaulted or impaired since the last reporting period	17.513
Returned to non-defaulted status	(114)
Amounts written off	(15.178)
Other changes [(1)]	(3.021)
Closing balance	**71.802**

	2019
	Gross carrying value defaulted exposures € thousands
Opening balance	**89.341**
Loans and debt securities that have defaulted or impaired since the last reporting period	10.849
Returned to non-defaulted status	(132)
Amounts written off	(18.213)
Other changes [(1)]	(9.243)
Closing balance	**72.602**

[(1)] The "Other changes" reflect mainly decreases in the balance of loans due to Debt for Assets swaps.

[(2)] As at 31 December 2020 and 31 December 2019 no debt securities were classified as defaulted or impaired.

The following tables present an overview of the quality of forborne exposures as at 31 December 2020 and 31 December 2019:

Table 14: Template 1 - EBA/GL/2018/10 - Credit quality of forborne exposures [1]

	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	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
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**

	31 December 2019							
	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	
		Non-performing forborne						
	Performing forborne		Of which defaulted	Of which impaired	On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands
Loans and advances	**29.634**	**35.602**	**35.602**	**35.602**	**513**	**19.635**	**42.582**	**15.964**
Central banks	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-
Other financial corporations	15.680	17.218	17.218	17.219	202	7.616	22.596	9.603
Non-financial corporations	8.215	12.193	12.193	12.193	87	8.045	12.276	4.148
Households	5.739	6.191	6.191	6.190	224	3.974	7.710	2.213
Debt Securities	-	-	-	-	-	-	-	-
Loan commitments given	**127**	**172**	**172**	**172**	**1**	**-**	**286**	**171**
Total	**29.761**	**35.774**	**35.774**	**35.774**	**514**	**19.635**	**42.868**	**16.135**

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

The following templates provide an overview of credit quality of performing and non-performing exposures as at 31 December 2020 and 31 December 2019:

Table 15: Template 3 - EBA/GL/2018/10 - Credit quality of performing and non-performing exposures by past due days [(1)]

	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
Loans and advances	**5.747.406**	**5.746.970**	**436**	**71.802**	**50.160**	**3**	**415**	**6.641**	**3.205**	**915**	**10.463**	**71.802**
Central banks [(2)]	1.182.532	1.182.532	-	-	-	-	-	-	-		-	-
General governments	-	-	-	-	-	-	-	-	-		-	-
Credit institutions [(2)]	2.391.100	2.391.100	-	-	-	-	-	-	-		-	-
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**

	31 December 2019											
	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
Loans and advances	**5.357.364**	**5.343.836**	**13.528**	**72.602**	**33.191**	**977**	**5.531**	**5.665**	**6.071**	**6.404**	**14.763**	**72.602**
Central banks [(2)]	868.321	868.321	-	-	-	-	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [(2)]	2.416.690	2.403.590	13.100	-	-	-	-	-	-	-	-	-
Other financial corporations	630.067	630.049	18	19.274	17.219	3	1.234	296	-	-	522	19.274
Non-financial corporations	1.252.603	1.252.560	43	36.630	11.862	681	2.974	2.623	2.648	5.656	10.186	36.630
Of which SMEs	1.015.593	1.015.592	1	36.627	11.862	681	2.974	2.623	2.645	5.656	10.186	36.627
Households	189.683	189.316	367	16.698	4.110	293	1.323	2.746	3.423	748	4.055	16.698
Debt securities	**883.673**	**883.673**	**-**	-	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	554.387	554.387	-	-	-	-	-	-	-	-	-	-
Credit institutions	153.341	153.341	-	-	-	-	-	-	-	-	-	-
Other financial corporations	175.945	175.945	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**568.285**	-	-	**468**	-	-	-	-	-	-	-	**468**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	306	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	116.110	-	-	130	-	-	-	-	-	-	-	130
Non-financial corporations	405.694	-	-	285	-	-	-	-	-	-	-	285
Households	46.174	-	-	53	-	-	-	-	-	-	-	53
Total	**6.809.322**	**6.227.509**	**13.528**	**73.070**	**33.191**	**977**	**5.531**	**5.665**	**6.071**	**6.404**	**14.763**	**73.070**

