Capital Adequacy and Risk Management Regulatory Disclosures

on a Consolidated Basis
for the Year 2022 (Pillar III)

Version 2.0

PIRAEUS
FINANCIAL HOLDINGS

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List of Abbreviations	
Abbreviation	Description
ALCO	Assets & Liabilities Committee
ALM	Asset/Liability management
ALMM	Additional Liquidity Monitoring Metrics
AML	anti-money laundering
ASF	Available Stable Funding
AT1	Additional Tier 1
AVA	additional valuation adjustments
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Plan
BIS	Bank of International Settlements
BoD	Board of Directors
BoG	Bank of Greece
BRRD	Bank Resolution and Recovery Directive (EU) 2014/59, as it currently stands
C&E	climate & environment
CCB	capital conservation buffer
CCF	credit conversion factor
CCO	Chief Credit Officer
CCP	central counterparty
CCR	counterparty credit risk
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CLO	collateralized loan obligation
Covid-19	coronavirus disease
CRD	Capital Requirements Directive IV, EU Directive 2013/36, as it currently stands
CRM	credit risk mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation, Regulation (EU) No 575/2013, as it currently stands
CSA	Credit Support Annex
CSRD	Corporate Sustainability Reporting Directive
CTF	counter-terrorism financing
CVA	credit valuation adjustment
DSB	Development & Sustainable Banking
DTA	deferred tax asset
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECB	European Central Bank
ECL	expected credit loss
EFSF	European Financial Stability Fund
EIF	European Investment Fund
ESG	environmental, social, and governance (risks)
ESM	European Stability Mechanism
ESMA	European Securities & Markets Authority
ESMS	Environmental and Social Management System

List of Abbreviations	
Abbreviation	**Description**
ESRB	European Systemic Risk Board
EU	European Union
EVE	Economic Value of Equity
FRTB	Fundamental Review of the Trading Book, as per the BCBS Minimum capital requirements for market risk published Jan 2019
FTP	Funds Transfer Pricing
FVTOCI	fair value through other comprehensive income
FX	foreign exchange
FY	fiscal year
GDPR	General Data Protection Regulation, as published Apr 2016
GHG	greenhouse gas
GIS	Geographic Information System
GMRA	Global Master Repurchase Agreement
GRM	Group Risk Management
HAPS	Hellenic Asset Protection Scheme ("Hercules")
HBA	Hellenic Banking Authority
HFSF	Hellenic Financial Stability Fund
HQLA	high-quality liquid assets
HR	(Group) Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
ICD	Internal Control Deficiency
ICMA	International Capital Markets Association
ICS	Internal Control System
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IORP	Institutions for Occupational Retirement Provisions
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
KPI, KRI	key performance indicator, key risk indicator
LBCM	Liquidity Buffer & Collateral Management
LCR	liquidity coverage ratio
LoD	(Three) Lines of Defense
LTRO	Long Term Refinancing Operations
MB	Management Body
MNA	master netting agreement
MREL	minimum requirement for own funds and eligible liabilities
MRT	Material Risk Takers
NCA	national competent authority
NFC	non-financial corporation
NFRD	Non-Financial Reporting Directive
NII	net interest income

List of Abbreviations	
Abbreviation	**Description**
NMD	non-maturity deposit
NPE	non-performing exposure
NPL	non-performing loan
NSFR	net stable funding ratio
OCR	Overall Capital Requirement
ORAP	Operational Risk Assessment Process
ORCO	Operational Risk Committee
ORMF	Operational Risk Management Framework
O-SII	other systemically important institution
OTC	over-the-counter
P&L	profit and loss
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirements
PD	probability of default
PFE	potential future exposure
PMO	Program Management Office
POCI	purchased or originated credit-impaired
PRB, PRI	Principles of Responsible Banking, Principles of Responsible Investing
PSI	Private Sector Involvement
PWG	product working groups
QCCP	qualifying central counterparty
RAF	Risk Appetite Framework
RC	Risk Committee
RCSA	Risk & Control Self Assessment
RemCo	Remuneration Committee
RES	renewable energy sources
RMF	Risk Management Framework
RRF	Recovery and Resilience Fund
RRM	Risk Reduction Measures, referring to the package of regulations released by the European Commission on May 20, 2019
RSF	Required Stable Funding
RWEA, RWA	risk weighted exposure amount, risk weighted assets
SBTi	Science Based Targets Initiative
SDG	Sustainable Development Goal
SFDR	Sustainable Finance Disclosure Regulation
SFT	security financing transaction
SME	small and medium size enterprises
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SRT	significant risk transfer
SSM	Single Supervisory Mechanism

List of Abbreviations	
Abbreviation	Description
ST	stress test
STE	Short Term Exercise
STS	simple, transparent, and standardized (securitization)
TLTRO	Targeted Long Term Refinancing Operations
TSCR	Total SREP Capital Requirement
TU	Typical Unit
VaR	Value-at-Risk
VES	Voluntary Exit Scheme

1. General Information

1.1. Introduction

Piraeus Financial Holdings S.A. (hereinafter "the Group") is a Financial Holdings Company incorporated and headquartered in Greece with its registered office located at 4 Amerikis str., Athens, providing services mainly in Greece. It is listed on the Athens Stock Exchange, and it is the parent company of the banking institution Piraeus Bank S.A. (hereinafter "the Bank"). Subsequent to the corporate transformation that took place on December 30th, 2020, the banking operations were hived down to a new wholly owned banking subsidiary (Piraeus Bank S.A.). The holdings company operates in accordance with the provisions of Law 2190/1920 on societés anonymes and Law 4261/2014 on access to the activity of credit institutions and the prudential supervision of credit institutions, while complying with the Greek and European legal framework regarding the operations of banking institutions.

1.2. Piraeus Group Pillar III Report Overview

1.2.1. Compliance with Pillar III Disclosure Requirements

This report constitutes the Pillar III disclosures mandate of the regulatory framework under Part Eight of Regulation (EU) No 575/2013 (CRR) as amended by Regulation (EU) 2019/876, for the year 2022 and is available on Piraeus Group's official website at:

(link: Piraeus Group Pillar III Disclosures)

The report does not constitute either a form of financial statements or an evaluation of the future financial situation or business expectation for Piraeus Group. However, any differences between the figures illustrated in these disclosures and those presented in the year-end 2022 consolidated financial statements of the Group, are sufficiently reasoned.

In June 2020, the European Banking Authority (EBA) published a "Final Report on the Guidelines on Disclosure Requirements referred to in Titles I and II under Part Eight of Regulation (EU) No 575/2013" (EBA Guidelines, EBA/GL/2020/04), amending the previous Guidelines released from the EBA. These Implementing Technical Standards (ITS) were introduced in EU legislation through Commission Implementing Regulation (EU) 2021/637 and entered into force in June 2021. They specify instructions for disclosure content and formats (fixed and flexible) through the use of tables and templates, aiming to improve the consistency and comparability of institutions' regulatory disclosures in accordance with Part Eight of the CRR.

It is noted that guidelines published by the EBA do not waive, contradict, or supersede the CRR disclosure requirements, which still apply entirely even in the case of requirements that are only partially specified or not explicitly specified in the guidelines.

Based on the regulatory disclosure requirements and the Pillar III Disclosures Policy described below, the Group discloses this report via the internet, on a consolidated basis, alongside the Annual Financial Statements.

1.2.2. Capital Adequacy and Risk Management Regulatory Disclosures Policy

Recognizing the increasing complexity of modern financial transactions and the need for complete information to investors about inherent risks, the Group has adopted a Capital Adequacy and Risk Management Regulatory Disclosures Policy (Pillar III Disclosures Policy) in order to:

- ensure valid public disclosures and compliance with the requirements of Pillar III,
- depict the framework and the policies for risk management, capital management, and remuneration at the Group level,
- respond and comply with the technical requirements on disclosures as specified by the EBA, and
- achieve harmonization with best practices of regulatory disclosures.

The internal Pillar III Disclosures Policy sets out the principles governing regulatory disclosures of Pillar III within Piraeus Group, outlines the roles and responsibilities of business units and Senior Management involved in the process of formation and review of the disclosures, and defines the minimum content and extent as well as the means and frequency of information disclosed. The policy constitutes an integral part of the Group Risk Management Framework (RMF).

1.2.3. Approval of Pillar III Report

This report was approved on April 26th, 2023, by the Risk Committee (RC) of the Board of Directors (BoD), in accordance with the Pillar III Disclosures Policy. The information presented in this report is compliant with the relevant regulatory guidelines and is consistent with the Pillar III Disclosures Policy.

Prior to the official approval by the RC, the Disclosures were reviewed by the Senior Management of Group Risk Management (GRM), Group Financial Management, Group Planning, Investor Relations (IR), & ESG, and Group Human Resources (HR). The report has not been formally audited internally or externally prior to its publication; however, it is subject to periodic review by Group Internal Audit.

The Group has not omitted from this report any required information due to confidentiality or proprietary reasons.

Through the publication of this report, the RC confirms the adequacy of the Group's risk management arrangements and the suitability of the risk management systems in accordance with the Group's profile and strategy.

1.3. Scope of Regulatory Disclosures

1.3.1. Accounting Consolidation

Accounting consolidation is conducted according to the provisions of the International Financial Reporting Standards (IFRS). The consolidated financial statements incorporate the financial statements of the Group, its subsidiaries (including structured entities) that are entities controlled by the Group, its associates, and its joint ventures. Subsidiaries are fully consolidated, while investments in associates and joint ventures are consolidated using the equity method of accounting.

Control is achieved if and only if the Group has:

a) power over the subsidiaries,

b) exposure or rights to variable returns from its involvement with the subsidiaries, and

c) the ability to use its power over the subsidiaries to affect the amount of the Group's returns.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and in the consolidated statement of comprehensive income, respectively, from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit (or loss) for the period and total comprehensive income (or expense) of subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if these result in a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Associates are all entities over which the Group has significant influence but not a controlling interest. Significant influence is generally presumed when the Group holds, directly or indirectly, more than 20% of the voting rights, unless it can be clearly demonstrated that this is not the case. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence.

1.3.2. Regulatory Consolidation

The Group's consolidation perimeter for regulatory reporting to the supervisory authorities does not differ from the accounting consolidation. Moreover:

- the proportional consolidation method is not used in any of the Group's companies, neither regulatory-wise, nor accounting-wise, and
- there are no other companies that are either consolidated or deducted from own funds.

The Group does not make use of the exemption contemplated in Article 49 of the CRR, and therefore the disclosure of template EU INS1 (Non deducted participations in insurance undertakings) does not apply.

In Appendix I, a detailed list of the Group's subsidiaries, associates, and joint venture companies that are included in the accounting consolidation are presented, along with a concise description of their activity, country of incorporation, and participation percentage.

The following table provides a reconciliation of the Group's consolidated balance sheet as of December 31st, 2022, on an accounting consolidation basis (as per the 2022 Annual Financial Report) to the Group's consolidated balance sheet under the regulatory scope of consolidation. Additionally, the table provides a breakdown of how carrying values under the scope of regulatory consolidation are allocated to the different risk frameworks laid out in Part Three of the CRR.

Table 01: EU LI1 – Differences between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories							
		a = b	c	D	e	f	g
		Carrying values as reported in published financial statements & under scope of regulatory consolidation	Carrying values of items				
2022 (€ 000's)			Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
ASSETS							
1	Cash and balances with Central Banks	9,653,321					
2	Loans and advances to credit institutions	750,274	690,408	59,867			
3	Financial assets at fair value through profit or loss	548,008				548,008	
4	Financial assets mandatorily at fair value through profit or loss	182,384	182,384				
5	Derivative financial instruments	1,830,447		1,830,447		712,051	
6	Loans and advances to customers at amortized cost	37,366,504	25,351,041		12,015,463		
7	Loans and advances to customers mandatorily at FVTPL	51,699	45,984		5,715		
8	Financial assets at fair value through other comprehensive income	896,906	896,906				
9	Debt securities at amortized cost	10,843,849	10,843,849				
10	Assets held for sale	406,071	406,071				
11	Investment property	1,522,261	1,522,261				
12	Investments in associated undertakings and joint ventures	1,023,017	994,670				28,347
13	Property and equipment	727,587	727,587				
14	Intangible assets	312,015	111,350				200,665
15	Tax receivables	145,317	145,317				
16	Deferred tax assets	5,974,381	4,005,190				1,969,191
17	Other assets	3,426,595	3,426,595				
18	**Total Assets**	**75,660,637**	**49,349,612**	**1,890,313**	**12,021,178**	**1,260,059**	**2,198,204**
LIABILITIES							
19	Due to banks	6,921,598		298,237			
20	Due to customers	58,371,917					
21	Liabilities at fair value through profit or loss	97					

Table 01: EU LI1 – Differences between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories						
	a = b	c	D	e	f	g
2022 (€ 000's)	Carrying values as reported in published financial statements & under scope of regulatory consolidation	Carrying values of items				
		Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitization framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
22 Derivative financial instruments	655,556				610,219	
23 Debt securities in issue	849,332					
24 Other borrowed funds	936,957					
25 Current income tax liabilities	7,127					
26 Deferred tax liabilities	9,936					
27 Retirement and termination benefit obligations	55,177					
28 Provisions	123,440					
29 Liabilities held for sale	2,217					
30 Other liabilities	1,146,626					
31 Total liabilities	**69,079,980**		**298,237**		**610,219**	

Note: Carrying values as reported in the Group's financial statements, and carrying values under the scope of regulatory consolidation, are equal. Therefore, columns a and b of this table have been merged in accordance with Annexes V and VI of Commission Implementing Regulation 2021/637.

1.4. Impediments to the Prompt Transfer of Funds

Regarding the Group's subsidiaries abroad, there are no prohibitions from local central banks against any form of placements from the subsidiaries to the Bank, given the unstable state of the Greek economy. Subsidiaries of the Bank can proceed with the repayment of granted loans and the transfer of funds to the Bank.

1.5. Piraeus Group Corporate Governance Framework

Up until December 30th, 2020, date of completion of the Demerger by way of hive-down of Piraeus Financial Holdings S.A. banking activities and its contribution to a newly established credit institution, the Group was subject to the detailed corporate governance regulations applicable to credit institutions. Following the completion of the Demerger, the Group ceased to be a credit institution but still continues to apply the vast majority of these regulations and practices, adapted to its current activities, since they constitute best corporate governance practices and largely meet the requirements of the Law 4706/2020 on corporate governance that applies to Greek listed companies since July 2021.

Information concerning the Group's corporate governance post hive-down is detailed in the Board of Directors' Report, in the 2022 Annual Financial Report:

(link: Piraeus Group Financial Statements)

2. Risk Management Framework

2.1. Introduction

Risk Management is a core function of the Group, targeting to an effective and efficient identification, management, and monitoring of risks. Through the Risk & Capital Strategy and the individual risk management policies, the principles of an integrated risk management and risk management framework are defined in order to support the achievement of the Group's strategic and business objectives, as defined by the BoD.

The risk management function is not limited to the activities of Group Risk Management (GRM) and the Chief Risk Officer (CRO) but refers to the processes performed by all three lines of defense, based on the assigned responsibilities, in the context of an enhanced risk management.

The Group has established policies, procedures, and adequate mechanisms for risk management, within all three lines of defense, in order to identify, manage, monitor, and report risks. The procedures in place promote the independence of risk-taking, risk management, and control activities.

The broader risk management framework at the Group level is constantly evolving, taking into account the current economic environment, business plans, the Bank's historical data, market dynamics, supervisory and regulatory requirements, the Group's Corporate Governance framework, international best practices, and shareholder interests.

2.2. Objectives

The purpose of the RMF, as well as GRM at large is to safeguard the optimum usage of the Group's resources, its capital, its reputation, and its people, in the best interest of the Group's stakeholders. The ultimate goal is to achieve the targeted return on equity by means of pursuing the Group's strategic plan, while at all times ensuring tactical processes and initiatives remain respectful of the defined risk appetite.

In this context, the key driving principles of GRM are listed below:

- strategically manage capital & liquidity,
- enhance risk management capabilities,
- continuously enhance the risk governance and control framework, and
- shape a strong risk culture.

2.3. Risk Management Governance and Organization

2.3.1. Risk Governance

The organizational structure of the Group fully complies with the above-mentioned principles, as prescribed in the legal framework that governs the operations of the Group, complemented by the Bank of Greece (BoG) Governor's Act 2577/09.03.2016, the Relationship Framework Agreement with the Hellenic Financial Stability Fund (HFSF), the CRR, and the EU Directive 2013/36 (Capital Requirements Directive, or CRD). The current structure ensures the Group's effective organization with distinct, transparent, and consistent lines of responsibility.

The RMF aims to promote effective and prudent management of all risks, ensuring appropriate allocation of responsibilities and accountability based on the risk origination, aiming at aligning risk-taking activities with the Group's risk appetite.

The following Committees with Risk participation are involved in the process of planning, monitoring, and managing risk and of assessing capital adequacy in relation to the amount and type of risks undertaken:

Board Committees:

- Risk Committee, and
- Audit Committee.

Executive Committees:

- Executive Committee,

- Assets & Liabilities Committee (ALCO),
- Provisioning Committee,
- Resolution Planning Committee,
- Resolution Committee,
- Operational Risk Committee (ORCO),
- Senior Credit Committee, Recovery Credit Committee, and other Credit Committees,
- Group Planning & Monitoring Committee,
- Environmental, Social, Governance (ESG) & Corporate Responsibility Committee,
- Data Governance Committee,
- Risk Models Oversight Committee, and
- Real Estate Committees.

2.3.2. Risk Committee

The Risk Committee (RC) is designated by the Group's BoD and consists of non-executive members of the BoD, who possess the appropriate knowledge, skills, and specializations in order to comprehend and monitor the Risk & Capital Strategy of the institution.

The Chairman of the RC is designated by the BoD and must possess significant experience in commercial banking and preferably in risk and capital management, as well as familiarity with the local and international regulatory framework.

In the RC, the representative of the HFSF participates, with full voting rights, while the HFSF observer attends the meetings.

The RC convenes, upon its Chairman's invitation, on a monthly basis and exceptionally when this is deemed necessary. In order to fulfill its duties, the RC held 12 meetings during 2022.

The mission of the RC is, inter alia, to ensure that:

- The Group has a well-defined Risk & Capital Strategy and Risk Appetite Framework (RAF) in line with its business goals as well as with the available human and technical resources. The risk appetite of the Group is articulated and clearly communicated in a set of quantitative and qualitative statements, including specific limits for the material risks;
- All risks connected to the activity of the Group are effectively identified, assessed, measured, controlled, mitigated, and monitored;
- The risk management and control framework in place, including policies, methods, and tools, complies with Risk & Capital Strategy and Risk Appetite as well as with regulatory and supervisory requirements.

For the achievement of its goal, the Committee undertakes, inter alia, the following duties and responsibilities:

- Monitors, assesses, and provides updates to the BoD with respect to the compliance with supervisory requirements, the risk profile, and the adherence to the approved risk appetite limits and early warning levels of the Group.
- Evaluates the adequacy and effectiveness of the risk management and control framework to ensure that it remains comprehensive, adequate, and proportionate to the nature, extent, and complexity of the Group current activities.
- Oversees (jointly with the Audit Committee) and provides updates to the BoD with respect to the implementation progress of the major initiatives related to operational risk as well as internal control enhancements.