[(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)] Clearing account is included under credit institutions asset class for the purposes of Pillar 3 disclosures report. The increase in Central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

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 2020 and 31 December 2019:

Table 16: Template 4 - EBA/GL/2018/10 - Performing and non-performing exposures and related provisions [1]

	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 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
Loans and advances	**5.747.406**	**5.592.564**	**154.842**	**71.802**	**71.802**	**6.051**	**4.112**	**1.939**	**39.973**	**39.973**	**(23.525)**	**3.965.613**	**28.544**
Central banks [2]	1.182.532	1.182.532	-	-	-	14	14	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [2]	2.391.100	2.391.100	-	-	-	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	(18.410)	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	(18.410)	809.370	8.228
Households	214.837	208.420	6.417	15.786	15.786	600	470	130	9.122	9.122	(4.657)	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**	**(23.525)**	**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] Clearing account is included under credit institutions asset class for the purposes of Pillar 3 disclosures report. The increase in Central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

Table 16: Template 4 - EBA/GL/2018/10 - Performing and non-performing exposures and related provisions [1]

	31 December 2019												
	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
Loans and advances	**5.357.364**	**5.244.174**	**113.190**	**72.602**	**72.602**	**3.402**	**1.991**	**1.411**	**44.177**	**44.177**	**(12.275)**	**4.054.584**	**27.954**
Central banks [2]	868.321	868.321	-	-	-	8	8	-	-	-	-	-	-
General governments	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions [2]	2.416.690	2.416.690	-	-	-	44	44	-	-	-	-	2.281.872	-
Other financial corporations	630.067	605.255	24.812	19.274	19.274	521	207	314	8.695	8.695	-	620.126	10.571
Non-financial corporations	1.252.603	1.173.379	79.224	36.630	36.630	2.423	1.566	857	24.575	24.575	(10.375)	974.890	11.650
Of which SMEs	1.015.593	938.966	76.627	36.627	36.627	2.020	1.204	816	24.573	24.573	(10.375)	866.968	11.650
Households	189.683	180.529	9.154	16.698	16.698	406	166	240	10.907	10.907	(1.900)	177.696	5.733
Debt securities	**883.673**	**883.673**	**-**	**-**	-	**553**	**553**	**-**	**-**	-	-	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	554.387	554.387	-	-	-	553	553	-	-	-	-	-	-
Credit institutions	153.341	153.341	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	175.945	175.945	-	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**568.285**	**494.033**	**74.252**	**468**	**468**	**1.006**	**391**	**615**	**-**	-	**-**	**265.850**	**342**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	1	1	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	306	306	-	-	-	-	-	-	-	-	-	306	-
Other financial corporations	116.110	61.675	54.435	130	130	455	15	440	-	-	-	69.391	70
Non-financial corporations	405.694	386.275	19.419	285	285	505	333	172	-	-	-	182.731	224
Households	46.174	45.776	398	53	53	46	43	3	-	-	-	13.422	48
Total	**6.809.322**	**6.621.880**	**187.442**	**73.070**	**73.070**	**4.961**	**2.935**	**2.026**	**44.177**	**44.177**	**(12.275)**	**4.320.434**	**28.296**

[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] Clearing account is included under credit institutions asset class for the purposes of Pillar 3 disclosures report. The increase in Central banks compared to 31 December 2019 is mainly due to the increase in the MRR balance, balances with Central Bank and investments in government bonds.