During FY 2022, the Committee, inter alia:

- Evaluated and made recommendations to the BoD with respect to major risks related to strategic/priority actions that required the approval of the latter, including, indicatively and not exhaustively, the:
    - 2022 Risk & Capital Strategy and RAF,
    - Non-performing Exposures (NPE) Plan 2022-2024, and
    - Securitization Transactions;

- Assessed the adequacy and effectiveness of the operational risk and control framework and relevant policies;
- Obtained an overview and provided updates to the BoD on risk and control related reports regarding, indicatively, the profile of the material risks undertaken and the evolution of the risk indicators in accordance with risk appetite limits, as well as the main risk focus areas and monitoring actions;
- Evaluated and provided recommendations to the BoD when required, with respect to the development, documentation, re-assessment, and monitoring of the:
  - implementation process of the 2021 Internal Capital Adequacy Assessment Process (ICAAP) and Capital Adequacy Statement, and of the 2021 Internal Liquidity Assessment Process (ILAAP) and Liquidity Adequacy Statement,
  - 2022 Recovery Plan, and
  - 2021 Pillar III Regulatory Capital Disclosures;
- Evaluated and provided recommendation to the BoD, when required, with respect to the annual revision of risk related policies and documents, including indicatively, the RAF, the ICAAP Framework, the ILAAP Framework, the Stress Testing Framework, the Significant Risk Transfer (SRT) Policy, the Pillar III Disclosures Policy, and Operational Risk & Control Policies.

More information on the current composition of the Committee, its operation, and responsibilities is available on the Group's website.

2.3.3. Group Risk Management

During 2022, GRM continued strengthening the Group's RMF, which interacts with the Group planning processes in alignment with the regulatory framework in force, the supervisory expectations, and the strategic guidelines/plan.

As reflected in the design and implementation of the strategic plan, it is of high priority for the Bank and the Group to further develop sophisticated risk management practices and robust models and methodologies. More importantly, the Bank and the Group aim to solidify the sound risk culture and awareness of the institution across all levels of the organization.

GRM is independent from revenue-generating units, meaning those involved in risk-taking activities such as lending, trading, asset management, and sales. GRM carries out responsibilities of risk management and credit risk control in accordance with the BoG Governor's Act 2577/09.03.2006 and Greek Law 4261/2014.

The Group's Chief Risk Officer (CRO) is the Head of GRM and is appointed by the BoD upon recommendation and endorsement of the RC. The CRO's appointment or replacement is communicated to the BoG and the Single Supervisory Mechanism (SSM). The CRO participates in all major Executive Committees, including the Group Executive Committee, and has a dual reporting line to the RC and the Group's Chief Executive Officer (CEO), with direct access to the Chairman of the RC, whenever deemed necessary.

The GRM reports to the CRO, and during FY 2022 its organizational chart was modified. The revised structure allows for an organized approach to risk management in a consistent, balanced, and integrated manner. In addition, the revised structure is better aligned with the Group's strategic targets, including the profitable and sustainable business model, optimization of capital allocation, strengthening of risk monitoring and controls, and adoption of superior governance standards as well as meeting the regulatory demands and oversight. The GRM team is better equipped to provide the organization best in class risk management practices, models, and methodologies, while acting as conduit of Risk Culture in the organization.

The structure of GRM is briefly described below:

Credit Risk Management:

Credit Risk Management is responsible for the development of the risk management framework (policies, methodologies, models, and processes) with respect to credit risk. Credit Risk Management engages in the early recognition and effective management of Credit Risk through an integrated framework of policies, methodologies, procedures, and systems that allow the development of a profitable loan portfolio within the acceptable risk profile.

It has the responsibility for the planning, specialization and implementation of strategy and policies in credit risk management issues. In this context, it uses the appropriate methods, including the use of models for the provision, acknowledgement, measurement, and monitoring of the said risks. Additionally, it has the responsibility for the provision of information regarding the evolution of the said risks to the responsible Committees, Senior Management, and the supervisory authorities on a regular basis.

Capital Management, Risk Strategy, Market, Liquidity & Asset Liability Management (ALM) Risks:

The Capital Management, Risk Strategy, Market, Liquidity & ALM Risks Unit supports the development and implementation of the Group's Strategy, aiming at the effective management of risks and balance sheet optimization. To this end, the unit is responsible for the following:

- development and maintenance of the Risk & Capital Strategy as well as the Risk Appetite Framework of the Group, in accordance with the Risk Committee and BoD's directions and guidance;
- development of the risk management framework (policies, methodologies, models, and processes) with respect to market, liquidity, and ALM and other financial-related risks;
- measurement, monitoring, and reporting of capital requirements and capital adequacy ratios of the Group;
- management of ESG risks;
- design and implementation of the Group's ICAAP;
- design and implementation of the Group's ILAAP;
- preparation and execution of regular enterprise-wide stress tests; and
- coordination and overall maintenance of the Group's Recovery Plan.

Group Control and Risk Data & Solutions:

The Group Control and Risk Data & Solutions Unit is responsible for the identification, monitoring, and assessment of all types of risks (credit, market, operational, liquidity, etc.) arising from the Group's activities, through the development, implementation, and evaluation of an adequate Internal Control System (ICS), in order to ensure the safe and efficient operations of the Group and the achievement of its business objectives. Also, the Unit collaborates with Segment Controllers to accomplish its mission.

It is responsible for the development, implementation, assurance, and supervision of the Operational Risk Management Framework (ORMF) and the ICS of the Group, with the aim to defend the business objectives and limit the risks undertaken to the acceptable levels defined by the Management.

The function contributes to the mitigation of risks arising from potential limitations in the development, implementation, or use of the Bank's models (model risk), by developing/maintaining and implementing a Model Validation Framework and by conducting independent validations regarding the robustness, accuracy, and effectiveness of the Bank's models, while contributing to the improvement of models' quality.

Additionally, it is responsible for the planning and implementation of independent, ex post/post approval, regular, qualitative and quantitative review of the application of the approved financing policies and approval procedures as well as the provisions and write-offs policies, within the framework of the second line of defense, on the loan portfolio of the Group, including the performing and non-performing loans, as well as of the Factoring and Leasing subsidiaries.

Finally, the function contributes to supporting, coordinating, initiating, and implementing initiatives in the domain of the risk data management, with the use of risk data analytics and business intelligence tools and methodologies, in compliance with the Group's Policies, the regulatory framework, and the industry's best practices.

Segment Controller:

In alignment with the Group-wide implementation of the ICS Enhancement initiative, since 2019, the Segment Controller role was established with a discrete reporting line to CRO (Segment Head). A Unit Controller is appointed in each risk area in order to embed a culture of operational risk management and ensure the design and implementation of an effective ICS within that risk area, aiming at the achievement of operational excellence and remediation of control deficiencies. The Segment Controller reviews, supplements, and comments on each Unit Controller's operational risk assessment. In addition, the Segment Controller provides regular and ad hoc reporting to the CRO concerning the operational risk profile of the segment and remediation actions to address highlighted risk and control issues.

CRO's Office:

The function is responsible to manage, coordinate, advise on, and monitor various risk initiatives and projects and consolidate the overall view on figures, responses, and alignment of stakeholders. Additionally, it undertakes and coordinates the operations of the BoD Risk Committee's Secretariat.

2.3.4. Risk Culture

The Risk Culture Program was launched in 2019, and its scope is to exemplify the desired behaviors and routines that reinforce solid judgement about risk taking and encourage ethical conduct towards all stakeholder groups. Since September

2020, Group Human Resources (HR) leads the program with GRM oversight.

During the year 2022, the following core initiatives were rolled out:

- Two thematic, digital newsletters were issued and shared across the organization aiming to inform and engage employees across the Group on risk management related topics through a fresh and concise approach. Specifically the newsletters were dedicated to:
  - inflation risk and ways to manage it, and
  - the power of data and key data risks.
- An "Analyze This" training program was designed, consisting of an 11-core-course curriculum in various Risk & Control subjects, addressed to all employees to raise risk awareness. Each of these courses is associated with supervisory obligations, changes in the regulatory framework, revisions to the Bank's internal regulations, and compliance with new directives and policies.

2.3.5. Risk & Capital Strategy

The Group is exposed to different types of existing and emerging risks due to the nature of its operations, geographical presence, systemic role in the Greek banking system, and the overall macroeconomic environment. In this context, it recognizes the importance of fully understanding the material risks faced by the organization and the potential impact of adverse events on the Group's overall financial condition.

Within its Risk & Capital Strategy, the Group focuses on identified risks and provides risk appetite statements in line with its strategic objectives and its business model.

The Risk & Capital Strategy establishes an operating linkage between the Group's business strategy and its risk appetite and comprises two fundamental components: the Risk Identification Process and the Risk Appetite Framework (RAF).

The annual Risk Identification Process focuses on the material risks that the Group formally identifies. For FY 2022, the following risk categories were considered material for the Group:

- Credit risk,
- Market risk,
- Liquidity & Funding risk,
- Operational risk, and
- Other risks related to Group's Business Model, for example Business & Strategic risk; Reputation risk; ESG and Climate-related risks.

The Group's Risk Appetite is described in terms of a number of qualitative and quantitative statements per strategic pillar (i.e. Capital, Earnings, Asset Quality, Liquidity & Funding) and per material risk type (as listed above). Their primary objective is to set the level of risk that the Group is willing to undertake in order to achieve its strategic goals, ensuring at the same time adherence to regulatory requirements. The Group has established a structured approach in setting up its Risk Appetite, which results from the BoD's interaction with the Executive Management, GRM, and other stakeholders including business lines and units. Business, capital, and liquidity planning processes should comply with the Group's risk appetite statements at all times.

The risk appetite statements also form the basis for the cascaded risk limits, which apply to the next level of granularity and are coupled with the outcome of the various risk management activities. The cascading of risk appetite statements to risk limits at business unit level helps towards the driving of day-to-day-decisions.

The Risk & Capital Strategy development process is led by GRM and requires the participation of all key divisions within the Group. It is endorsed by the CRO, the Executive Committee, and the RC, while it is ultimately approved by the BoD. The indicators are monitored in a timely manner and are supported by robust escalation procedures, raising Senior Management's awareness on specific issues by analyzing the key drivers behind the observed trends.

The Risk & Capital Strategy is the most important component of Group's risk management framework, supporting the implementation of the Group's strategic goals and business objectives, ensuring smooth operations and a sustainable business model in line with Group's risk profile.

2.4. Risk Management Developments in 2022

In FY 2022, the GRM participated in/led major strategic and functional initiatives, including, indicatively but not exhaustively:

Table 02: Key initiatives for 2022

Function	Key initiatives
Credit Risk Management	• Provided guidance regarding the systemic implementations for asset quality indicators under the supervisory guidelines of the loan origination framework • Coordinated project including early warning system model, framework, and infrastructure development for corporate and retail loan portfolios • Performed sensitivity scenarios on the Group's loan portfolio regarding credit risk impact of the prevailing inflationary pressures and the identification of vulnerable sectors as a result of macro-environment turbulence • On Site Inspection on International Financial Reporting Standards (IFRS) 9 compliance and implementation • Revised the credit rating assessment models of the wholesale portfolio (SME, shipping) to incorporate the new Definition of Default
Capital Management, Risk Strategy, & ESG Risks	• Further advanced Risk Appetite Framework (RAF), introducing additional metrics and limits and further cascading, to reflect evolving business plan aspirations and risk profile • Launched preparations for the EBA 2023 Stress Test • Continued to provide guidance and support on the structuring and execution of major synthetic securitization transactions with regards to SRT • Completed dedicated project regarding the integration of Climate-related & Environmental Risks into the Group's strategy, business model, governance, operations, and overall RMF
Additional Liquidity Monitoring, Market, Liquidity Risks	• Completed Additional Liquidity Monitoring software upgrade project for IRRBB improving capabilities • Completed the enhancement of the Stress Testing Framework • Enhanced Value at Risk (VaR) methodologies
Group Control and Risk Data & Solutions	• Made improvements to the alignment and efficiency of the three lines of defense • Enhanced Information and Communication Technology (ICT) risk management in the second line of defense • Implemented a platform within the operational risk system for the management of internal control deficiencies in the ICS across the Group • Enhanced and performed maintenance on the Model Validation Framework, including the new quarterly follow-up process of model validation findings in cooperation with Unit and Segment Controllers • Enhanced the IFRS 9 validation reports regarding the assessment of the Lifetime Probability of Default and Cure Rate models • Enhanced infrastructure tasks with emphasis on improving policies and procedures of Credit Control • Enhanced the Credit Control framework through the design and implementation of a new evaluation scale for its credit reviews • Initiated the design of Credit Process Analytics for a risk-based reporting, facilitating automated controls and identification of material findings, to be utilized by the first and second lines of defense • Initiated a Senior Credit Committees Charter implementation review (semiannual) in terms of presence, accuracy, and management of information provided for decision-making purposes • Coordinated and guided the GRM units with regards to determining their risk data requirements, data definitions, modelling, and data availability, as well as data quality management

3. Capital Management

3.1. Regulatory Framework

3.1.1. Banking Union - Single Supervision

On November 4th, 2014, the Single Supervisory Mechanism (SSM) was activated on the grounds of implementing the necessary policies for the integration of the European banking system. Earlier, on October 15th, 2013, the European Commission adopted Regulation (EU) No 1024/2013, conferring specific tasks on the European Central Bank (ECB) concerning policies relating to the prudential supervision of credit institutions, as well as its publication on the official journal of the EU on October 29th, 2013 (activated five days later).

The SSM, which consists of the ECB and the relevant national competent authorities (NCA), supervises over 6,000 financial institutions in countries that are part of the Eurozone, as well as financial institutions of countries not in the Eurozone, but that choose to participate on a voluntary basis. Since the establishment of the SSM, the ECB directly supervises all systemically important institutions, including Piraeus Group.

3.1.2. Single Rulebook

On July 17th, 2013, the CRD IV regulatory framework for prudential supervision of financial institutions was introduced, implementing the proposals of the Bank of International Settlements (BIS) for strengthening the resilience of the banking system (Basel III regulatory framework). It consists of Regulation (EU) 575/2013, also known as the Capital Requirements Regulation (CRR), and Directive (EU) 2013/36, also known as the Capital Requirements Directive (CRD). Since that date, the legislation has been amended on several occasions. The most recent amendments are described in Section 3.1.4 of these disclosures.

For the CRR, no transposition in national law is required, while the CRD IV was incorporated into Greek law under Law 4261/2014 (as amended by Law 4799/2021), replacing Law 3601/2007.

An online version of the core documents of the regulatory framework for EU financial institutions can be accessed via the following address:

(link: EBA-Interactive-Single-Rulebook)

3.1.3. The CRD IV Regulatory Framework

The CRD IV regulatory framework calls for controls related to measurement, monitoring, and management of undertaken risks, coupled with detailed disclosure requirements (Pillar III). Within the framework:

- emphasis is given to Common Equity Tier 1 (CET1) capital;
- the following capital adequacy minimum requirements are defined:
  - for the CET1 ratio, a minimum threshold of 4.5%,
  - for the Tier 1 ratio, a minimum threshold of 6%, and
  - for the Total Capital ratio, a minimum threshold of 8%;
- financial institutions maintain capital buffers comprising of CET1 capital;
- financial institutions monitor credit valuation adjustment (CVA) risk and maintain adequate capital;
- financial institutions monitor central counterparty (CCP) risk;
- financial institutions calculate a leverage ratio, for monitoring excessive leverage; and
- financial institutions calculate a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for monitoring liquidity risk.

Furthermore, based on the supervisory review and evaluation process (SREP) that occurs annually, the Group is subject to a binding Pillar 2 Requirement (P2R), which covers risks that are either underestimated or not covered by the above minimum requirements. The SREP also determines the level of the Pillar 2 Guidance (P2G), which indicates to banks the adequate level of capital to be maintained to provide a sufficient buffer to withstand stressed situations.

3.1.4. Further strengthening the resilience of the banking sector

On May 20th, 2019, the European Commission released the Risk Reduction Measures (RRM) package, a comprehensive set of legislative reforms that amend the current regulatory framework (CRD IV package) and that intend to further strengthen the resilience of Banks in the EU. The package included significant amendments to the CRR via Regulation (EU) 2019/876, which was published in the Official Journal of the European Union on June 7th, 2019. It also included significant amendments to the CRD via Directive (EU) 2019/878.

The updates to the CRR included the following capital adequacy and risk management requirements:

- more risk sensitive methodologies for calculating market risk and counterparty credit risk (CCR) capital requirements,
- a new large exposures framework,
- more favorable risk weighted asset (RWA) relief for small and medium size enterprises (SME) as well as qualifying infrastructure exposures,
- a binding leverage ratio of 3% to safeguard institutions against excessive leverage,
- a binding NSFR of 100% to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk, and
- more extensive supervisory reporting and disclosure requirements.

The majority of requirements Regulation (EU) 2019/876 have been in effect since June 28th, 2021, with the exception of the revised market risk capital requirements, which are expected to become fully binding by January 1st, 2025.

On April 28th, 2020, the European Commission released another banking package including several additional amendments to the CRR as a response to the Covid-19 pandemic. Among other changes, the package brought forward the implementation dates of the SME and infrastructure RWA relief factors, effective June 2020.

On October 27th, 2021, the European Commission released a proposal for the latest banking package, which includes additional amendments to the CRR and CRD. Among other changes, the proposal finalizes the integration of the Basel III regulatory framework in the EU and introduces a framework for identifying, monitoring, and disclosing environmental, social, and governance (ESG) risks. According to the European Commission's proposal, the entry into force of the amendments to the CRR is planned for January 1st, 2025. These measures include the following outstanding Basel III standards:

- The implementation of the Basel III standards finalized in December 2017, including the revisions to the credit risk, operational risk, CVA risk, and leverage exposure frameworks (including the accompanying transitional arrangements for the output floor).
- The implementation of the revised market risk framework, commonly referred to as the Fundamental Review of the Trading Book (FRTB) finalized in January 2019.
- The implementation of the revised Pillar III disclosure requirements finalized in December 2018.

3.1.5. Bank Resolution and Recovery Directive

On June 2nd, 2014, the European Parliament and the Council of the EU approved the Bank Resolution and Recovery Directive (EU) 2014/59 (BRRD). The BRRD is part of the Single Rulebook that is enforced in the EU financial institutions’ market and establishes a common framework for the resolution and recovery of credit institutions and investment firms.

The BRRD provides a common resolution regime in the EU that not only allows authorities to deal with failing institutions but also ensures cooperation between home and host authorities. In the future, shareholders and creditors should primarily undertake the costs of bank failure in order to minimize moral hazard and risks to taxpayers.

On July 23rd, 2015, the BRRD was incorporated into Greek legislation and was put in force through Law 4335/2015. Law 4335/2015 was established following the negotiations for a new financial support program with the participation of the European Stability Mechanism (ESM) with the exception of provisions regarding the bail-in tool. The BoG was named by virtue of Law 4335/2015 the national resolution authority for financial institutions in Greece. The Hellenic Deposit and Investment Guarantee Fund was appointed the national resolution fund for the effective application of the resolution tools to these financial institutions.

To avoid institutions structuring their liabilities in a way that impedes the effectiveness of the bail in or other resolution tools, and to avoid the risk of contagion or a bank run, the directive requires that institutions meet at all times a robust minimum requirement for own funds and eligible liabilities (MREL).

The form of MREL includes capital instruments (e.g. CET1, Additional Tier 1, Tier 2), other subordinated debt, senior debt, and other eligible liabilities. The level and eligibility of liabilities for MREL is individually determined for each institution by the relevant resolution authority based on a set of harmonized criteria.

If the failure of the bank would adversely influence financial stability, the level of MREL should be sufficient to ensure that the conditions for use of the Single Resolution Fund (SRF) would be met.