4.5 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 2020 and 31 December 2019:

Table 17: EU CR4 – Standardised approach – Credit risk exposure and CRM effects [(1)]

	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	Off-balance-sheet amount	RWAs	RWA Density [(2)]
	€ thousands	€ thousands	€ thousands	€ thousands	€ thousands	%
Central governments or central banks	1.907.262	-	1.907.262	-	51.601	2,7%
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	302.315	351	76.796	25,4%
Corporates	1.839.593	389.542	1.250.526	69.354	1.107.162	83,9%
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**	**577.675**	**4.085.887**	**122.490**	**1.609.043**	**38,2%**

[(1)] The table above does not cover derivatives, repurchase agreements and securities lending as per EBA/GL/2016/11. RWA Density is reduced compared to 31 December 2019 as a result of the upgrade of Eurobank S.A. rating (exposures with risk weights of 150% were reduced to 100%) as well as the regulatory framework change (brought forward vs initially expected in 2021, due to Covid-19), which allows a more favorable prudential treatment on the RWAs of SME exposures in order to encourage credit flows in the context of the pandemic.

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

Table 17: EU CR4 – Standardised approach – Credit risk exposure and CRM effects[1]

	31 December 2019					
	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	1.422.147	1	1.422.147	-	9.535	0,7%
Regional governments or local authorities	-	-	-	-	-	0,0%
Public sector entities	-	-	-	-	-	0,0%
Multilateral development banks	138.247	-	138.247	-	-	0,0%
International organisations	-	-	-	-	-	0,0%
Institutions	186.009	670	166.297	365	23.190	13,9%
Corporates	1.758.550	393.546	1.131.365	120.529	1.222.394	97,6%
Retail	125.313	121.245	94.600	20.335	71.322	62,1%
Secured by mortgages on immovable property	302.819	42.925	302.819	21.473	138.577	42,7%
Exposures in default	19.678	135	19.487	34	22.666	116,1%
Items associated with particularly high risk	76.880	9.241	75.143	4.599	119.612	150,0%
Covered bonds	-	-	-	-	-	0,0%
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	0,0%
Collective investments undertakings	1.987	-	1.987	-	685	34,5%
Equity exposures	248	-	248	-	248	100,0%
Other exposures	26.530	-	26.530	-	16.975	64,0%
Total	**4.058.408**	**567.763**	**3.378.870**	**167.335**	**1.625.204**	**45,8%**

[1] *The table above does not cover derivatives, repurchase agreements and securities lending as per EBA/GL/2016/11.*

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

4.6 Credit risk mitigation

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

4.6.1 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.

4.6.2 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.

4.6.3 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.

4.6.4 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.

4.6.5 Netting agreements

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

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

4.6.6 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.**

4.6.7 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 2020 and 31 December 2019:

Table 18: EU CR3 - EBA/GL/2016/11 - CRM techniques – Overview [(1)]

	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	720.180	**2.118.654**	2.102.961	15.693	-
Total debt securities	-	-	-	-	-
Total exposures	**720.180**	**2.118.654**	**2.102.961**	**15.693**	**-**
Of which defaulted	3.627	29.188	29.188	-	-

	31 December 2019				
	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	666.982	**2.015.858**	2.000.165	15.693	-
Total debt securities	-	-	-	-	-
Total exposures	**666.982**	**2.015.858**	**2.000.165**	**15.693**	**-**
Of which defaulted	854	26.931	26.931	-	-

[(1)] The table above covers loans to customers including off-balance sheet items and debt securities exposures.

[(2)] Exposures secured-carrying amount include exposures secured by collaterals and exposures secured by financial guarantees.There are no exposures secured by credit derivaties for 31 December 2020 and 31 December 2019.

[(3)] Financial gurantees as per table above include bank guarantees.

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

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:

Table 19: 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 20: 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									
		Gross carrying amount								
	Number of obligors		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.*

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.

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 (i.e. derivative transaction) 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

6.2 Foreign exchange risk

Foreign exchange risk (FX/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 2020 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

Interest rate risk (IRR) is the risk that the present value or the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bank's investments in debt security placements, takings, loans and deposits, which carry variable rates, expose the Bank to IRR. 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 by entering into interest rate swaps to hedge the interest rate risk.