Regarding the implementation and design of the MREL framework for other systemically important institutions (O-SII), a final report was published by the EBA on December 14th, 2016, which details eligible liabilities and other modifications of the MREL.

The RRM package mentioned in the previous section includes Directive (EU) 2019/879, the BRRD II, which introduces potentially stricter requirements in addition to MREL, to be determined by the relevant competent authorities. The Group is subject to a MREL ratio reporting requirement since June 30th, 2021.

3.1.6. Single Resolution Mechanism

On January 1st, 2016, the Single Resolution Mechanism (SRM) for Eurozone Banks, of which Piraeus Bank is a part, became fully operational. The SRM ensures that if a bank that belongs to the SRM has serious difficulties despite tighter supervision, its resolution can be treated effectively and with minimum cost to taxpayers and the real economy. The SRM applies in practice the strict rules of the directive for the recovery and resolution of credit institutions (i.e. BRRD).

Based on the SRM, a SRF was established in the Eurozone that is under the control of a Single Resolution Board (SRB). The SRF ensures the availability of medium-term funding support, and the SRB consists of representatives from the European Commission, the ECB, and the NCA. The European Commission decides whether and when a bank should be placed under a resolution regime and sets the framework for the use of resolution tools and the SRF, based on the recommendations of the SRB.

3.2. Capital Adequacy

Capital adequacy is monitored by the responsible bodies of the Group and is submitted quarterly to the supervisory authority, the SSM, through the relevant NCA, the BoG.

The main objectives related to the Group's capital adequacy management are the following:

- comply with the capital requirements regulation according to the supervisory framework,
- preserve the Group's ability to continue its operations unhindered,
- retain a sound and stable capital base supportive of the Bank's business plans, and
- maintain and enhance existing infrastructures, policies, procedures, and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

3.2.1. Overall Capital Requirement and Capital Ratios

The regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to risks undertaken. Without taking into account Covid-19 mitigating measures, during FY 2022, Piraeus Group would have been required to maintain on a consolidated basis an Overall Capital Requirement (OCR) of 14.25%[1], deconstructed as follows:

- the minimum Pillar I total capital requirements of 8.00%, in accordance with Article 92(1) of the CRR,
- an additional Pillar II capital requirement of 3.00%, as per Article 16(2) of Regulation 1024/2013/EU,
- the fully loaded capital conservation buffer (CCB) of 2.50%, under Greek Law 4261/2014, and
- the transitional O-SII capital buffer of 0.75%, under Greek Law 4261/2014[2].

However, the measures the ECB announced on March 12th, 2020, as a response to the Covid-19 pandemic, allowed banks to temporarily operate below the level of the OCR. Specifically, banks were allowed to temporarily operate below the level of capital defined by the P2G and the CCB, as long as they met their Total SREP Capital Requirement (TSCR) obligations. The TSCR consists of the minimum Pillar I and the additional Pillar II (P2R) capital requirements, which translates to a Total Capital Adequacy requirement of 11.00% on a consolidated level. Furthermore, regulatory authorities allowed banks to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 or Tier 2 instruments, to meet the P2R. It is noted that the Covid-19 capital relief measures ended on January 1st, 2023.

[1] There is an additional institution specific countercyclical capital buffer of 0.01% applied to the Group's exposures to Romania and the U.K., which have a positive countercyclical buffer. The countercyclical capital buffer is a tool designed to fluctuate relative to a country's economic state, aiming to safeguard capital adequacy in times of stress. Templates EU CCyB1 and EU CCyB2 are presented in Appendix VI of these Disclosures.

[2] The O-SII buffer increased to 1.0% as of January 1st, 2023.

The following table summarizes the minimum thresholds for the Piraeus Group capital ratios (without applying the Covid measures described above):

Table 03: Piraeus Group Minimum Capital Requirement Levels	
2022	**Requirements**
CET1 capital	9.44%
Tier 1 capital	11.50%
Total capital	14.25%

The following table presents key regulatory metrics and ratios as well as related input components as defined by the amended versions of the CRR and CRD (i.e. own funds, RWAs, capital ratios, additional requirements based on SREP, capital buffer requirements, leverage ratio, LCR, and NSFR), by quarter over the past year:

Table 04: EU KM1 – Key metrics template

	(€ 000's)	a	b	c	d	e
		Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2021
AVAILABLE OWN FUNDS (AMOUNTS)						
1	Common Equity Tier 1 (CET1) capital	4,064,234	3,792,490	3,474,087	3,561,697	3,581,735
2	Tier 1 capital	4,664,234	4,392,490	4,074,087	4,161,697	4,181,735
3	Total capital	5,557,308	5,285,087	4,966,542	5,053,460	5,072,891
RISK-WEIGHTED EXPOSURE AMOUNTS						
4	Total risk exposure amount	31,178,188	31,891,511	31,539,619	31,670,296	32,207,029
CAPITAL RATIOS (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
5	Common Equity Tier 1 ratio (%)	13.04%	11.89%	11.01%	11.25%	11.12%
6	Tier 1 ratio (%)	14.96%	13.77%	12.92%	13.14%	12.98%
7	Total capital ratio (%)	17.82%	16.57%	15.75%	15.96%	15.75%
ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS RISKS OTHER THAN THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.00%	3.00%	3.00%	3.00%	3.25%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.83%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%	2.25%	2.25%	2.44%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.00%	11.00%	11.25%
COMBINED BUFFER AND OVERALL CAPITAL REQUIREMENT (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.01%	0.00%	0.00%	0.00%	0.00%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	0.75%	0.75%	0.75%	0.75%	0.50%
11	Combined buffer requirement (%)	3.26%	3.25%	3.25%	3.25%	3.00%
EU 11a	Overall capital requirements (%)	14.26%	14.25%	14.25%	14.25%	14.25%
12	CET1 available after meeting the total SREP own funds requirements (%)	6.71%	5.52%	4.67%	4.89%	4.50%

Table 04: EU KM1 – Key metrics template						
(€ 000's)		a	b	c	d	e
		Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2021
LEVERAGE RATIO						
13	Total exposure measure	74,823,052	82,186,607	81,042,148	63,506,600	65,618,403
14	Leverage ratio (%)	6.23%	5.34%	5.03%	6.55%	6.37%
ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.81%	3.67%
LEVERAGE RATIO BUFFER AND OVERALL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)						
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.81%	3.67%
LIQUIDITY COVERAGE RATIO						
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	17,483,147	17,020,872	16,350,726	15,236,766	13,797,847
EU 16a	Cash outflows - Total weighted value	9,273,101	8,939,219	8,498,365	7,906,637	7,373,676
EU 16b	Cash inflows - Total weighted value	463,700	440,073	417,398	399,043	397,709
16	Total net cash outflows (adjusted value)	8,809,402	8,499,146	8,080,967	7,507,594	6,975,967
17	Liquidity coverage ratio (%)	198.83%	200.52%	202.16%	203.10%	197.62%
NET STABLE FUNDING RATIO						
18	Total available stable funding	63,047,059	66,400,752	66,463,922	68,668,797	54,861,922
19	Total required stable funding	46,181,486	51,411,764	51,530,751	54,491,246	43,754,104
20	NSFR ratio (%)	136.52%	129.15%	128.98%	126.02%	125.39%

Note: CET1 capital as of December 31st, 2022, includes 2022 year-end profits while CET1 capital as of September 30th, June 30th, and March 31st, 2022, includes audited interim profits of the respective periods, following regulatory approvals, in accordance with ECB Decision (EU) 2015/656.

The calculation of the capital adequacy ratios of the Group takes into account the deferred tax assets (DTA) which have been recognized on the basis of the relevant provisions of the IFRS.

Under the CRR, DTA, which are based on the future profitability of the Group, are deducted from CET1 capital if they exceed specific limits. However, it is allowed – under certain conditions – for credit institutions to transform DTAs that have been recognized due to losses from the Private Sector Involvement (PSI) and accumulated provisions due to credit risk in relation to existing receivables as of June 30th, 2015, into directly enforceable claims (tax credits) against the Greek State. In that case, these tax credits are not deducted from the CET1, but are included in the RWA of the Group.

The amount of deferred tax credits (DTC) that was recognized in the Group's regulatory CET1 capital as at December 31st, 2022, was € 3,486 mn and was risk weighted at 100%, in accordance with Article 39 of the CRR.

Additional information regarding the recognition of DTA for the calculation of the Group's capital adequacy ratios, is available in the 2022 Annual Financial Report, chapter 4.17.

(link: Piraeus Group Financial Statements)

3.2.2. Developments in Group Capital Adequacy

The Bank continues to work on a number of initiatives to further strengthen its capital position and to maintain robust capital monitoring methods and processes. A brief description of some key developments during FY 2022 is provided below:

Project Dory: Agreement for the sale of shipping NPEs portfolio

On January 4th, 2022, Piraeus Financial Holdings announced that its subsidiary, Piraeus Bank S.A., had reached an agreement with an entity affiliated with Davidson Kempner Capital Management L.P., for the sale of a shipping non-performing exposures (NPE) portfolio amounting to a gross book value of € 0.4 bn. On March 4th, 2022, the sale was completed, and the total agreed consideration of the transaction reached € 0.2 bn, or 53% of the portfolio gross book value. The transaction was completed after receiving all the required approvals, as well as the consent of the Hellenic Financial Stability Fund (HFSF).

Synthetic securitizations of performing loans in Greece

During FY 2022, the Group completed four synthetic securitizations of performing loans (Ermis III, Ermis M, Ermis VI, and Triton), comprising mortgage, corporate, SME, and shipping exposures. In the context of these transactions, the Group entered into financial guarantee agreements for securitizations with a gross book value of € 3.8 bn of performing loan portfolios with various international counterparties. The underlying loan portfolios will continue to be presented in the financial position of the Group. As of December 31st, 2022, the Group has received recognition of significant risk transfer (SRT) for all four aforementioned loan portfolios. As a result of the transactions, the Group reduced its RWAs by € 1.6 bn and thus enhanced its total capital ratio by 80 bps following the respective SRT approvals from the regulatory authorities. More information regarding the Group's securitization exposures is provided in section 4.6 of these Disclosures.

Piraeus Bank senior preferred bond issuance

In November 2022, the Bank successfully completed the issuance of a € 350 mn senior preferred bond at a coupon of 8.25% and a yield of 8.50%, attracting the interest of a large number of institutional investors. The bond has a maturity of four years, an embedded issuer call option after three years, and is listed on the Luxembourg Stock Exchange's Euro MTF market. The issuance is part of the Group's strategy to increase MREL.

Upgrade of regulatory capital requirements calculation engines

Beginning in Q3 2022, GRM launched a project to upgrade the engine used to calculate the Pillar I regulatory capital requirements of the Group. In addition to increased alignment with the most recent amendments to the CRR, the upgrade includes enhanced regulatory reporting in compliance with the current EBA Reporting Framework (version 3.2). Furthermore, the upgrade allows for the end-to-end estimation of Basel III capital requirements under the revised credit risk standardized approach and revised CVA risk approaches.

Regarding the Group's plan to implement FRTB in line with the European regulatory timeline, GRM is committed to its multi-phase FRTB implementation project. The technical implementation of the FRTB capital charge calculation engine was completed in FY 2021. During FY 2022, GRM performed a risk factor gap analysis and market data suitability exercise in order to increase the accuracy and risk sensitivity of the FRTB data inputs. Going forward, GRM will continue to focus on data optimization initiatives in the context of FRTB as well as a re-evaluation of the boundary between the Regulatory Trading Book and the Regulatory Banking Book.

3.2.3. Analysis of Risk Weighted Assets and Capital Requirements

The Group applies the following methodologies for the calculation of Pillar I capital requirements:

- the standardized approach for calculating credit risk,
- the standardized approach for calculating CCR,
- for calculating securitization risk, the standardized approach (SEC-SA) where the Group acts as an originator and the external-ratings based approach (SEC-ERBA) where the Group acts as an investor,
- the standardized approach for calculating market risk,
- the standardized approach for calculating CVA risk, and
- the standardized approach for calculating operational risk.

The table below shows RWAs and regulatory capital requirements broken down by risk types and model approaches compared to the previous year-end results:

Table 05: EU OV1 – Overview of RWA				
	(€ 000's)	a	b	c
		Total risk exposure amounts		Total own funds
		2022	2021	2022
1	**Credit risk (excluding CCR)**	**26,979,458**	**28,494,087**	**2,158,357**
2	Of which the standardized approach	26,979,458	28,494,087	2,158,357
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple risk weighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	**CCR**	**177,085**	**150,420**	**14,167**
7	Of which the standardized approach	135,525	110,467	10,842
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP	3,824	18,889	306
EU 8b	Of which credit valuation adjustment – CVA	30,814	9,958	2,465
9	Of which other CCR	6,922	11,106	554
15	**Settlement risk**		**45**	
16	**Securitization exposures in the non-trading book (after the cap)**	**1,610,676**	**373,316**	**128,854**
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	100,474	18,578	8,038
19	Of which SEC-SA approach	1,510,202	354,738	120,816
EU 19a	Of which 1250%	725,839		58,067
20	**Position, foreign exchange, and commodities risks (Market risk)**	**195,953**	**355,970**	**15,676**
21	Of which the standardized approach	195,953	355,970	15,676
22	Of which IMA			
EU 22a	**Large exposures**			
23	**Operational risk**	**2,940,854**	**2,833,191**	**235,268**
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardized approach	2,940,854	2,833,191	235,268
EU 23c	Of which advanced measurement approach			
24	**Amounts below the thresholds for deduction (subject to 250% risk weight)**	**1,417,526**	**1,063,001**	**113,668**
29	**Total**	**31,904,027**	**32,207,029**	**2,552,322**

The overall decrease in RWA of € 0.3 bn between 2021 and 2022 is mainly driven by the decrease in credit RWA. Credit RWA are € 1.5 bn lower year-over-year, resulting mainly from capital management optimization initiatives.

The Group's capital requirements for year-end 2022, amounted to € 2.55 bn. Credit risk accounted for 85.1% of total RWA, operational risk for 8.2%, securitization risk for 5.0%, and market risk for 0.6%.

3.3. Regulatory Own Funds

The Group's Regulatory Own Funds as of December 31st, 2022, as defined in the CRR, are comprised of CET1, Additional Tier 1, and Tier 2 capital.

CET1 capital includes:

- shareholders' equity (common shares) plus share premium,
- other reserves, and
- retained profit or loss and minority interests.

Treasury Shares are excluded from CET1 capital.

Regulatory adjustments on CET1 capital, as defined in the CRR, include mainly:

- intangible assets in accordance with Article 36 (1)(b) of the CRR and the provisions of the Commission Delegated Regulation (EU) 2020/2176 regarding the prudential treatment of software assets,
- goodwill,
- DTAs relying on future profitability,
- part of the minority interests, according to the rules set in Article 84 of the CRR,
- IFRS 9 transitional arrangements, and
- temporary treatment of unrealized gains and losses measured at fair value through other comprehensive income (FVTOCI) in accordance with Article 468 of the CRR.

Table 06 presents the Group's Regulatory Own Funds structure:

Table 06: Regulatory Own Funds Summary

(€ 000's)	2022	2021
Share Capital (common shares)	1,162,842	1,187,849
Share Premium	3,555,164	18,111,824
Contingent Convertible bonds		
Less: Treasury Shares	(350)	(1,718)
Legal Reserve and Other Reserves	435,641	185,194
Retained Earnings	799,502	(14,295,634)
Minority Interest	27,857	15,275
Less: Intangible Assets	(217,271)	(199,753)
Other Regulatory Adjustments to Common Equity Tier 1 Capital	(1,699,151)	(1,421,302)
Total Common Equity Tier 1 Capital	**4,064,234**	**3,581,735**
Additional Tier 1 instruments	600,000	600,000
Total Regulatory Adjustments to Additional Tier 1 Capital		
Total Additional Tier 1 Capital	**600,000**	**600,000**
Total Tier 1 Capital	**4,664,234**	**4,181,735**
Subordinated Debt	893,074	891,156
Total Regulatory Adjustments to Tier 2 Capital		
Total Tier 2 Capital	**893,074**	**891,156**
Total Regulatory Capital	**5,557,308**	**5,072,891**

Note: CET1 capital as of December 31st, 2022, includes 2022 year-end profits following regulatory approval, in accordance with ECB Decision (EU) 2015/656.

The following table provides a reconciliation of the Group's consolidated balance sheet as of December 31st, 2022, on an accounting consolidation basis (as per the 2022 Annual Financial Report) to the Group's consolidated balance sheet under the regulatory scope of consolidation. The basis of consolidation for financial accounting purposes does not differ from that used for prudential purposes. The reference-columns presented below reconcile to the references-columns as presented in the Appendix II (template "EU CC1– Composition of regulatory own funds").

Table 07: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

2022 (€ 000's)		a = b	c
		Carrying values as reported in published financial statements = Carrying values under scope of regulatory consolidation	References
ASSETS			
1	Cash and balances with Central Banks	9,653,321	
2	Due from banks	750,274	
3	Financial assets at fair value through profit or loss	548,008	
4	Financial assets mandatorily at fair value through profit or loss	182,384	
5	Derivative financial instruments assets	1,830,447	
6	Loans and advances to customers at amortized cost	37,366,504	
7	Loans and advances to customers mandatorily at FVTPL	51,699	
8	Financial assets at fair value through other comprehensive income	896,906	
9	Debt securities at amortized cost	10,843,849	
10	Assets held for sale	406,071	
11	Investment property	1,522,261	
12	Investments in associated undertakings and joint ventures	1,023,017	G
13	Property and equipment	727,587	
14	Intangible assets	312,015	D
15	Tax receivables	145,317	
16	Deferred tax assets	5,974,381	E
17	Other assets	3,426,595	
18	**Total Assets**	**75,660,637**	
LIABILITIES			
19	Due to banks	6,921,598	
20	Due to customers	58,371,917	
21	Liabilities at fair value through profit or loss	97	
22	Derivative financial instruments	655,556	
23	Debt securities in issue	849,332	
24	Other borrowed funds	936,957	I
25	Current income tax liabilities	7,127	
26	Deferred tax liabilities	9,936	
27	Retirement and termination benefit obligations	55,177	
28	Provisions	123,440	
29	Liabilities held for sale	2,217	

Table 07: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
		a = b	c
2022 (€ 000's)		Carrying values as reported in published financial statements = Carrying values under scope of regulatory consolidation	References
30	Other liabilities	1,146,626	
31	**Total Liabilities**	**69,079,980**	
EQUITY			
32	Share capital	1,162,842	A
33	Share premium	3,555,164	A
34	Other equity instruments	600,000	H
35	Less: Treasury shares	(350)	F
36	Other reserves and retained earnings	1,235,143	B
37	Capital and reserves attributable to equity holders of the parent	6,552,799	
38	Non-controlling interest	27,857	C
39	**Total equity**	**6,580,657**	
40	**Total liabilities and equity**	**75,660,637**	

Note: CET1 capital as of December 31st, 2022, includes 2022 year-end profits following regulatory approval, in accordance with ECB Decision (EU) 2015/656.

3.3.1. IFRS 9 Regulatory Transitional Arrangements

The Group adopted the provisions of Article 473a of Regulation (EU) No 2017/2395, amending the CRR, with regard to "transitional arrangements for mitigating the impact of the introduction of IFRS 9 on own funds and for the large exposures treatment of certain public sector exposures denominated in the domestic currency of any Member State."

These transitional arrangements allowed banks to add back to their capital base a proportion of the IFRS 9 impact due to expected credit loss (ECL) provisions during the first five years of use.

The "CRR Quick Fix" Regulation introduced, among other measures, amendments to Article 473a regarding transitional arrangements for mitigating the impact on own funds of the introduction of IFRS 9.