The Bank is monitoring the interest rate risk with the application of various methodologies such as Value-at Risk (VaR) and interest rate gap analysis. Gap analysis allows the quantification of various IR shocks (e.g. +100 bps parallel shift of the curve) on the Bank's income. VaR estimates the potential loss that may occur due to the adverse movement of interest rates at the 99% confidence interval, for a holding period of 10 days. The methodology used for the calculation is the Monte Carlo simulation (full repricing). The VaR models are 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. The Bank is actively managing Interest Rate Risk in the Banking Book (IRRBB) by monitoring daily VAR figures and taking appropriate actions to reducing repricing mismatches.

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 regime, VaR limits have been established and actual exposure is reviewed daily. However, the use of this approach does not prevent losses outside of these limits in the event of extraordinary market movements.

The Bank has established specific interest rate risk limits, which are monitored by the RMU, and are re-examined frequently. The Bank's overall exposure to Interest Rate risk remained comfortably within the set limits throughout the year. VaR as at 31.12.2020 was at € 0,9 million versus a limit of € 4 million. Nevertheless, volatility spiked especially around the first Quarter as the financial markets priced in the effect of the developing epidemic, causing a significant VaR increase which remained however within limit. The subsequent intervention of the monetary authorities restored confidence in the markets and reduced volatility to normal levels.

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 (FVTPL) 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

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, country risk, political risk, reputation risk and conduct risk.

The management of operational risk is performed through the implementation 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 and (c) the operational risk assessment through the execution of Risk and Control Self – Assessments (RCSAs).

7.2 Operational Risk Events Data Collection

The subject procedure 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 Indicators (KRIs)

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. Currently the Bank is monitoring 68 KRIs.

7.4 Risk and Control Self Assessments (RCSAs)

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 below table presents the status of actions that resulted from the previous iterations of the RCSA exercise. RCSAs are reviewed by Senior Management at appropriate intervals within the year so as to note the progress and suitability of actions selected for implementation.

7.5 Other Operational Risk Management programs

Further to the above programs for operational risk management, additional controls against operational risk are taken to enhance the overall framework. Indicatively are noted: (a) the implementation 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 findings of the Internal Audit and its contribution to operational risk identification and assessment, (f) the Bank's operational risk provisioning policy, (g) the Scenario Assessment policy for the identification of material or significant operational risk exposures, comprising the design and documentation of suitable scenarios to assess the potential implications of such exposures to the Bank, the performance of scenario assessment exercises, the quantification of the exposure implications, the identification of required corrective actions, as well as the provision of exposure information relating to any defined operational risk category, control type or causal type which could affect the Bank's business entities and processes with a need for such information.

7.6 Liquidity risk

Liquidity risk is the risk that 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 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 2020, 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 Basel III LCR on a monthly basis.

The Bank's LCR ratio is at 220% as at 31 December 2020 and at 350% as at 31 December 2019, well above the minimum limit of 100%, highlighting the strong liquidity position of the Bank. 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.

It is noted that further to the LCR, the Bank is monitoring a set of internal liquidity ratios on a daily and monthly basis, while the liquidity position is stress-tested under various domestic and regional economic scenarios. In all cases, the ability of the Bank to maintain satisfactory liquidity even under downturn economic conditions is manifested.

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.

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.

8. 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 2020 include €583 million encumbered assets from the TLTRO III repo funding programme (2019: none) and €694 million encumbered assets from securities lending transactions (2019: €422 million).

9. Leverage Ratio

The Basel III (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 level of the leverage ratio with reference date 31 December 2020 was at 8,0%, according to the transitional definition of Tier 1 capital, 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 2020 and 31 December 2019.

Table 21: Template LR1 - Summary comparison of accounting assets vs leverage ratio exposure measures [(1)]

	31 December 2020 € thousands	31 December 2019 € thousands
Total assets as per published financial statements	6.821.221	6.303.646
Adjustments for derivative financial instruments	9.082	10.623
Adjustment for securities financing transactions (ie repos and similar secured lending) [(2)]	(604.390)	(1.392.573)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	192.402	233.461
Other adjustments	31.051	32.450
Leverage ratio exposure measure	**6.449.366**	**5.187.607**

[(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 (SFTs), as for reverse repurchase agreements the accounting value considers only the asset side, while the value recognized for leverage is after the recognition of any credit risk mitigation achieved through the collaterals obtained. Also, 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 difference in the value in SFTs compared to 31 December 2019 is due the increase in securities lending.