The amendments to Article 473a include adjustments to the formula for the calculation of the ECL amounts that can be added back to CET1 capital. The formula applies diverse factors for the calculation of the static and dynamic components. Paragraph 6 has been replaced and a new paragraph 6a has been inserted; both paragraphs include the relevant factors for the calculation of the transitional arrangements and extend the period during which institutions may apply the IFRS 9 transitional arrangements by two years (up until December 31st, 2024). In addition, paragraph 7a has been added to the article, allowing institutions to replace the rescaling of all exposure values that are reduced by ECL provisions with a standard risk weight of 100% to be assigned to the amounts added back to CET1 capital.

In the context of the above, the Group continues to apply both static and dynamic components as it is set out in paragraphs 2 and 4, respectively, of Article 473a as is in force, by also applying a risk weight of 100% to the ABSA (provisions of paragraph 7(a) of Article 473a).

The "CRR Quick Fix" also revises Article 468, relating to the temporary treatment of unrealized gains and losses measured at FVTOCI in view of the Covid-19 pandemic. This article introduces a temporary treatment that allows institutions to remove from the calculation of their CET1 items, unrealized gains and losses measured at FVTOCI, corresponding to exposures to central governments, to regional governments or local authorities referred to in Article 115(2) of the CRR, and to public sector entities referred to in Article 116(4) of the CRR, excluding those financial assets that are credit-impaired, during the period from January 1st, 2020, to December 31st, 2022. This revised article replaces the previous version that was applicable until December 31st, 2017.

As of December 31st, 2021, the Group is applying the temporary treatment specified in Article 468 that allows institutions to remove from the calculation of their CET1 items the amount of the unrealized gains and losses accumulated since December 31st, 2019, accounting for "fair value changes" of sovereign debt securities, multiplied by a prudential factor of 0.7 for the year 2021 and of 0.4 for the year 2022.

The table below provides an overview of the Groups own funds, CET1 capital, Tier 1 capital, CET1 capital ratio, Tier 1 capital ratio, total capital ratio, and leverage ratio, with and without the application of transitional arrangements for IFRS 9 as well as with and without the application of the temporary treatment of unrealized gains and losses measured at FVTOCI:

Table 08: EU IFRS 9-FL – Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR

(€ 000's)		a	b	c	d	e
		Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2021
AVAILABLE CAPITAL (AMOUNTS)						
1	Common Equity Tier 1 (CET1) capital	4,064,234	3,792,490	3,474,087	3,561,697	3,581,735
2	CET1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	3,647,101	3,375,357	3,056,954	3,144,564	2,747,470
2a	CET1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI (other comprehensive income) in accordance with Article 468 of the CRR had not been applied	3,962,105	3,687,104	3,372,175	3,468,187	3,540,947
3	Tier 1 capital	4,664,234	4,392,490	4,074,087	4,161,697	4,181,735
4	Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,247,101	3,975,357	3,656,954	3,744,565	3,347,470
4a	Tier 1 capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	4,562,105	4,287,104	3,972,175	4,068,187	4,140,947
5	Total capital	5,557,308	5,285,087	4,966,542	5,053,460	5,072,891
6	Total capital as if IFRS 9 transitional arrangements were not applied	5,140,175	4,867,955	4,549,409	4,636,327	4,238,626
6a	Total capital as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	5,455,179	5,179,701	4,864,631	4,959,950	5,032,103
RISK-WEIGHTED ASSETS (AMOUNTS)						
7	Total risk-weighted assets	31,178,188	31,891,511	31,539,619	31,670,296	32,207,029
8	Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	30,761,055	31,474,378	31,122,487	31,253,163	31,372,764
CAPITAL RATIOS						
9	CET1 (as a percentage of risk exposure amount)	13.04%	11.89%	11.01%	11.25%	11.12%
10	CET1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	11.86%	10.72%	9.82%	10.06%	8.76%
10a	CET1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	12.72%	11.58%	10.70%	10.96%	10.99%
11	Tier 1 (as a percentage of risk exposure amount)	14.96%	13.77%	12.92%	13.14%	12.98%
12	Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13.81%	12.63%	11.75%	11.98%	10.67%
12a	Tier 1 (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	14.65%	13.46%	12.61%	12.86%	12.86%
13	Total capital (as a percentage of risk exposure amount)	17.82%	16.57%	15.75%	15.96%	15.75%

Table 08: EU IFRS 9-FL – Comparison of institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs, and with and without the application of the temporary treatment in accordance with Article 468 of the CRR						
(€ 000's)		a	b	c	d	e
		Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2021
14	Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	16.71%	15.47%	14.62%	14.83%	13.51%
14a	Total capital (as a percentage of risk exposure amount) as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	17.52%	16.26%	15.44%	15.68%	15.62%
LEVERAGE RATIO						
15	Leverage ratio total exposure measure	74,823,052	82,186,607	81,042,148	63,506,600	65,618,403
16	Leverage ratio	6.23%	5.34%	5.03%	6.55%	6.37%
17	Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5.71%	4.86%	4.54%	5.94%	5.17%
17a	Leverage ratio as if the temporary treatment of unrealized gains and losses measured at fair value through OCI in accordance with Article 468 of the CRR had not been applied	6.11%	5.22%	4.91%	6.42%	6.31%

Note: CET1 capital as of December 31st, 2022, includes 2022 year-end profits while CET1 capital as of September 30th, June 30th, and March 31st, 2022, includes audited interim profits of the respective periods, following regulatory approvals, in accordance with ECB Decision (EU) 2015/656.

3.3.2. Prudent Valuation Adjustments

Additional valuation adjustments (AVA) are adjustments that institutions make to their fair-valued financial instruments to account for various factors, such as market price uncertainty, risk of early termination, and investing or funding costs. The AVA is the difference between the fair value and the prudent value of an instrument. "The prudent value is the value at which institutions are 90% confident that they will exit a position based on the applicable market conditions at the time of the assessment" (EBA/RTS/2020/04 on prudent valuation).

On January 28th, 2016, Commission Delegated Regulation (EU) No 101/2016 was published, specifying the requirements for calculating AVAs in accordance with Article 105 of the CRR. This regulation was amended in 2020 in response to the extreme market volatility conditions as a result of the Covid-19 pandemic. Specifically, the amendment increased the factor (alpha) that is applied when aggregating AVAs at the institution level from 50% to 66% for three categories of AVAs: market price uncertainty, close-out costs, and model risk. This increase ceased to apply after December 31st, 2020, and the alpha factor is 50% for all categories of AVAs.

The Group applies the simplified approach according to Commission Delegated Regulation (EU) No 101/2016 to calculate its AVAs. Therefore, the disclosure of table EU PV1 (Prudent valuation adjustments) does not apply. The total AVAs are deducted from CET1 capital, in accordance with Article 34 of the CRR.

3.4. Leverage

The CRD IV regulatory framework recognizes the need to monitor a ratio that is not risk-sensitive, in order to depict the financial state of the Group more effectively and to complement the prudential requirements set by the minimum capital adequacy thresholds. The objective is to limit excessive leverage from on and off-balance sheet items in the European banking system.

The Group monitors and submits to the regulatory authorities the leverage ratio, as defined in Regulation (EU) No 2015/62 of October 10th, 2014. Group Risk Management (GRM) regularly reports its evolution and suggests suitable limits to the Management Body.

The leverage ratio is defined as Tier 1 capital divided by the total leverage exposure measure, a function of on- and off-balance sheet amounts, derivative and securities financing transaction (SFT) exposures calculated in accordance with the CCR framework, and amounts deducted from regulatory capital.

Regulation (EU) 2019/876 introduced various changes to the leverage ratio and the determination of the leverage exposure, applicable as of June 30th, 2021, including:

- a minimum regulatory leverage ratio of 3%, and

- calculation of derivative exposures based on the revised standardized approach for CCR (SA-CCR).

The capital levels of the Group, along with the extensive deleveraging, which is still reflected in the Greek banking system, drastically reduces the risk of excessive leverage. As a result, the leverage ratio of the Group as at December 31st, 2022, stood at 6.23%, which is over the regulatory threshold required under the CRR.

Table 09: Group Leverage Ratio		
(€ 000's)	2022	2021
Regulatory Capital for Leverage Ratio	4,664,234	4,181,735
Total Leverage Ratio Exposure	74,823,052	65,618,403
Leverage Ratio	6.23%	6.37%

Note: Tier 1 regulatory capital as of December 31st, 2022, includes 2022 year-end profits following regulatory approval, in accordance with ECB Decision (EU) 2015/656.

The change in the leverage ratio year-over-year stems mainly from the reintegration of Euro-based exposures facing Euro system central banks (based on Decision 2021/1074 of the ECB, in effect until March 31st, 2022).

Detailed disclosures on the Group's leverage ratio are presented in Appendix III.

3.5. Internal Capital Adequacy Assessment Process

3.5.1. ICAAP overview and integration in the overall RMF

The ICAAP is an inextricable part of Pillar II within the Basel regulatory framework. The scope of the ICAAP is to identify and measure all major risks to which the Group is or might be exposed. Through the ICAAP, GRM extends risk measurement beyond risks addressed within the regulatory requirements of Pillar I (credit, market, and operational risk), leverages on existing capabilities, and develops more advanced methodologies and metrics, in order to ensure that adequate capital is available according to the Group's risk profile and appetite. Furthermore, under the ICAAP, the Group's capital adequacy is assessed on a forward-looking basis under base, stress, and reverse stress test scenarios.

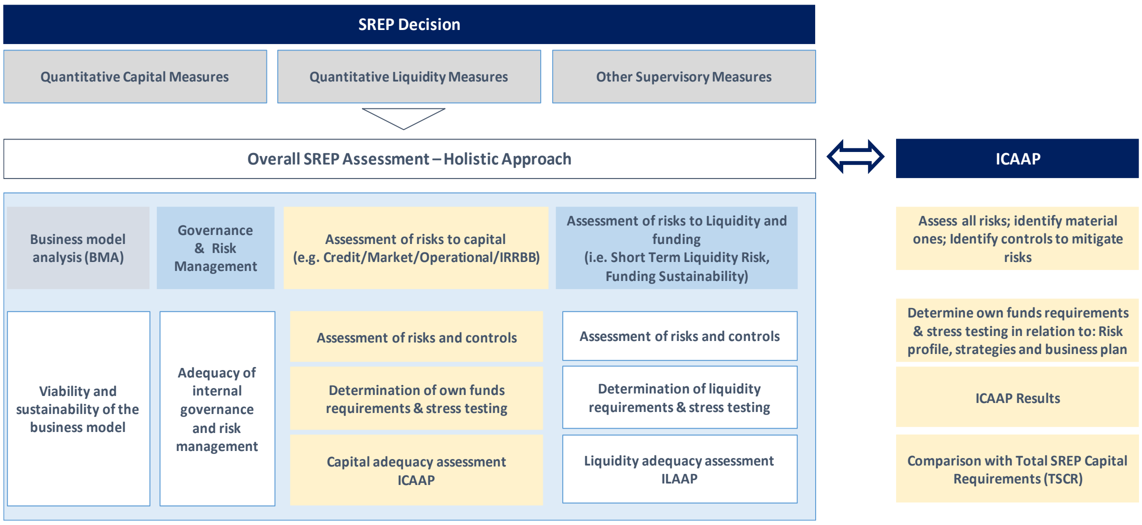
The main objectives of the Group's ICAAP are to demonstrate that appropriate methods and procedures are implemented to ensure adequate capital resources are available on an ongoing (going concern) basis, with due attention to all material risk types (Pillar I and Pillar II risks). In alignment with the SREP guidelines published by the EBA, the ICAAP horizon has been set to three years. Considering the principle of proportionality, the time horizon of the ICAAP shall be conforming to the business and strategic risks that the Group encounters within its business environment, unless extraordinary market conditions arise.

The ICAAP at the Group level results from a process of accommodating:

- regulatory guidelines,
- capital planning to ensure a sound trajectory towards the full implementation of the CRD IV and CRR,
- the external macro and business environment under which the Group operates, and
- the Group's strategy and objectives in the short and medium term.

The ICAAP forms a key component of the SREP, as outlined in the figure below:

Figure 01: Relationship between ICAAP and SREP



The Group's ICAAP is comprised of two distinct phases:

- planning process, and
- monitoring process.

Planning and monitoring are the two indispensable phases of a complete ICAAP implementation, that respectively ensure the forward-looking and ongoing nature of the ICAAP, as postulated by regulatory requirements. During the planning phase, the Group clearly defines its current and targeted capital needs as well as plans for sources of capital as described in the Group's Business Plan. The Group also monitors on a regular basis the progress of the plan, changes in risk exposures, and both internal and external developments that will affect its current and forward-looking capital adequacy position.

Planning Process

- Identify ICAAP risks perimeter: Definition of ICAAP scope in terms of Group entities and significance of risk types.
- Agree upon methodologies: Determination of internal capital requirements methodologies per risk type.
- ICAAP calculations and assessment of capital adequacy:
  - Calculation of regulatory and internal capital requirements (for applicable risk types), as per the capital quantification methodologies that have been defined.
  - Evaluation of capital adequacy (as of year-end).
  - Projection of business and risk profile components under multiple scenarios.
  - Assessment of the capital position (i.e. available and required capital) under base and stress scenarios for both the economic and normative perspective.
- Challenge and validation: Evaluation of capital adequacy and assessment of the results in terms of reliability and robustness.
- Sign off: ICAAP approval by the RC and the BoD.

Monitoring Process

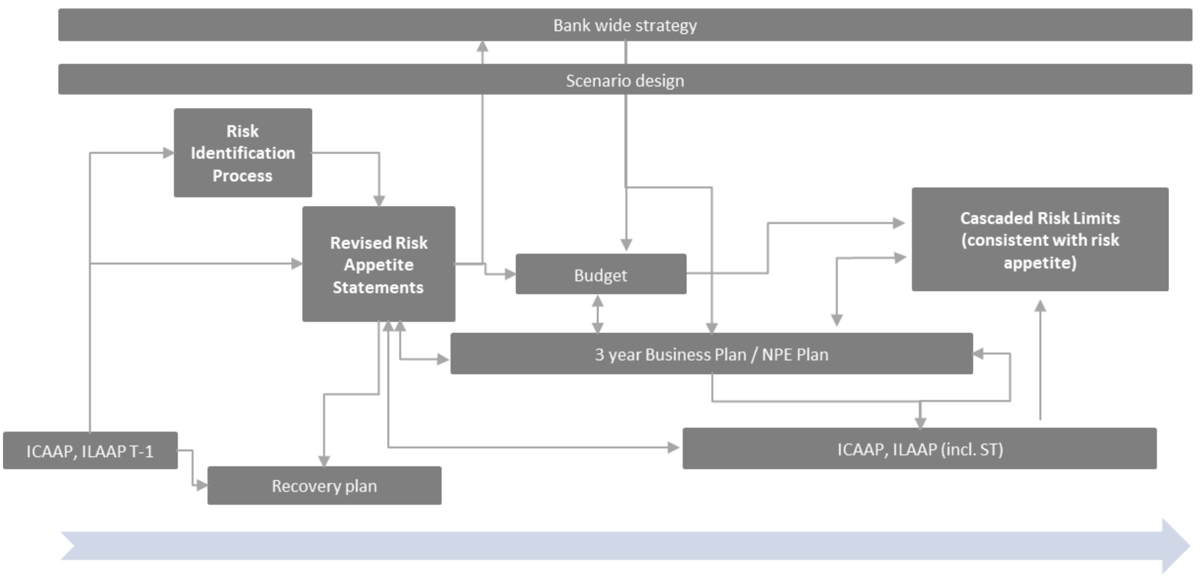
- Monitoring of the Group's risk profile and capital position versus risk appetite and capital plans, including available capital resources.
- Monitoring of balance sheet and profitability components.
- Respective internal reporting to the RC and other Executive Management Committees, as appropriate.
- Initiation of corrective action(s) as/if required and revision of the ICAAP planning sub-process in cases of material divergence that requires such revision.

- External reporting as required, e.g. to supervisors, rating agencies, etc.

The ICAAP formalizes an integrated approach for risk and capital management that supports business decision making and reflects the economic and business environment of the Group. The ICAAP is developed by GRM. The ICAAP is under the BoD's responsibility, while suitable governance arrangements for the process are in place, in accordance with respective regulatory expectations, consisting of relevant Committees (Group Planning Committee, Market Scenarios Steering Committee, Executive Committee, Risk Committee) engaged in reviewing, challenging, steering and approving respective parts of the process (risks identified, scenarios developed, methodological approaches used, interim and final results for capital assessment, capital planning and stress testing), as required.

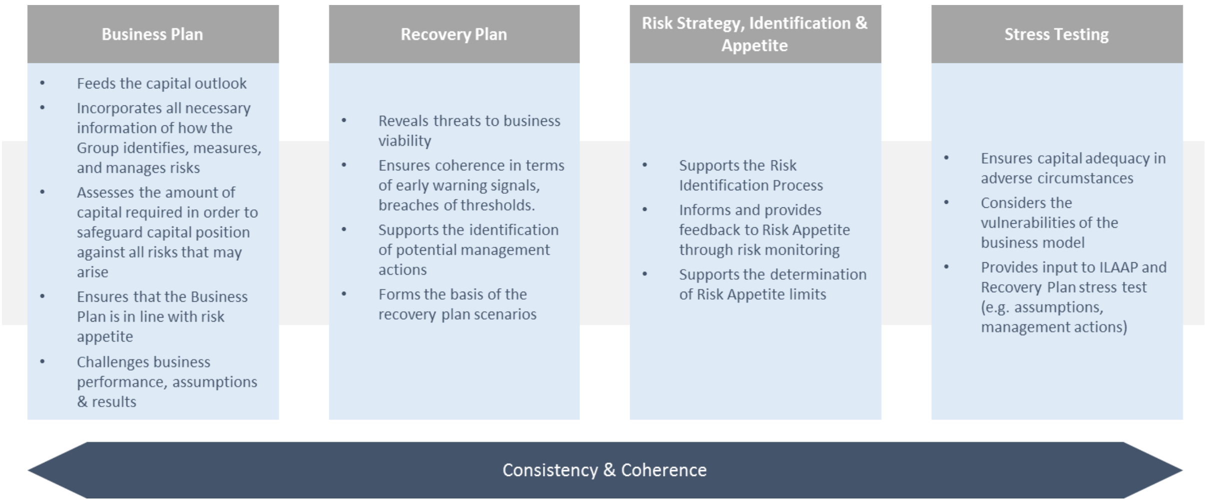
The following figure depicts the interconnection of ICAAP and other activities:

Figure 02: ICAAP and Related Bank Activities



The following figure presents the ICAAP contribution areas per key risk and planning process, while a more extensive description of each area follows:

Figure 03: ICAAP Contribution Areas



Business Plan

The Group's Business Plan sets forth the strategic objectives and performance expectations under certain business, economic, and market assumptions and forms the risk profile of the Group in line with the risk strategy and appetite. The Business Plan constitutes the basis for the capital planning that aims to assess the Group's capital requirements and to ensure that available financial resources are adequate to cover them, within the respective horizon. The ICAAP, as a forward-looking process, evaluates not only the current but also the future risk profile of the Group, considering the underlying business strategy and respective components of the business and capital plan. As such, the assessment of capital adequacy is indispensably incorporated into the Group's Business Plan.

Recovery Plan

The Group defines a comprehensive Recovery Plan, which assesses specific measures to restore the Group's capital and/or liquidity position in the event of a severe financial crisis that drives the Group to operate beyond its risk capacity. Additionally, there are specific and regularly monitored Recovery Plan indicators included in the RAF that are assessed on continuous basis. The scenarios in the Group Recovery Plan are constructed by leveraging the existing scenario generation processes that constitute part of business planning, ICAAP, and ILAAP. More specifically, reverse stress testing informs the recovery planning process and leads to the development of appropriate management and mitigating actions to cover the severe vulnerabilities.

Risk Strategy, Identification, and Appetite

The ICAAP is an essential part of the risk identification process, with the former being the first step of the process where the historical losses and latest submitted ICAAP report are taken into account so as to form the Group's Risk Inventory. Through the ICAAP, the Group evaluates the capital sensitivity on risk-taking activities and exposures. This information supports the Group on setting its risk appetite statements and limits. These limits are used to benchmark all strategic decisions and risk-taking activities in the course of business.

Stress Testing

Stress Testing within the ICAAP framework is carried out in accordance with the forward-looking nature of the ICAAP, which requires assessment of future capital adequacy under alternative scenarios. ICAAP Stress Testing underpins the evaluation of the reliability of the Business Plans under stress conditions and monitors the Group's resilience on a forward-looking basis.

The above concepts support effective Risk Management holistically. Results of the risk and capital assessment performed under the ICAAP are utilized in order to provide feedback to the overall Risk & Capital Strategy. In this manner, the Group assesses the various capital and risk appetite limits/tolerance thresholds that are set and, if necessary, considers their revision, by taking into account the available capital resources, the composition and adequacy of which are also assessed within the ICAAP.

3.5.2. ICAAP Structure

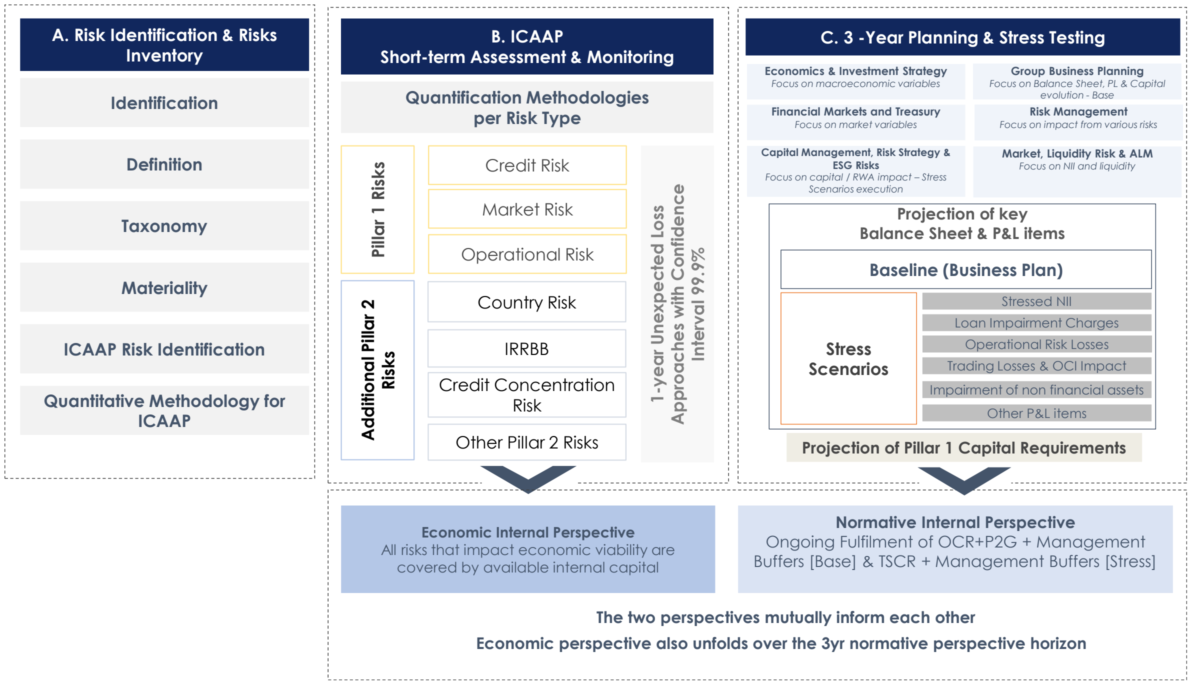
The structure of the ICAAP consists of the following three pillars:

Risk Identification: Identification and definition of risks to which the Group is or might be exposed and subsequent materiality assessment and mapping to ICAAP taxonomy. Upon agreement of risks to be included in the ICAAP, internal capital measurement methodologies are selected.

Short-term Assessment & Monitoring: Measurement of capital requirements as of year-end and with a one-year view, along with a complimentary projected analysis over the three-year normative perspective horizon. Both analyses are based on the allocated methodologies and assessment of the outcomes in terms of capital adequacy and sufficiency of the capital base.

Three-Year Planning & Stress Testing: Identification, quantification, and alignment of the Group's strategic and business objectives and determination of the appropriate level, type, and composition of capital in line with the Group's Strategic Agenda, RAF, and the Capital and Business Plans.

Figure 04: ICAAP High-level Process



3.6. European Banking Authority 2023 EU-Wide Stress Test

The Group participates, in the 2023 EU-Wide Stress Test (ST) carried out by the Board of Supervisors of the European Banking Authority (EBA) in coordination of the Single Supervisory Mechanism (SSM). The exercise assesses the performance of banks under a baseline and adverse scenario during the period 2023-2025. The EBA ST 2023 Adverse macro-economic scenario has been developed by the European Systemic Risk Board (ESRB) and the ECB and is based on a narrative of hypothetical heightened geopolitical tensions, with high inflation and higher interest rates having strong adverse effects on private consumption and investments, both domestically and globally.

The stress test assesses the solvency of EU banks in a hypothetical adverse macroeconomic scenario over a three-year horizon (2023-25). The objectives of the stress test are to:

- assess and compare the overall resilience of EU banks to relevant severe economic shocks,
- assess if bank capital levels are sufficient to ensure banks can support the economy in periods of stress,
- foster market discipline through transparent publication of consistent, granular, and comparable data at a bank-by-bank level, and
- provide input to the Supervisory Review and Evaluation Process (SREP) for competent supervisory authorities.

The EU-wide stress test will be conducted on a sample of 70 EU banks – thereof 57 from countries which are members of the Single Supervisory Mechanism (SSM) – covering roughly 75% of total banking sector assets in the EU and Norway. Compared to previous EU-wide stress tests, the 2023 exercise covers an additional 20 banks. Piraeus Group participates in the EBA banks' sample. The exercise is based on a static balance sheet approach. The EBA expects to publish the results of the exercise at the end of July 2023.

4. Credit Risk and Counterparty Credit Risk

Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Group and therefore its effective monitoring and management constitutes a top priority for Senior Management. The Group's exposure to credit risk arises mostly from corporate and retail credit, various investments and over-the-counter (OTC) derivatives transactions, as well as from transactions settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor's financial condition, the amount/type/duration of the exposure, and the existence of collateral and guarantees.

The implementation of the Credit Policy, which describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. The Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal, and monitoring procedures. Credit limits are reviewed and/or renewed at least annually and the responsible approval authorities are determined based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (one obligor principle).

Under GRM, Credit Risk Management operates with the objective of identifying, monitoring, and managing credit risk according to the RAF, as approved by the BoD, in compliance with the respective obligations towards the supervisory authorities.

Gross loans (both amortized cost and at fair value through profit or loss) before provisions of the Group and the Bank amounted to € 38.8 bn and € 39.3 bn respectively in December 2022. Furthermore, by business line, Group business loans amounted to € 30.1 bn, accounting for 77.4% of the total loan portfolio, while retail loans amounted to € 8.8 bn or 22.6% of the total loan portfolio.

The table below presents the values of loans and debt security exposures, analyzed by residual maturity, before applying credit conversion factors (CCF) and credit risk mitigation (CRM) techniques. Exposures are disclosed in the columns corresponding to their contractual maturity. When the amount is repaid in instalments, the exposure is allocated to the maturity bucket corresponding to the instalment.

Table 10: EU CR1-A – Maturity of exposures

	2022 (€ 000's)	a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	1,822,743	10,674,334	14,667,777	21,314,572	2,494,233	50,973,659
2	Debt securities		626,447	1,847,781	9,000,767	208,989	11,683,984
3	**Total**	**1,822,743**	**11,300,780**	**16,515,558**	**30,315,339**	**2,703,223**	**62,657,642**

Note: The table does not include items not subject to credit risk or items directly deducted from CET1 capital.

4.1. Credit Risk Measurement and Reporting Systems

Reliable credit risk measurement is a top priority within the Group's RMF. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is essential in order to timely and efficiently support Senior Management and the Business Units in relation to decision-making, policy formulation, and compliance with regulatory requirements.

4.1.1. Loans and Advances

For the purposes of credit risk measurement and monitoring of loans and advances, the following are performed at a counterparty level:

- the debtor's creditworthiness and probability of default (PD) on its contractual obligations are systematically assessed, and

- the Group's probability of potential recovery in the event of the debtor defaulting on its obligations is estimated based on existing collateral, guarantees provided, and curing levels.

The Group assesses the creditworthiness of borrowers and estimates the PD on their obligations by applying credit rating models appropriate to their special characteristics and features. Whenever possible, the models are tested by benchmarking against externally available information.

Borrowers are rated when their credit limit is initially determined and thereafter re-rated on at least an annual basis. The ratings are also updated in cases when there is available information that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models, thus ensuring its potential of accurately depicting credit risk and allowing for the timely implementation of measures addressing potential problems.

4.1.2. Corporate Credit

All corporate customers are assigned to credit rating grades, which correspond to different levels of credit risk and relate to different default probabilities. Each rating grade is associated with a specific customer relationship policy/guideline.

Additional information regarding the ratings classification and the credit lending policy is available in the 2022 Annual Financial Report, chapter 4.

(link: Piraeus Group Financial Statements)

4.1.3. Retail Credit

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the retail banking portfolio covering different stages of the credit cycle.

Additional information regarding scorecards of client credit assessment is available in the 2022 Annual Financial Report, chapter 4.

(link: Piraeus Group Financial Statements)

4.1.4. Recovery based on existing collateral, security and guarantees

Along with the assessment of counterparties' creditworthiness, rating evaluation and during the process of setting and reviewing credit limits, the Group estimates the recovery rate related to the exposure in the event of default of a debtor based on the existence and the quality of collateral/security or guarantees. In line with standard practice, the lower the rating of a borrower, the greater the collateral/security and guarantees required, so as to maximize the recovery rate in case of default of a borrower on its contractual obligations to the Group.

4.1.5. Securities and other bills

The Group holds a portfolio of sovereign, bank, and corporate debt, including Greek and international issues. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Group's policies and procedures.

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used.

The amount of the Group's exposure to credit risk from debt securities and other bills is monitored for each portfolio category according to the relevant IFRS provisions.

4.1.6. Concentration Risk

Credit risk concentration may arise from various types of portfolio incomplete diversification such as the concentration risk on large borrowers, economic sectors, geographic areas, and types of collateral.

Credit Risk Management monitors concentration risk on a regular basis, through a reporting framework which respectively informs Senior Management and the supervisory authorities. In addition to monitoring supervisory limits, the Group has set internal limits within the RAF, which are revised annually.

4.1.7. Country Risk

Country risk reflects the risk of loss arising from macro-economic instability, social events, or political uncertainty in a country, including nationalization and expropriation of assets and debt restructuring affecting the Group and the Bank's earnings and/or capital. It includes sovereign, transfer, and political risks.

4.1.8. Counterparty Credit Risk

CCR is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

CCR is applicable to:

- OTC derivative transactions,
- repurchase (repo) transactions,
- credit derivatives, and
- long settlement transactions.

Exposure values for CCR are measured in accordance with the standardized method (SA-CCR). More specifically, the exposure value for a derivative transaction is calculated at the netting set level as the sum of the current replacement cost and the potential future exposure (PFE), but also considers a multiplier "alpha" (α = 1.4) set by the Basel Committee on Banking Supervision (BCBS). The PFE portion consists of a multiplier that allows for the partial recognition of excess collateral and an aggregate add-on, which is derived from add-ons developed for each asset class (i.e. interest rate, foreign exchange, credit, equity, and commodity). The methodology for calculating the add-ons for each asset class hinges on the key concept of a "hedging set", a group of transactions that share common characteristics. Moreover, this new risk-sensitive approach differentiates between margined and unmargined transactions and focuses on a more meaningful recognition of netting as well as collateralization.

The table below presents the distribution of CCR and CCP trade exposure values deriving from the Group's derivative and security financing transactions (SFT) per contract type, before and after CRM techniques, incurred CVA, and netting:

Table 11: CCR Breakdown of Derivatives and SFTs

2022 (€ 000's)	Original Exposure	Effects of Margining and Unilateral CVA	Final CCR Exposure	Capital Requirements
CCP Activities:	**3,054,685**	**2,231,252**	**823,432**	**306**
OTC derivatives	2,406,468	2,230,161	176,308	282
Exchange-traded derivatives	6,564	1,091	5,472	9
Segregated initial margin	635,294		635,294	
Default fund contributions	6,359		6,359	15
OTC Derivatives:	**319,685**	**126,447**	**193,238**	**10,842**
With sovereign counterparties	21,573	377	21,197	
With financial institutions	162,610	115,620	46,990	1,514
With non-financial counterparties	135,502	10,450	125,052	9,328
SFTs:	**398,466**	**363,855**	**34,611**	**553.78**
Total Counterparty Credit Risk	**3,772,836**	**2,721,554**	**1,051,282**	**11,702**

Notes: Exposure value (E*) for derivatives is comprised of the contract's replacement cost and the potential future exposure add-on.

As at December 31st, 2022, the Group had no active credit derivative exposures. Therefore, the disclosure of template EU CCR6 (Credit derivatives exposures) does not apply.

Piraeus Group manages CCR by setting appropriate credit limits, requiring adequate financial collateral, and signing master netting agreements (MNA).

Piraeus Group has signed International Swaps and Derivatives Association (ISDA) and Global Master Repurchase Agreement (GMRA) MNA with a number of financial institutions. These agreements are complemented with the standardized form of Credit Support Annexes (CSA) and European Financial Stability Fund (EFSF) Annexes, where deemed necessary. For calculating the capital requirements of a netting set, where netting leads to a net obligation for the Group, the current replacement cost is equal to zero. Furthermore, depending on the net to gross ratio derived from all replacement costs in a netting set, the PFE of the netting set is appropriately adjusted.

It should be noted that, given the current state of the interbank market, no material changes are expected on the Group's collateral postings due to rating downgrades.

4.2. Credit Risk Mitigation & Control

4.2.1. Credit limits

The Group sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Collateral or security provided, which reduces the overall level of risk assumed, is taken into consideration. The Group categorizes the risk of credits into risk classes based on the type of associated collateral/security and its liquidation potential. The maximum credit limits that may be approved per risk class are determined by the BoD. For the Group, no credit is approved by one sole person since the procedure regularly requires the approval of a minimum of three authorized officers, with the exception of consumer loans and credit cards, with the prerequisite that all criteria set in the Credit Policy are met. Approval authorities are designated based on the level of risk exposure, and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to 12 months, and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a duration shorter than 12 months. The outstanding balances along with their corresponding limits are monitored and any limit excesses are promptly reported and dealt with accordingly.

4.2.2. Collateral use

Along with the evaluation of the creditworthiness of counterparties, the Group estimates the recovery rate against exposures when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collateral and/or guarantees.

According to standard practice, when a borrower's credit rating is low, then additional collateral/guarantees are requested in order to secure a higher recovery rate to account for the borrower's PD.

The Group receives collateral or security against its credit to customers, thus minimizing the overall credit risk and ensuring the timely repayment of its debt claims.

For this scope, the Group has defined categories of acceptable collateral and has incorporated them in its Credit Policy. The Group regards collateral as liquid assets, which are pledged to secure timely repayment of its debt claims, while on the other hand, the Group considers guarantees as assets that are not easily liquidated.

The main types of acceptable collateral are the following:

- pledged deposits and cheques,
- mortgages on real estate property,
- ship mortgages,
- Greek government guarantees,
- bank letters of guarantee,
- guarantees by the Greek Development Bank,
- pledged financial instruments such as stocks, bonds, Treasury Bills, or mutual fund shares, and
- receivables.

The collateral/security associated with a credit is initially evaluated during the credit approval process, based on its current or fair value, and is reevaluated at regular intervals.

The table below provides an analysis of credit risk exposures (excluding CCR and CCP exposures) before and after the application of CCF and CRM techniques, as well as RWA and RWA densities broken down by regulatory exposure classes and a split by on and off-balance sheet exposures:

Table 12: EU CR4 – Standardized approach: Credit risk exposure and CRM effects							
2022 (€ 000's)		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes		On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1	Central governments or central banks	25,283,765	163	31,542,310	11	4,819,178	15%
2	Regional government or local authorities	57,931	3,564	56,837	260	11,419	20%
3	Public sector entities	575,272	6,322	1,333,346	564	575,417	43%
4	Multilateral development banks			769,414	609		0%
5	International organizations						
6	Institutions	1,213,416	145,433	1,452,939	42,480	756,899	51%
7	Corporates	10,160,254	10,972,037	8,177,430	1,107,258	7,483,288	81%
8	Retail	2,808,325	1,831,593	1,986,443	40,048	1,380,015	68%
9	Secured by mortgages on immovable property	9,815,724	373,412	9,429,222	90,939	4,174,518	44%
10	Exposures in default	1,677,309	45,494	1,461,117	12,212	1,561,908	106%
11	Higher-risk categories	80,681	508	77,215	2	115,826	150%
12	Covered bonds	2,046		2,046		409	20%
14	Collective investment undertakings	104,157		104,157		49,597	48%
15	Equity	1,156,016		1,156,016		1,268,026	110%
16	Other items	6,594,206		6,594,206		4,782,957	73%
17	**Total**	**59,529,102**	**13,378,526**	**64,142,699**	**1,294,385**	**26,979,458**	**41%**

Notes: The table does not include items not subject to credit risk or items directly deducted from CET1 capital. The amounts represent exposures before applying substitution effects. Row 13 (Institutions and corporates with a short-term credit assessment) is not disclosed, as short-rate assessments are not utilized in the credit risk calculation process.

4.2.3. Collateral Valuation

Collateral/security is valued initially during the credit approval process based on its current or fair value and is then revalued regularly.

Bonds received as collateral are valued on a daily basis and monitored through a collateral system that takes into account the specific characteristics of every contract.

Equities listed on the stock exchange are also taken into account. Their valuation is based on the official daily closing prices of the previous day for each share while the entire valuation process is conducted in the collateral system.

Additional information regarding the market value assessment of properties is available in the 2022 Annual Financial Report, chapter 4.3.3.

(link: Piraeus Group Financial Statements)

The table below provides an analysis of unsecured and secured credit risk exposures and credit risk exposures secured by various forms of CRM for all loans and debt securities accompanied by the carrying amounts of the total exposures, which are in default. The table below excludes CCR exposures:

Table 13: EU CR3 – Use of credit risk mitigation (CRM) techniques						
		a	b	c	d	e
2022 (€ 000's)		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	
						Of which secured by credit derivatives
1	Loans and advances	14,859,183	32,269,539	20,717,954	11,551,585	
2	Debt securities	11,683,984				
3	**Total**	**26,543,167**	**32,269,539**	**20,717,954**	**11,551,585**	
4	Of which non-performing exposures	88,377	1,273,397	1,112,005	161,392	
5	*Of which defaulted*	*88,377*	*1,273,397*			

For the correct interpretation of the figures presented in the table above, the following are noted:

- Unsecured carrying amount: includes the carrying amount of exposures (net of allowances/impairments) that do not benefit from a CRM technique;
- Secured carrying amount: includes the carrying amount of exposures (net of allowances/impairments) that have at least one CRM mechanism (collateral, financial guarantees, credit derivatives) associated with them;
- Of which secured by collateral: Includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by collateral (collateral includes cash, stocks, bonds, movable property, mortgages on immovable property);
- Of which secured by financial guarantees: includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees;
- Of which secured by credit derivatives: includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by credit derivatives.