Table 22: Template LR2: Leverage ratio common disclosure template

	31 December 2020 CRR Leverage ratio exposures € thousands	31 December 2019 CRR Leverage ratio exposures € thousands
On-balance sheet exposures		
On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	4.732.747	4.058.408
Asset amounts deducted in determining Basel III Tier 1 capital	(8.000)	(4.784)
Total on-balance sheet exposures (excluding derivatives and SFTs)	**4.724.747**	**4.053.624**
Derivative exposures		
Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	237	808
Add-on amounts for potential future exposure (PFE) associated with all derivatives transactions	9.082	10.413
Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
Deductions of receivables assets for cash variation margin provided in derivatives transactions	-	-
Exempted central counterparty, or CCP, leg of client-cleared trade exposures	-	-
Adjusted effective notional amount of written credit derivatives	-	-
Adjusted effective notional offsets and add-on deductions for written credit derivatives	-	-
Total derivative exposures	**9.319**	**11.221**
Securities financing transaction exposures		
Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	789.647	466.712
Netted amounts of cash payables and cash receivables of gross SFT assets	-	-
Counterparty credit risk exposure for SFT assets	733.251	422.589
Agent transaction exposures	-	-
Total securities financing transaction exposures	**1.522.898**	**889.301**
Other off-balance sheet exposures (1)		
Off-balance sheet exposure at gross notional amount	580.330	568.753
Adjustments for conversion to credit equivalent amounts	(387.928)	(335.292)
Off-balance sheet items	**192.402**	**233.461**
Capital and total exposures		
Tier 1 capital	**512.675**	**485.597**
Total exposures	**6.449.366**	**5.187.607**
Leverage ratio (2)		
Basel III leverage ratio	**8,0%**	**9,4%**

(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.

Table 23: Table LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) [(1)]

	31 December 2020 CRR Leverage ratio exposures € thousands	31 December 2019 CRR Leverage ratio exposures € thousands
Trading Book Exposures	-	-
Banking book exposures, of which:	**4.732.747**	**4.058.408**
Covered bonds	-	-
Exposures treated as sovereigns	**1.980.091**	**1.560.394**
Central governments and central banks	1.907.262	1.422.147
Regional governments and local authorities treated as sovereigns	-	-
MDBs and International organisations treated as sovereigns	72.829	138.247
PSEs treated as sovereigns	-	-
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	-	-
Institutions	**323.702**	**186.009**
Secured by mortgages on immovable properties; of which	**314.914**	**302.819**
Secured by mortgages of residential properties	146.333	127.104
Retail exposures	**141.975**	**125.313**
Retail SME	89.662	83.766
Corporate	**1.839.593**	**1.758.550**
Financial	681.990	646.043
Non-financial	1.157.603	1.112.507
SME exposures	711.994	829.996
Corporate exposures other than SME	445.609	282.511
Exposures in default	**26.077**	**19.678**
Other exposures; of which:	**106.395**	**105.645**
Securitisation exposures	-	-
Total on-balance sheet exposures (excluding derivatives and securities financing trascations)	**4.732.747**	**4.058.408**

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

10. Remuneration policy and practices

10.1 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. 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.

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, long term interests and includes measures 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.

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, 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. Its basic principles are to:

- 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.
- 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'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.

10.2 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 2020 the Remuneration committee held 3 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.

The drafting of the Remuneration Policy has taken into account the input provided by Control Functions, the Risk Management Unit, Compliance, Internal Audit, Human Resources and Legal Services Divisions.

The implementation of the Remuneration Policy is subject to annual internal audit review from the Internal Audit Division. Internal Audit's 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 common shared folder.

10.3 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.

The Bank has developed a remuneration framework that is based on total remuneration ranges that differ among hierarchical levels and nature of business. 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.