The allocation of the carrying amount of multi-secured exposures to their different CRM mechanisms is made by order of priority, starting with the CRM mechanism expected to be called first in the event of a loss and within the limits of the carrying amount of the secured exposures.

In case an exposure is secured by collateral and other CRM mechanisms, the carrying amount of the exposures secured by collateral is the remaining share of the exposures secured by collateral after consideration of the shares of the exposures already secured by other CRM mechanisms expected to be called beforehand in the event of a loss, without considering over-collateralization.

4.2.4. Credit-Related Commitments

The Group uses credit-related commitments to provide customers with funds when requested. These commitments entail credit risk and mainly concern letters of credit and letters of guarantee.

The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

4.3. Impairment Policy

The Group recognizes an expected credit loss (ECL) impairment on loans and advances to customers at amortized cost when it is estimated that it will not be in a position to receive all payments due, as defined by the contract of the loan. The amount of the ECL allowance for impairment on loans and advances to customers at amortized cost is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate of the loan (or credit-adjusted effective interest rate for purchased or originated credit impaired – POCI – financial assets).

The Group assesses at each reporting period whether there is objective evidence that a loan or a group of loans is impaired.

At each reporting date, an impairment loss equal to 12-month ECL (allocated to Stage 1) is recognized for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets that:

- exhibit a significant increase in credit risk since their initial recognition (allocated to Stage 2),
- are credit impaired (allocated to Stage 3), or
- are POCI,

an impairment loss equal to lifetime ECL is recognized.

The Group applies the EBA NPE definition. In accordance with the Group's Impairment Policy, a financial asset is considered as credit impaired and is classified into Stage 3, when it is classified as NPE.

The Group considers as individually significant, facilities to Corporate and Individual customers that satisfy all of the following criteria:

- the aggregate exposure at debtor level at the period end reporting date exceeds the amount of € 1 mn or the equivalent in foreign currency, and
- the exposures are classified as NPE.

The result of the individual assessment is further adjusted by incorporating the effect of macroeconomic scenarios, determined on the basis of the estimates of the collective projection models.

The collective impairment assessment is carried out on all loans classified in Stages 1 and 2, as well as those in Stage 3 provided that they have not been individually assessed.

Additional information concerning impairment methodology, key modeling concepts, and significant increase in credit risk is presented in chapter 4 of the 2022 Annual Financial Report.

(link: Piraeus Group Financial Statements)

4.4. Non-performing and Forborne Exposures

The Group's non-performing loans ratio was 6.8%[3] in December 2022, declining to € 2.6 bn from € 4.9 bn in December 2021, while the respective ratio for Piraeus Bank was 7%.

The Group's coverage ratio of non-performing loans by total cumulative provisions[4] reached 54.5%.

From January 1st, 2021, and onwards Piraeus Financial Holdings and Piraeus Bank apply the new Definition of Default (DoD) regulatory requirements issued by the EBA (EBA/GL/2016/07) aiming at the convergence of the default definitions for accounting and regulatory purposes (i.e. IFRS 9, EBA guidelines, and CRR). This change represents a change in accounting estimates as per IAS 8.

The new DoD applies to all the entities of the Group, considering local regulations and specific characteristics of each jurisdiction. In line with the relevant regulatory requirements and the guidelines for the identification of default, the Group implements both an objective indicator (past due criterion), as well as a set of quantitative and qualitative unlikeliness to pay indicators to capture indications where the obligor is considered by the Group as unlikely to pay its credit obligations in full. More specifically, a default is considered to have occurred with regard to a particular obligor when either or both of the following two events have taken place:

- Past Due Criterion: The obligor is past due for more than 90 consecutive days on any material credit obligation to the Group.
- Unlikeliness to Pay: The Group considers that the obligor is unlikely to repay its obligations in full, without recourse by the Group to actions such as realizing security, based on the criteria that the Group has specified.

In principle, the DoD is applied at the contract level for the retail portfolio and at the obligor level for the non-retail portfolio.

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[3] including loans at fair value through profit or loss

[4] including accumulated negative changes in fair value due to credit risk

In order for an exposure classified as defaulted to return to a non-defaulted status, the behavior of the contract for the retail portfolio or the obligor for the non-retail portfolio is monitored for a pre-defined period of time (i.e. probation period) within which the exposure continues to be classified in default status. If the Group considers that for a previously defaulted exposure no trigger of default continues to apply at the end of the probation period, then a return to a non-defaulted status takes place.

The following table provides a summary of the credit quality of forborne exposures:

Table 14: EU CQ1 – Credit quality of forborne exposures

	2022 (€ 000's)	a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
				Of which defaulted	Of which impaired				
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	1,325,625	1,074,475	1,074,475	1,028,573	(46,539)	(367,168)	1,874,294	677,016
020	Central banks								
030	General governments								
040	Credit institutions								
050	Other financial corporations	28,383	4,009	4,009	4,009	(34)	(3,980)	28,295	29
060	Non-financial corporations	583,079	770,797	770,797	724,988	(15,326)	(303,959)	990,067	460,698
070	Households	714,163	299,669	299,669	299,576	(31,179)	(59,229)	855,932	216,289
080	Debt securities								
090	Loan commitments given	33,089	218	218	218	(423)		32,330	
100	**Total**	**1,358,714**	**1,074,693**	**1,074,693**	**1,028,791**	**(46,962)**	**(367,168)**	**1,906,624**	**677,016**

Note: The table includes debt instruments at fair value through profit and loss, with the exception of held for trading.

The following table presents a summary of the credit quality of NPE and related impairments, provisions, and valuation adjustments by portfolio and exposure class:

Table 15: EU CR1 – Performing and non-performing exposures and related provisions

	2022 (€ 000's)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		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 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	**Cash balances at central banks and other demand deposits**	**9,533,704**	**9,533,704**					**(115)**	**(115)**							
010	**Loans and advances**	**36,402,285**	**32,109,063**	**3,796,694**	**2,624,316**		**2,276,964**	**(168,926)**	**(37,243)**	**(120,079)**	**(1,262,542)**		**(1,115,185)**	**(1,653,096)**	**30,996,142**	**1,273,397**
020	Central banks															
030	General governments	1,612,782	1,611,090		5,101		5,101	(139)	(120)		(3,563)		(3,563)	(15)	1,579,670	1,405
040	Credit institutions	177,385	177,385												455	
050	Other financial corporations	7,294,913	7,243,658	38,711	28,531		14,408	(2,129)	(1,850)	(133)	(25,754)		(13,066)	(160,259)	6,442,692	2,743
060	Non-financial corporations	18,133,314	16,458,290	1,526,454	1,770,825		1,537,487	(71,869)	(21,226)	(47,717)	(922,598)		(819,530)	(1,306,610)	15,173,211	819,590
070	*Of which SMEs*	*9,003,193*	*7,649,098*	*1,206,882*	*1,189,675*		*983,859*	*(61,017)*	*(14,083)*	*(44,007)*	*(606,270)*		*(515,277)*	*(542,141)*	*8,273,779*	*558,105*
080	Households	9,183,891	6,618,640	2,231,528	819,859		719,968	(94,788)	(14,048)	(72,228)	(310,627)		(279,025)	(186,212)	7,800,115	449,659
090	**Debt securities**	**11,719,317**	**11,664,468**	**10,630**				**(35,334)**	**(31,612)**	**(3,722)**						
100	Central banks															
110	General governments	10,807,353	10,807,353					(22,552)	(22,552)							
120	Credit institutions	523,189	521,440					(6,039)	(6,039)							
130	Other financial corporations	239,795	186,695	10,630				(5,901)	(2,179)	(3,722)						

Table 15: EU CR1 – Performing and non-performing exposures and related provisions

2022 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		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 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
140	Non-financial corporations	148,980	148,980					(842)	(842)							
150	**Off-balance-sheet exposures**	**13,362,367**	**12,893,882**	**460,764**	**216,895**		**216,895**	**(12,723)**	**(9,996)**	**(2,487)**	**(79,775)**		**(79,775)**		**3,898,351**	**107,484**
160	Central banks															
170	General governments	6,136	6,136		31		31	(1)	(1)						1,232	29
180	Credit institutions	156,380	156,380					(209)	(209)						1,563	
190	Other financial corporations	1,372,325	1,363,144	9,181	328		328	(3,130)	(3,129)		(61)		(61)		123,647	267
200	Non-financial corporations	10,382,133	10,124,894	256,907	208,379		208,379	(7,337)	(5,981)	(1,355)	(79,374)		(79,374)		3,438,515	106,083
210	Households	1,445,393	1,243,328	194,677	8,157		8,157	(2,047)	(676)	(1,131)	(339)		(339)		333,393	1,104
220	**Total**	**71,017,673**	**66,201,118**	**4,268,088**	**2,841,211**		**2,493,859**	**(217,097)**	**(78,966)**	**(126,287)**	**(1,342,317)**		**(1,194,959)**	**(1,653,096)**	**34,894,493**	**1,380,881**

Note: The table includes debt instruments at fair value through profit and loss, with the exception of held for trading.

The following table provides an analysis of performing and NPE by past due days:

Table 16: EU CQ3 – Credit quality of performing and non-performing exposures by past due days													
2022 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l
		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
005	**Cash balances at central banks and other demand deposits**	**9,533,704**	**9,533,704**										
010	**Loans and advances**	**36,402,285**	**36,045,498**	**356,786**	**2,624,316**	**900,896**	**107,103**	**192,219**	**233,046**	**379,346**	**163,588**	**648,117**	**2,624,316**
020	Central banks												
030	General governments	1,612,782	1,612,739	42	5,101	1			1	4,474	1	625	5,101
040	Credit institutions	177,385	177,385										
050	Other financial corporations	7,294,913	7,291,050	3,863	28,531	99	3	3,975	787	7,722	460	15,484	28,531
060	Non-financial corporations	18,133,314	17,916,690	216,624	1,770,825	625,283	27,658	74,830	108,299	274,269	110,347	550,138	1,770,825
070	*Of which SMEs*	*9,003,193*	*8,860,076*	*143,117*	*1,189,675*	*350,155*	*27,656*	*21,195*	*86,577*	*137,768*	*105,740*	*460,585*	*1,189,675*
080	Households	9,183,891	9,047,634	136,257	819,859	275,513	79,442	113,414	123,959	92,881	52,780	81,870	819,859
090	**Debt securities**	**11,719,317**	**11,719,317**										
100	Central banks												
110	General governments	10,807,353	10,807,353										
120	Credit institutions	523,189	523,189										
130	Other financial corporations	239,795	239,795										
140	Non-financial corporations	148,980	148,980										
150	**Off-balance-sheet exposures**	**13,362,367**			**216,895**								**216,895**
160	Central banks												
170	General governments	6,136			31								31

Table 16: EU CQ3 – Credit quality of performing and non-performing exposures by past due days

2022 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l
		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
180	Credit institutions	156,380											
190	Other financial corporations	1,372,325			328								328
200	Non-financial corporations	10,382,133			208,379								208,379
210	Households	1,445,393			8,157								8,157
220	**Total**	**71,017,673**	**57,298,519**	**356,786**	**2,841,211**	**900,896**	**107,103**	**192,219**	**233,046**	**379,346**	**163,588**	**648,117**	**2,841,211**

Note: The table includes debt instruments at fair value through profit and loss, with the exception of held for trading.

The following table provides an analysis of the Group's credit quality of loans and advances to non-financial customers per NACE code, before applying CCF and CRM techniques:

Table 17: EU CQ5 – Credit quality of loans and advances by industry

	2022 (€ 000's)	a	b	c	d	e	f
		Gross carrying amount/nominal amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry, and fishing	429,843	29,720	29,720	429,843	(18,048)	
020	Mining and quarrying	32,603	3,794	3,794	32,603	(2,385)	
030	Manufacturing	4,009,868	314,437	314,437	4,009,870	(151,337)	
040	Electricity, gas, steam, and air conditioning supply	2,153,177	42,273	42,273	2,153,177	(36,191)	
050	Water supply	50,019	2,993	2,993	50,019	(2,528)	
060	Construction	1,309,206	136,553	136,553	1,309,206	(87,616)	
070	Wholesale and retail trade	2,941,245	286,255	286,255	2,941,038	(199,587)	(30)
080	Transport and storage	3,455,383	250,740	250,740	3,455,383	(185,529)	
090	Accommodation and food service activities	2,548,544	260,067	260,067	2,502,941	(49,710)	
100	Information and communication	331,889	19,589	19,589	331,889	(16,503)	
110	Financial and insurance activities						
120	Real estate activities	1,149,475	276,697	276,697	1,149,475	(136,832)	
130	Professional, scientific, and technical activities	267,666	28,936	28,936	267,666	(13,771)	
140	Administrative and support service activities	423,477	9,000	9,000	423,477	(3,338)	
150	Public administration and defense, compulsory social security	17,003	613	613	17,003	(649)	
160	Education	37,292	1,306	1,306	37,292	(1,034)	
170	Human health services and social work activities	538,140	27,609	27,609	538,140	(18,953)	
180	Arts, entertainment, and recreation	21,995	6,648	6,648	21,995	(5,111)	
190	Other services	187,314	73,595	73,595	187,314	(65,313)	
200	**Total**	**19,904,139**	**1,770,825**	**1,770,825**	**19,858,331**	**(994,435)**	**(30)**

Note: The table includes loans and advances (with the exception of held for trading) to non-financial corporations by NACE code.

The following table provides an analysis of the Group's credit quality of loans, debt securities, and off-balance-sheet exposures, per incorporation country, before applying CCF and CRM techniques:

Table 18: EU CQ4 – Quality of non-performing exposures by geography

2022 (€ 000's)		a	b	c	d	e	f	g
		Gross carrying amount/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
010	**On-balance-sheet exposures**	**50,745,918**	**2,624,316**	**2,624,316**	**50,639,387**	**(1,456,188)**		**(10,614)**
020	Greece	43,791,234	2,062,008	2,062,008	43,737,771	(1,103,651)		(122)
030	Italy	2,319,992	80	80	2,319,992	(385)		
040	Marshall Islands	1,013,606	11,851	11,851	1,003,017	(1,273)		(10,492)
050	Liberia	862,572	2,393	2,393	862,572	(1,848)		
060	Ireland	699,189	1,000	1,000	688,720	(1,834)		
070	Cyprus	458,751	22,144	22,144	458,751	(16,721)		
080	Romania	353,798	232,257	232,257	353,798	(168,740)		
090	United Kingdom	230,328	1,737	1,737	230,328	(1,347)		
100	Other Countries	1,016,448	290,846	290,846	984,438	(160,389)		
110	**Off-balance-sheet exposures**	**13,579,261**	**216,895**	**216,895**			**(92,498)**	
120	Greece	12,231,224	212,827	212,827			(89,259)	
130	Italy	4,547					(3)	
140	Marshall Islands	95,251					(14)	
150	Liberia	68,595	19	19			(20)	
160	Ireland	895,541					(2,805)	
170	Cyprus	42,397					(196)	
180	Romania	20						
190	United Kingdom	24,830					(1)	
200	Other Countries	216,856	4,049	4,049			(200)	
210	**Total**	**64,325,179**	**2,841,211**	**2,841,211**	**50,639,387**	**(1,456,188)**	**(92,498)**	**(10,614)**

Note: On balance sheet exposures include loans and advances and debt securities.

The Group applies the Implementing Technical Standards (ITS) of the EBA relating to forborne loans.

The alignment of the Restructuring Policy of the Group with the relevant EBA definitions and BoG guidelines was backed up with the creation of new structures and procedures, development of new information systems, and modifications on existing applications, in order to achieve effective and reliable management of past due loans by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve conversion of contractual terms and conditions and/or refinancing of debts.

Forbearance measures do not lead to derecognition unless the modification substantially changes the loan terms of the original contract.

Additional information regarding the Restructuring Policy as well as analysis of restructured loans per portfolio is available in the 2022 Annual Financial Report, chapter 4.4.

(link: Piraeus Group Financial Statements)

As at December 31st, 2022, forborne loans accounted for € 2.4 bn.

The following table provides an overview of the quality of forbearance:

Table 19: EU CQ2 – Quality of forbearance

2022 (€ 000's)		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	1,139,806
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	468,406

The following table provides an overview of collateral value and information on performing and non-performing loans and advances:

Table 20: EU CQ6 – Collateral valuation - loans and advances

2022 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing exposures								
						Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
				Of which past due > 30 days ≤ 90 days				Of which: past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 year ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	39,026,601	36,402,284	356,787	2,624,316	900,896	1,723,421	107,103	192,220	233,046	379,346	163,588	648,117
020	Of which secured	35,903,664	33,619,359	337,843	2,284,305	860,264	1,424,041	94,082	166,821	197,516	293,334	152,121	520,168
030	*Of which secured with immovable property*	*14,689,352*	*12,964,659*	*198,301*	*1,724,693*	*731,857*	*992,836*	*81,407*	*151,359*	*155,995*	*133,748*	*100,736*	*369,591*
040	Of which instruments with LTV higher than 60% and lower or equal to 80%	2,962,931	2,738,764		224,167	78,632	145,535						
050	Of which instruments with LTV higher than 80% and lower or equal to 100%	1,914,226	1,727,603		186,623	61,012	125,611						
060	Of which instruments with LTV higher than 100%	4,342,550	3,393,166		949,384	374,408	574,976						
070	Accumulated impairment for secured assets	(1,109,015)	(131,425)	(8,845)	(977,589)	(219,869)	(757,720)	(14,245)	(60,817)	(51,077)	(204,851)	(91,204)	(335,526)
080	Collateral												
090	Of which value capped at the value of exposure	20,717,954	19,605,949	224,383	1,112,005	558,619	553,386	63,615	96,549	123,078	79,834	46,315	143,995
100	*Of which immovable property*	*12,405,658*	*11,436,693*	*166,548*	*968,965*	*477,763*	*491,203*	*61,483*	*94,524*	*117,100*	*43,648*	*36,554*	*137,893*
110	Of which value above the cap	473,688	128,215	3,818	345,473	50,242	295,231						

Table 20: EU CQ6 – Collateral valuation - loans and advances													
		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
			Performing		Non-performing exposures								
2022 (€ 000's)				Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days	Of which: past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 year ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
120	*Of which immovable property*	*277,903*	*34,765*	*3,063*	*243,138*	*27,131*	*216,006*						
130	Financial guarantees received	11,551,585	11,390,193	88,519	161,392	65,222	96,170	10,028	6,965	7,337	19,186	12,842	39,813
140	Accumulated partial write-off	(1,653,096)	(160,273)	(4,685)	(1,492,822)	(169,912)	(1,322,911)	(3,837)	(5,037)	(46,090)	(217,413)	(213,254)	(837,279)

The following table provides an overview of the movements (inflows and outflows) of non-performing loans and advances between December 31st, 2021, and December 31st, 2022:

Table 21: EU CR2a – Changes in the stock of non-performing loans and advances and related net accumulated recoveries			
2022 (€ 000's)		a	b
		Gross carrying amount	Related net accumulated recoveries
010	**Initial stock of non-performing loans and advances**	**4,915,037**	
020	Inflows to non-performing portfolios	455,194	
030	Outflows from non-performing portfolios	(2,745,915)	
040	Outflow to performing portfolio	(511,474)	
050	Outflow due to loan repayment, partial or total	(254,757)	
060	Outflow due to collateral liquidations	(62,961)	62,011
070	Outflow due to taking possession of collateral	(56,661)	53,076
080	Outflow due to sale of instruments	(497,830)	359,537
090	Outflow due to risk transfers		
100	Outflows due to write-offs	(357,717)	
110	Outflow due to other situations	(191,994)	
120	Outflow due to reclassification as held for sale	(812,521)	
130	**Final stock of non-performing loans and advances**	**2,624,316**	

The following table provides an overview of foreclosed assets obtained from NPE:

Table 22: EU CQ7 – Collateral obtained by taking possession and execution processes			
2022 (€ 000's)		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant, and equipment (PP&E)	16,141	(2,077)
020	Other than PP&E	2,099,961	(222,452)
030	Residential immovable property	439,484	(29,192)
040	Commercial immovable property	1,475,527	(98,595)
050	Movable property (auto, shipping, etc.)	299	(16)
060	Equity and debt instruments	176,502	(87,686)
070	Other Collateral	8,149	(6,963)
080	**Total**	**2,116,102**	**(224,529)**

The following table provides an overview of collateral value and information on performing and non-performing loans and advances:

Table 23: EU CQ8 – Collateral obtained by taking possession and execution processes: vintage breakdown

2022 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
						Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	16,141		16,141	(2,077)								
020	Collateral obtained by taking possession other than classified as PP&E	2,094,857	(9,072)	2,099,961	(222,451)	547,563	(9,504)	581,338	(69,633)	971,060	(143,314)	10	
030	Residential immovable property	438,952	(2,409)	439,484	(29,192)	95,583	(803)	148,374	(5,065)	195,527	(23,324)	7	
040	Commercial immovable property	1,470,955	(6,647)	1,475,527	(98,594)	428,209	(6,933)	347,418	(19,110)	699,900	(72,551)		
050	Movable property (auto, shipping, etc.)	299	(16)	299	(16)	285	(5)	3		11	(11)	3	
060	Equity and debt instruments	176,502		176,502	(87,686)	22,710	(1,763)	84,487	(44,794)	69,305	(41,129)		
070	Other Collateral	8,149		8,149	(6,963)	776		1,056	(664)	6,317	(6,299)		
080	**Total**	**2,110,998**	**(9,072)**	**2,116,102**	**(224,528)**	**547,563**	**(9,504)**	**581,338**	**(69,633)**	**971,060**	**(143,314)**	**10**	

4.5. Exposures Subject to Measures Applied in Response to the Covid-19 Crisis

As of June 30th, 2020, the EBA Guidelines on reporting and disclosure of exposures subject to measures applied in response to the Covid-19 crisis (EBA/GL/2020/07) came into effect. As such, the Group is required to disclose information related to exposures subject to payment moratoria, as well as newly originated exposures subject to public guarantee schemes introduced in response to the Covid-19 crisis. This information will be disclosed for the last time in this report.

The following two tables present loans and advances that meet the conditions for general payment moratoria set out in paragraph 10 of the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in light of the Covid-19 crisis (EBA/GL/2020/02).

Table 24: Information on loans and advances subject to legislative and non-legislative moratoria

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
2022 (€ 000's)		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
			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
1	Loans and advances	3,576,455	3,153,921	745,261	1,571,939	422,534	351,283	285,724	(93,006)	(40,086)	(22,932)	(38,412)	(52,920)	(41,201)	(23,381)	45,205
2	of which: Households	1,673,311	1,452,844	485,975	995,085	220,467	169,651	119,129	(69,433)	(33,603)	(20,181)	(32,710)	(35,831)	(26,850)	(16,598)	35,421
3	*of which: collateralized by residential immovable property*	*1,302,504*	*1,151,098*	*368,709*	*801,858*	*151,406*	*115,811*	*84,147*	*(30,093)*	*(15,077)*	*(8,264)*	*(14,822)*	*(15,016)*	*(11,606)*	*(8,509)*	*26,409*
4	of which: Non-financial corporations	1,903,144	1,701,077	259,286	576,854	202,066	181,632	166,595	(23,573)	(6,484)	(2,751)	(5,702)	(17,089)	(14,350)	(6,783)	9,784
5	*of which: Small and Medium-sized Enterprises*	*1,387,773*	*1,253,976*	*179,716*	*454,966*	*133,797*	*113,363*	*98,326*	*(22,230)*	*(5,142)*	*(1,751)*	*(4,531)*	*(17,088)*	*(14,349)*	*(6,781)*	*9,784*
6	*of which: collateralized by commercial immovable property*	*1,395,811*	*1,206,160*	*199,623*	*477,078*	*189,651*	*173,462*	*158,781*	*(15,524)*	*(3,703)*	*(1,406)*	*(3,345)*	*(11,821)*	*(10,705)*	*(3,525)*	*8,351*

In the first half of 2020, the Greek economy was affected by the conditions and high level of uncertainty caused by the rapid spread of the global Covid-19 pandemic. Thereafter, the Hellenic Banking Authority (HBA) announced its support to businesses and individuals affected by the crisis by introducing moratoria. Following the announcements, the Bank implemented a range of support measures that took the form of moratorium on payments of credit obligations. Initially, eligible moratoria to businesses and individuals included a three-to-six-month grace period for capital and interest payments or a grace period with interest-only payments until December 31st, 2020, with the capability of extension. Following the updated EBA Guidelines of December 2nd, 2020, the moratoria application deadline was extended to March 31st, 2021. The new guidelines introduced a nine-month cap for applications after September 30th, 2020. Fifty percent (50%) of granted moratoria to businesses refer to Accommodation and food service activities, followed by Administrative and support service activities at 9%, Manufacturing at 9% and Wholesale and retail trade at 8%.

As of December 31st, 2022, the total of granted moratoria have expired.

Table 25: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

	2022 (€ 000's)	a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
				Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria				
						≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 9 months	> 9 months ≤ 12 months	> 1 year
1	Loans and advances for which moratorium was offered	26,304	3,576,455		3,576,455					
2	Loans and advances subject to moratorium (granted)	26,304	3,576,455		3,576,455					
3	of which: Households		1,673,311		1,673,311					
4	*of which: collateralized by residential immovable property*		*1,302,504*		*1,302,504*					
5	of which: Non-financial corporations		1,903,144		1,903,144					
6	*of which: Small and Medium-sized Enterprises*		*1,387,773*		*1,387,773*					
7	*of which: collateralized by commercial immovable property*		*1,395,811*		*1,395,811*					

Public guarantee schemes have also been issued in response to the Covid-19 pandemic. The Bank, in cooperation with the Hellenic Development Bank, offered working capital loans with a guarantee rate of 80% of each loan, under the relevant program within the Guarantee Fund for Covid-19. These measures aimed to support the short-term operational and liquidity challenges faced by borrowers affected by Covid-19. More specifically, public guarantee loans were based on specific eligibility criteria, and loan duration could vary between one and five years, while collateral requirements should not exceed a specific percentage (e.g. 20 - 40%) of the financing.

Guarantee schemes consisted of three phases. The first two phases were offered to SMEs and Large Corporates, while the third phase supported Very Small Businesses. Additionally, a guarantee scheme of the same standards was issued for SMEs operating in the Construction Sector (Public Sector Projects).

The availability of the first phase ended on December 31st, 2020, while the second and third phases as well as the program for construction companies ended on June 30th, 2022.

Table 26: Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to Covid-19 crisis

	2022 (€ 000's)	a	b	c	d
		Gross carrying amount		Maximum amount of the guarantee that can be considered	Gross carrying amount
			of which: forborne	Public guarantees received	Inflows to non-performing exposures
1	**Newly originated loans and advances subject to public guarantee schemes**	**1,129,907**	**32**	**903,925**	**1,152**
2	of which: Households	72,225			487
3	*of which: Collateralized by residential immovable property*				
4	of which: Non-financial corporations	1,057,681		846,145	666
5	*of which: Small and Medium-sized Enterprises*	*677,964*			*666*
6	*of which: Collateralized by commercial immovable property*	*134,884*			*468*

4.6. Securitization

Effective January 1st, 2019, two new securitization regulations were released, introducing a more standardized framework for securitizations issued in the EU:

- Regulation (EU) 2017/2402 (the Securitization Regulation), and
- Regulation (EU) 2017/2401 (the Securitization Prudential Regulation).

On March 31st, 2021, the European supervisory authorities introduced major changes to the securitization framework, creating a specific context for simple, transparent, and standardized (STS) securitization transactions, and amending the CRR and the Securitization Regulation to support economic recovery in response to the adverse impact of Covid-19 on the banking sector. The following regulations amending the securitization framework entered into force on April 10th, 2022:

- Regulation (EU) 2021/558 (amending the CRR), and
- Regulation (EU) 2017/557 (amending the Securitization Regulation).

A key component of the aforementioned regulations is the definition of STS transactions, which may benefit from more favorable capital treatment than other less homogeneous or synthetic securitizations. In order to realize this benefit, institutions are required to justify compliance with STS criteria and satisfaction of the prudential eligibility tests.

If an institution intends to derecognize the securitized assets from its balance sheet, it is required to prove significant risk transfer (SRT) to a third-party, through prescribed quantitative and qualitative tests. The institution is also required to retain a minimum 5% economic interest in the securitization transaction.

According to the minimum requirements set forth in the aforementioned regulations, with reference date December 31st, 2022, there was significant transfer of credit risk from the Group's securitizations. All securitization positions for which the Group acted as an originator are risk weighted using the standardized approach (SEC-SA) according to the securitization framework, and the securitization positions that the Group acted as an investor are risk weighted using the securitization External Ratings-Based Approach (SEC-ERBA).

As of December 31st, 2022, Piraeus Group has successfully completed the following securitization transactions, for which the Group has received SRT approval. Furthermore, all synthetic securitization transactions meet the definition of STS.

- **Traditional Securitizations:**
  - Phoenix,
  - Vega I,
  - Vega II,
  - Vega III,
  - Sunrise I, and
  - Sunrise II.
- **Synthetic Securitizations:**
  - Ermis I,
  - Ermis II,
  - Ermis III,
  - Ermis M,
  - Ermis VI, and
  - Triton.

A brief summary of these transactions is provided in the paragraphs below.

Phoenix and Vega NPE Securitization

On July 5th, 2021, the Group announced the completion of the Phoenix and Vega securitizations, with an approximate total gross book value € 6.8 bn, following the granting of all necessary approvals.

- Under Project Phoenix, the Group transferred circa € 1.9 bn non-performing retail exposures mainly consisting of mortgage loans.
- Under Project Vega I, the Group transferred circa € 1.0 bn non-performing retail exposures mainly consisting of mortgage loans.
- Under Project Vega II, the Group transferred circa € 2.3 bn NPEs mainly consisting of business loans.
- Under Project Vega III, the Group transferred circa € 1.6 bn NPEs mainly consisting of business loans.

All transactions are covered by the Hellenic Asset Protection Scheme (HAPS, or "Hercules") pursuant to Law 4649/2019.

Sunrise Plan

The Sunrise I and Sunrise II NPE securitization transactions were completed on September 20th, 2021, and December 27th, 2021, respectively, with an approximate total gross book value € 9.9 bn, following the granting of all necessary approvals.

- Under Project Sunrise I, the Group transferred circa € 7.2 bn NPEs mainly consisting of mortgage loans, SME loans, consumer loans, and business loans.
- Under Project Sunrise II, the Group transferred circa € 2.7 bn NPEs mainly consisting of mortgage loans, SME loans, consumer loans, and business loans.

Ermis Synthetic Securitizations

The Ermis I and Ermis II synthetic securitization transactions received all necessary regulatory approvals and became active for measuring capital requirements in FY 2021, while the Ermis III, Ermis M, and Ermis VI synthetic securitization transactions received regulatory approvals and became active for measuring capital requirements in FY 2022. The gross securitized amount from these transactions sums to € 5.8 bn. All five transactions were structured to meet the requirements of Article 270 of EU Regulation 2017/2401 for STS, in order to apply Article 262 of EU Regulation 2017/2401 when calculating the risk weight of the senior, unprotected tranche retained by the Group.

- Under Project Ermis I, the Bank purchased credit protection on a reference portfolio of € 1.3 bn of performing loans to small businesses, SMEs, and larger corporates.
- Under Project Ermis II, the Group purchased credit protection on a reference portfolio of € 1.1 bn of performing loans to small businesses, SMEs, and larger corporates.
- Under Project Ermis III, the Group purchased credit protection on a reference portfolio of € 541 mn of SME loans.
- Under Project Ermis M, the Group purchased credit protection on a reference portfolio of € 1.5 bn of performing residential mortgage loans.
- Under Project Ermis VI, the Group purchased credit protection on a reference portfolio of € 1.4 bn of performing loans to SMEs and large corporates. For this transaction, the Group applies the treatment described in Article 3 of the CRR, choosing to increase the risk weight of the senior unprotected tranche by 3%.

Triton Synthetic Securitization

The Triton securitization transaction on performing shipping loans received all necessary regulatory approvals and became active for measuring capital requirements in H1 2022.

Under Project Triton, the Group purchased credit protection on a reference portfolio of $ 0.6 bn of performing shipping loans. The transaction was structured to meet the requirements of Articles 26b to 26e of EU Regulation 2017/2402 as amended by 2021/557 for STS on-balance sheet securitizations, in order to apply Article 262 of EU Regulation 2017/2401 when calculating the risk weight of the senior, unprotected tranche retained by the Group.

Investment in securitization positions

On December 31st, 2022, the Group held investments in collateralized loan obligations (CLOs) with a total carrying amount of € 226 mn.

Finally, no securitization positions exist in the trading book (therefore these positions are not subject to general interest rate risk calculations), and thus the disclosure of table EU SEC2 (Securitization exposures in the trading book) does not apply.

The table EU SEC1 details the total non-trading book securitization exposures split by exposure type that Piraeus Group has securitized and acted as originator. Each table provides a breakdown by traditional and synthetic as well as STS and non-STS securitization transactions. The originator columns (a-g) also contain retained positions (i.e. 5% of mezzanine and junior notes under the traditional securitization and 100% of senior notes under the synthetic securitizations) where Piraeus Group achieves SRT.

Table 27: EU SEC1 – Securitization exposures in the non-trading book

		a	b	c	d	e	f	g	l	m	n	o
	2022 (€ 000's)	Institution acts as originator							Institution acts as investor			
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total
		STS		Non-STS			of which SRT		STS	Non-STS		
			of which SRT		of which SRT							
1	**Total exposures**			**54,966**	**54,966**	**5,274,520**	**5,274,520**	**5,329,486**		**502,370**		**502,370**
2	**Retail (total)**			**37,298**	**37,298**	**1,227,422**	**1,227,422**	**1,264,721**				
3	residential mortgage			37,298	37,298	1,227,422	1,227,422	1,264,721				
4	credit card											
5	other retail exposures											
6	re-securitization											
7	**Wholesale (total)**			**17,668**	**17,668**	**4,047,097**	**4,047,097**	**4,064,765**		**502,370**		**502,370**
8	loans to corporates			17,668	17,668	4,047,097	4,047,097	4,064,765		502,370		**502,370**
9	commercial mortgage											
10	lease and receivables											
11	other wholesale											
12	re-securitization											

Notes:

1. The table does not include Vega I, Vega II, Vega III, Phoenix, Sunrise I and Sunrise II senior notes as they have been secured by the Hellenic Asset Protection Scheme ("Hercules").
2. The table includes amounts deducted from own funds, amounting to € 58 mn.
3. The table does not include purchased credit protection amounts under Ermis I, Ermis V, Triton, and Ermis III synthetic securitization programs.
4. The table includes mezzanine notes retained by the Bank, as per the CRR framework, under the Ermis II and Ermis VI synthetic securitization programs. The remaining values of the mezzanine notes amounting to € 72.7 mn and € 92.5 mn accordingly (purchased credit protection amounts) are not included in the above figures.
5. Columns h to k (Institution acts as investor) are not disclosed, as there are no securitization exposures in this scope.

The table EU SEC3 presents the retained exposures (i.e. 5% of mezzanine and junior notes under the traditional securitization and 100% of senior notes under the synthetic securitizations) and the associated capital requirements in the non-trading book securitizations where the Group acts as originator. The exposure values are broken down by risk-weight bands (columns a-e). Additionally, the exposure values, risk weighted exposure amounts, and capital requirements are presented separately for each regulatory RWA calculation approach (columns f-q). All the above-mentioned values are horizontally broken down into traditional or synthetic transactions, securitizations or re-securitizations, and retail or wholesale, and a specific column is dedicated to STS for traditional transactions.

Table 28: EU SEC3 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor

	2022 (€ 000's)	a	b	c	d	e	h	i	l	m	p	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)		RWEA (by regulatory approach)		Capital charge after cap	
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW/ deductions	SEC-SA	1250%/ deductions	SEC-SA	1250% RW	SEC-SA	1250% RW
1	**Total exposures**	**4,718,094**	**556,426**		**54,966**		**5,329,486**		**923,168**		**62,749**	
2	**Traditional transactions**				**54,966**		**54,966**		**237,913**		**7,929**	
3	Securitization				54,966		54,966		237,913		7,929	
4	*Retail underlying*				37,298		37,298		163,851		5,306	
5	Of which STS											
6	*Wholesale*				17,668		17,668		74,062		2,622	
7	Of which STS											
8	Re-securitization											
9	**Synthetic transactions**	**4,718,094**	**556,426**				**5,274,520**		**685,255**		**54,820**	
10	Securitization	4,718,094	556,426				5,274,520		685,255		54,820	
11	*Retail underlying*	1,227,422					1,227,422		122,458		9,797	
12	*Wholesale*	3,490,671	556,426				4,047,097		562,797		45,024	
13	Re-securitization											

Notes: Columns f, g, j, k, n, and o (SEC-IRBA and SEC-ERBA (including IAA)) are not disclosed as the Group only applies the standardized approach (SEC-SA) where it acts as an originator.

Table EU SEC4 presents the purchased non-trading book securitizations, where the Group acts as an investor:

Table 29: EU SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor

2022 (€ 000's)		a	b	c	d	e	g	i	k	m	o	q
		Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)		RWEA (by regulatory approach)		Capital charge after cap	
		≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-ERBA (including IAA)	1250%/ deductions	SEC-ERBA (including IAA)	1250% RW	SEC-ERBA (including IAA)	1250% RW
1	**Total exposures**	**502,370**					**502,370**		**100,474**		**8,038**	
2	Traditional transactions	502,370					**502,370**		**100,474**		**8,038**	
3	Securitization	502,370					502,370		100,474		8,038	
4	*Retail underlying*											
5	Of which STS											
6	*Wholesale*	*502,370*					*502,370*		*100,474*		*8,038*	
7	Of which STS											
8	Re-securitization											
9	Synthetic transactions											
10	Securitization											
11	*Retail underlying*											
12	*Wholesale*											
13	Re-securitization											

Notes: Columns f, h, j, l, n, and p (SEC-IRBA and SEC-SA) are not disclosed as the Group only applies the external ratings-based approach (SEC-ERBA) where it acts as an investor.

The table EU SEC5 presents the outstanding nominal amounts where the Group acts as originator or sponsor, along with exposures which have been classified as defaulted according to Article 178 of the CRR and their associated specific credit risk adjustments in accordance with Article 110 of the CRR. The amounts are broken down by the exposure type of the securitized exposures. The outstanding nominal amounts shown correspond to the Group's underlying securitized loans through the securitization programs.