10.4 Fixed Remuneration General Principles

Fixed remuneration reflects the educational level, experience, accountability, position evaluation in comparison with peers, and the position's functional requirements. In addition, fixed remuneration does not provide incentives for risk assumption. Individual increase proposals are based on market data and employee performance.

10.5 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.

10.6 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 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 the 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:

- Eurobank's, the Bank's and business units' profitability.
- The cost of tied-up capital which is associated to risks undertaken (credit risk, market risk, operational risk) 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 (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 and 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.

In cases where variable remuneration is awarded to identified employees according to the EU Regulation 604/2014, additional requirements are applied to the variable remuneration amounts (as described in Section "Variable Remuneration for Identified Employees").

10.7 Other Variable Remuneration Components

10.7.1 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.

10.7.2 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 scheme 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, employees are not provided with incentives that would encourage them to propose to customers specific financial instruments instead of other instruments that would best serve the customers' needs.

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

10.7.3 Retention Schemes

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

The retention amount is not awarded to merely compensate for performance-related remuneration that is not paid due to insufficient performance or the Bank's financial situation. The Bank sets the retention period as a specific period of time or by defining an event when the retention condition is met, after which the retention amount is awarded.

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

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

10.7.4 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.

10.8 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.

10.8.1 Deferral, Retention and Method of Payment Requirements

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 three years, with the exception of the Board Members and / or Board Committee Members, the CEO, and the direct reports of the CEO who are also 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.

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.

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.

10.8.2 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 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.

10.9 Aggregate quantitative information on remuneration

For the year 2020, 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.

In addition, during 2020, the Bank did not offer to any employee remuneration payment which exceeded the threshold of €1 million.

The remuneration of the employees whose professional activities had a material impact on the risk profile of the Bank for 2020 and 2019 according to the legal framework, which includes salaries and other short-term benefits as well as employer's contributions for social insurance etc., is analysed as follows:

Table 24: Analysis of Remuneration

	2020						
	Members of the BoD	**Inv. Banking & Asset Mng.**	**Retail Banking**	**Corporate Functions**	**Independent Control Functions**	**All Other**	**Total**
Members of the BoD	12	-	-	-	-	-	**12**
Identified Staff	-	2	6	3	4	-	**15**
Senior Management	-	2	5	2	4	-	**13**
Fixed Remuneration (€ thousands)	1.098	320	1.064	408	373	-	**3.263**
Variable Remuneration Cash (€ thousands)	33	54	156	45	50	-	**338**
Deferred variable remuneration Awarded Cash (€ thousands)	2	-	6	-	-	-	**8**
Outstanding deferred variable remuneration Unvested (€ thousands)	16	6	49	-	-	-	**71**
Total (€ thousands)	**1.149**	**380**	**1.275**	**453**	**423**	**-**	**3.680**

	2019						
	Members of the BoD	Inv. Banking & Asset Mng.	Retail Banking	Corporate Functions	Independent Control Functions	All Other	Total
Members of the BoD	11	-	-	-	-	-	**11**
Identified Staff	-	2	7	3	4	-	**16**
Senior Management	-	2	5	2	4	-	**13**
Fixed Remuneration (€ thousands)	972	316	1.159	308	371	-	**3.126**
Variable Remuneration Cash (€ thousands)	28	45	159	21	37	-	**290**
Deferred variable remuneration Awarded Cash (€ thousands)	-	-	-	-	-	-	**-**
Outstanding deferred variable remuneration Unvested (€ thousands)	9	-	24	-	-	-	**33**
Total (€ thousands)	**1.009**	**361**	**1.342**	**329**	**408**	**-**	**3.449**

Appendix 1: Main Features of Capital instruments

		2020/2019
1	Issuer	**Eurobank Cyprus Ltd**
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	Cyprus
	Regulatory treatment	
4	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 (currency in million, as of most recent reporting date)	€12.010K
9	Nominal amount of instrument	€10K per share
9a	Issue price	100%
9b	Redemption price	100%
10	Accounting classification	Shareholder's equity
11	Original date of issuance	21.12.2007
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 I 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
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
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
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