Table 30: EU SEC5 – Exposures securitized by the institution - Exposures in default and specific credit risk adjustments

2022 (€ 000's)		a	b	c
		Exposures securitized by the institution - Institution acts as originator or as sponsor		
		Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
			Of which exposures in default	
1	**Total exposures**	**21,455,517**	**14,316,902**	
2	Retail (total)	**11,103,013**	**8,615,590**	
3	residential mortgage	11,103,013	8,615,590	
4	credit card			
5	other retail exposures			
6	re-securitization			
7	Wholesale (total)	**10,352,504**	**5,701,313**	
8	loans to corporates	10,352,504	5,701,313	
9	commercial mortgage			
10	lease and receivables			
11	other wholesale			
12	re-securitization			

4.7. External Credit Assessment Institutions

Piraeus Group uses external credit ratings from the following institutions for regulatory capital calculation purposes, under the Standardized Approach for Credit Risk and the CRD IV:

- Moody's Investors Service,
- Fitch Ratings,
- Standard & Poor's Rating Services, and
- ICAP Group S.A.

These institutions have been evaluated and acknowledged by the NCA as approved External Credit Assessment Institutions (ECAI).

Table 31: ECAI credit quality step mapping						
Rating Agency	**1**	**2**	**3**	**4**	**5**	**6**
Moody's Investors Service	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Caa1 to C
Fitch Ratings	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C
Standard & Poor's Rating Services	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C
ICAP Group S.A.	-	AAA to AA-	A+ to BBB-	BB+ to B-	CCC+ to CC-	C+ to D

The Group uses ratings by Moody’s Investors Service, Fitch Ratings, and Standard & Poor’s Rating Services, for the “Credit exposures against Financial Institutions” and “Credit exposures against Central Governments/Central Banks” asset classes. ICAP ratings are used for credit exposures against corporate customers incorporated in Greece, in accordance with the related requirements in the CRR.

If there are multiple ratings for a specific exposure, the Group follows the prescribed regulation in order to determine the exposure’s risk weight. In particular, if for a specific exposure there are two ratings available then the rating leading to the higher risk weight is selected. In cases where there are more than two available ratings, initially the two ratings leading to the lower risk weights are chosen and then from the aforesaid two choices, the one corresponding to the higher risk weight is selected.

4.8. Capital Requirements - Standardized Approach

4.8.1. Credit Risk

The following table provides an analysis of credit risk exposures (excluding CCR and CCP exposures) after the application of CCF and CRM techniques, per regulatory exposure class, assigned to the standardized approach risk weights. Unrated items are reported separately:

Table 32: EU CR5 – Standardized approach

	2022 (€ 000's)	a	e	f	g	i	j	k	l	p	q
		Risk weight								Total	Of which unrated
	Exposure Classes	0%	20%	35%	50%	75%	100%	150%	250%		
1	Central governments or central banks	27,474,678	25,275				3,486,189[5]	62,514	493,665	31,542,321	14,621,901
2	Regional government or local authorities		57,097							57,097	57,097
3	Public sector entities	758,493					575,417			1,333,910	1,333,910
4	Multilateral development banks	770,023								770,023	548,208
5	International organizations										
6	Institutions	180,268	563,476		194,662		556,984	29		1,495,419	234,695
7	Corporates	42,361			2,428,234		6,503,193	310,901		9,284,689	5,193,368
8	Retail exposures	12,392				2,014,099				2,026,491	2,022,012
9	Exposures secured by mortgages on immovable property			4,524,196	3,682,907	467,626	828,828	16,603		9,520,161	8,916,997
10	Exposures in default						1,296,171	177,158		1,473,329	1,501,270
11	Exposures associated with particularly high risk							77,218		77,218	77,218
12	Covered bonds		2,046							2,046	
14	Units or shares in collective investment undertakings	51,791	1,775		2,955		47,381	256		104,157	104,157
15	Equity exposures						1,081,343		74,674	1,156,016	1,061,945
16	Other items	1,637,659	212,550		7,018	167	4,736,813			6,594,206	5,928,563
17	**Total**	**30,927,666**	**862,218**	**4,524,196**	**6,315,776**	**2,481,892**	**19,112,319**	**644,679**	**568,339**	**65,437,084**	**41,601,342**

Notes: The table does not include items directly deducted from CET1 capital. Row 13 (Institutions and corporates with a short-term credit assessment) is not disclosed, as short-rate assessments are not utilized in the credit risk calculation process. Columns b (2%), c (4%), d (10%), h (70%), m (370%), n (1250%), and o (Others) are not disclosed because no exposures had been assigned these risk weights as at December 31st, 2022.

[5] The amount of deferred tax credits (DTC) that was recognized in the Group's regulatory CET1 capital as at December 31st, 2022, was € 3,486 mn and was risk weighted at 100%, in accordance with Article 39 of the CRR.

4.8.2. Counterparty Credit Risk

The following table provides a comprehensive analysis of the methods used to calculate CCR regulatory requirements and the main parameters used within each method:

Table 33: EU CCR1 – Analysis of CCR exposure by approach

2022 (€ 000's)		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	Effective expected positive exposure (EEPE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)								
EU2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	57,675	88,345		1.4	319,685	204,429	193,238	135,525
2	IMM (for derivatives and SFTs)								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					398,666	34,611	34,611	6,922
5	VaR for SFTs								
6	**Total**					**718,351**	**239,040**	**227,849**	**142,447**

Note: The values above exclude trade exposures to CCPs, as per the most recent EBA mapping guidelines. Rows 2a, 2b, and 2c are not disclosed as the Group does not apply the internal models method for CCR.

The following table provides an analysis of the Group's exposures and capital requirements to CCP arising from transactions, margins, and contributions to default funds:

Table 34: EU CCR8 - Exposures to CCPs

2022 (€ 000's)		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		3,824
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	181,780	3,636
3	(i) OTC derivatives	176,308	3,526
4	(ii) Exchange-traded derivatives	5,472	109
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	635,294	
8	Non-segregated initial margin		
9	Prefunded default fund contributions	6,359	188
10	Unfunded default fund contributions		
11	**Exposures to non-QCCPs (total)**		

Note: Rows 12-20 are not disclosed as the Group does not have any exposures to non-QCCPs as at December 31st, 2022.

The following table provides an analysis of the CCR exposures (excluding CCP exposures and default fund contributions) after the application of CRM techniques broken down by standardized approach risk weights and regulatory asset classes:

Table 35: EU CCR3 – Standardized approach - CCR exposures by regulatory portfolio and risk

2022 (€ 000's)		a	e	f	h	i	j	l
		Risk weight						Total exposure
	Exposure Classes	0%	20%	50%	75%	100%	150%	
1	Central governments or central banks	21,197						21,197
2	Regional government or local authorities							
3	Public sector entities							
4	Multilateral development banks							
5	International organizations							
6	Institutions		51,440	29,627		100	433	81,601
7	Corporates			15,625		105,557	3,348	124,530
8	Retail				521			521
9	Institutions and corporates with a short-term credit assessment							
10	Other items							
11	**Total exposure value**	**21,197**	**51,440**	**45,252**	**521**	**105,657**	**3,782**	**227,849**

Notes: Columns b (2%), c (4%), d (10%), g (70%), and k (Others) are not disclosed because no exposures have been assigned these risk weights as at December 31st, 2022.

The following table provides a breakdown of all types of collateral, within the Group (cash, sovereign debt, corporate bonds, etc.) posted or received by the Group to support or reduce CCR exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP:

Table 36: EU CCR5 – Composition of collateral for CCR exposures

2022 (€ 000's)		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
		Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
	Collateral Type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	1,370,561	63,336	635,330	5,303		310,978		53,230
2	Cash – other currencies						2,620		
3	Domestic sovereign debt						336,516		
4	Other sovereign debt						336,614		101,809
5	Government agency debt								
6	Corporate bonds						15,077		
7	Equity securities								
8	Other collateral								
9	**Total**	**1,370,561**	**63,336**	**635,330**	**5,303**		**1,001,805**		**155,039**

5. Environmental, Social, & Governance Risks

5.1. Introduction

Environmental, social, and governance (ESG) risks refer to the potential negative financial and non-financial impacts that an organization's activities may have on the environment, society, and governance practices as well as the organization's long-term sustainability, reputation, and brand. Risk to ESG factors, and in particular climate-related risks, is a topic of increasing importance in the financial industry. As these risks have proven to translate to material losses in recent years, there is more focus from institutions to integrate ESG risk strategy, monitoring, and measurement into their business models and from regulatory authorities to develop a robust supervisory framework to ensure these risks are effectively managed.

In Europe ESG risks are regulated by the ECB/SSM, the EBA, the European Securities and Markets Authority (ESMA), and the European Insurance and Occupational Pensions Authority (EIOPA). It is further noted that stepping up efforts to address climate change is one of the key supervisory priorities for the SSM.

5.2. Environmental risk

5.2.1. Business strategy and financial planning

Piraeus Group has an ESG strategy, to promote, through the subsidiary Piraeus Bank, Responsible and Sustainable Banking, by adopting criteria in its actions concerning the environment, social cohesion, and governance that combine growth and economic performance with social and environmental sustainability. The Strategy is formulated in line with the Paris Agreement, the Sustainable Development Goals (SDGs), and the UN Principles for Responsible Banking (PRB) and puts special emphasis on four dimensions:

- **Reach net zero in own operations** by monitoring and managing environmental impact closely, investing in operational efficiency solutions, and sourcing 100% renewable energy for the Piraeus Bank buildings;
- **Steer portfolio towards net zero by 2050** by focusing on the carbon-intensive sectors and measuring alignment of lending with our climate and nature solutions;
- **Support and advise clients in line with a carbon neutral and nature positive economy** by accelerating the green economy, financing transition, and pioneering financing for new technologies and business models; and
- **Manage climate and nature risks** by fully integrating climate and environmental risks in the risk management framework and by helping clients protect their business from climate and environmental risks, providing advice, and financing their transition.

As part of its ESG strategy, Piraeus Group promotes Responsible and Sustainable Banking by adopting ESG criteria and has embarked on an Energy Transition Plan that will support its clients in moving to a low carbon economy. Piraeus Group has started its journey to become net-zero by 2050 at the latest and has defined intermediate science-based targets (by 2030) for selected asset classes validated in late 2022 by the Science Based Targets Initiative (SBTi), which account for well over 50% of its financed emissions.

Project Proteus and New Climate Strategy

Following the ECB's "Guide on climate-related and environmental risks: Supervisory expectations relating to risk management & disclosures", in late 2020 Piraeus Group established a committed program and allocated resources under Project Proteus to align with the 13 expectations of the Guide. Project Proteus aims to integrate the ESG risks with initial focus on climate-related and environmental risks (C&E risks) within all functions of the bank. The governance structure facilitates effective and timely decision-making related to C&E risks, permits the holistic monitoring and implementation of Project Proteus, and ensures Piraeus Group's operational readiness to participate in dedicated regulatory exercises (e.g. climate stress test exercises).

A project plan, as defined in the ECB roadmap, with the underlying work programs that need to be implemented, has been submitted to the supervisor. Working groups have been set up with the participation of executives who will contribute to the Group's smooth transition to the new requirements and the integration of supervisory expectations into its operations. The eight working groups' managers work together with the Program Management Office (PMO) team. A dedicated Steering Committee, chaired by the Group CRO and comprised by executive members across all functions of the Group, has the oversight of the Project. The working groups and governance set up for Project Proteus aim to raise awareness and understanding of climate related and ESG risks and challenges. Overall, focus has been placed on redefining and enhancing processes, data management systems, policies, and frameworks, raising awareness and building a robust climate and ESG risks governance.

Under Project Proteus and following the Group's participation in the SBTi and its upcoming energy transition plan, Piraeus Group is developing a new Climate Strategy that outlines the climate governance, framework, and methodology for a net-zero pathway. The Strategy addresses the mobilization of private and institutional capital toward investments that facilitate climate change mitigation and adaptation, and the transition to a low-carbon economy.

Business Plan 2023-2025

On May 5th, 2023, Piraeus Group outlined its updated business plan estimates for 2023-2025. The core of the Group's strategy is to leverage its position as a driving source of growth and innovation for the Greek economy, supporting its customers and people, and continuing to create added value for its shareholders.

Piraeus Group has launched its Energy Transition Project as a concrete commercial program/action plan, which will allow the Group to assume a front running role in its clients' transformations to build a better and more sustainable Greek economy. The Group will leverage a structured approach and its deep understanding of the specific needs of each sector with priority focus on power generation, real estate/buildings, and agriculture, as well as tailored approaches to support small businesses and individuals.

5.2.2. C&E opportunities and targets identified by Piraeus Group over the short, medium, and long term

The short-term horizon is defined by Piraeus Group as the one-year period, where the Group performs the materiality assessment of all risk drivers and key risks that it has identified (by taking into consideration the environment in which it operates and its business model) and focuses on delivering its short-term strategic agenda. This is done on an annual basis.

The medium-term horizon for Piraeus Group is two to five years. It is linked to the Group's strategic aspirations, subject to the expected macro-economic conditions.

The long-term horizon for Piraeus Group is identified as the after the five-year period. To proceed with a long-term assessment beyond the typical business planning horizon for corporate clients, a longer period (greater than five years) is required to capture climate related risks, for assessing the resilience of the current business model against a range of possible future scenarios relevant to estimate climate-related and environmental risks.

All strategic decisions related to material climate-related and environmental factors are expected to be gradually integrated into the institution's policies, for example in its credit policy framework.

For each of the significant Sustainable Development Impact Areas described in Section 5.2.1, the Group has set several targets. More specifically:

- **Inclusive, Healthy Economies and Economic Convergence**: The following targets have been set as part of the Business Plan 2023-2025:
  - Credit expansion driven by business loan demand, with contribution from the Recovery and Resilience Fund (RRF) and structural funds programs.
  - Approximately € 24.4 bn new loan disbursements to businesses and households in the three-year period, leading to net credit expansion of approximately € 6 bn.
  - Relying on core business strengths and leading market presence to capture new business opportunities arising from economic landscape and digitization.
  - Leading a positive impact in ESG, to support the financing needs of the country in energy transition with ambition: € 5 bn energy transition financing by 2025 and overall € 8 bn "energy transition envelope", including bonds issuance and in-house mutual funds.
- **Climate:** The following targets have been set:
  - Piraeus Bank aspires to align its loan and investment portfolios to be net-zero. The Group committed to SBTi and in July 2022 submitted targets that were validated in December 2022. The financed emissions targets are for below 2˚C and refer to nine asset classes representing well over 50% of total financed emissions.

- Electricity in the Bank's buildings is 100% sourced from renewables, leading to zero Scope 2 emissions (market-based) from 2020 and onwards. A target of 73% reduction of Scope 1 and Scope 2 (2019 reference year) emissions by 2030 has also been set under the SBTi.

Piraeus Group also participates in a wide variety of global initiatives for sustainability, which are listed in Appendix 12.7 of this document. Acquiring knowledge from these participations, Piraeus Group has developed a methodology (the PHYSIS toolkit), based on existing databases and drawing on the Climabiz tool to assess impacts of its financing on biodiversity. To date a pilot impact analysis has been done for the energy and agriculture sectors, while other sectors will be included by the end of 2023.

5.2.3. Current and future C&E investment activities

ESG Mutual Funds

Piraeus Asset Management was one of the first companies in the sector to have ESG related criteria incorporated in its investment decision making process. Piraeus Asset Management's involvement in ESG issues began in 2015, while it has been a member of the Principles for Responsible Investing (PRI) Initiative since 2019. In 2022, it fully complied with the Sustainable Finance Disclosure Regulation (SFDR) and included ESG criteria in its Investment Policy.

Besides the bulk of Mutual Funds managed, Piraeus Asset Management administers a total of six mutual funds that are designated as SFDR Article 8 funds, two of which were set up in 2022. These two new mutual funds derived from amendments to the regulations of older funds. They are the first in the Greek market to invest directly in government and corporate bonds, in EUR and USD respectively, and in which the degree of compliance and adoption of the ESG Principles is taken into account and evaluated supplementary to the financial performance of the issuers, effectively promoting Responsible Investments.

The above actions prove in practice the commitment of Piraeus Asset Management to the adoption of ESG principles in financial management. Because of the above strategy, as at December 31st, 2022, Piraeus Asset Management managed more than € 325 mn in funds with ESG characteristics, proving its leadership position in the Greek market.

The 2023 goals focus on further integrating ESG criteria into the Investment Strategy by deepening the data analysis process, liaising with a specialized ESG data provider, as well as enriching the product base with new ESG funds, in line with the new EU Taxonomy Regulation and the SFDR.

Green Bond Framework

In 2021, Piraeus Group developed the Piraeus Group Green Bond Framework, under which it will issue green bonds and use the proceeds to finance the low-carbon economy transition in Greece. The Green Bond Framework will support the Group's ambition to align its business strategy with the needs of individuals and the goals of society, as depicted in the SDGs and the Paris Climate Agreement. The Framework is based on principles and guidelines introduced by the Green Bond Principles of the International Capital Markets Association (ICMA) published in 2021.

This Green Bond Framework will apply to any future issuance of Green Bonds from either Piraeus Financial Holdings S.A. or Piraeus Bank S.A. Issuance of Green Bonds by either of the two issuers will help contribute to achieving a carbon neutral Europe by 2050, which is a legally binding target prescribed in the recent EU Climate Law, the cornerstone of the European Green Deal.

The Framework defines eligibility criteria in three green areas:

1. Renewable Energy,
2. Green Buildings, and
3. Energy Efficiency.

The Eligibility Criteria have been selected according to the ESG policies and strategy of Piraeus Group and are also based on priorities of the National Recovery and Resilience Plan, the 2021 ICMA Green Bond Principles, and current market best practices. Exclusionary criteria have also been developed for the proceeds of Green Bonds, committing to not be involved in financing any of the following assets or activities: fossil fuel, weapons, gambling, tobacco, adult entertainment, predatory lending, and nuclear.

Piraeus Bank has issued a € 500 mn Green Senior Preferred Bond, attracting the interest of many institutional investors. With this issuance, the Group has advanced its ESG agenda, demonstrating its commitment to support the Greek economy and has made another step towards the implementation of its medium-term strategy to meet its minimum requirements for own funds and eligible liabilities. A year and half since the issuance, an amount equal to € 428 mn of the net proceeds of the inaugural Green Bond issuance was allocated to 638 projects in the Renewable Energy category representing 86% of net proceeds and resulting in a total Renewable Energy Sources (RES) capacity of 525 MW. More specifically, the loans relate to the acquisition, development, manufacturing, construction, operation, and maintenance, distribution, and transmission of renewable energies such as: offshore and onshore wind, solar photovoltaic ("solar PV"), and small-scale hydropower (< 20 MW). Avoided emissions for the first allocation amounted to approximately 300,000 tons of CO_2eq.

Sustainable Finance

The fields of energy transition and sustainable banking comprise some of the primary focus areas of the Group for 2023-2025. The Group has a dedicated unit, Development & Sustainable Banking (DSB), which designs products and services to finance and support innovative sustainable ideas, environmentally and socially responsible initiatives, and financial inclusion projects. The DSB Unit monitors national and EU directives, foresees and recognizes investment opportunities, monitors evolving technology, and trains Bank executives and customers.

DSB is also responsible for conducting environmental and social risk assessments for business lending. Part of the Unit's mission involves the handling of relations with the Greek and international banking community. In addition, the unit performs feasibility studies for each financial proposal regarding RES projects and green entrepreneurship and examines, inter alia, the choice of equipment, projected cost, estimated productivity, and experience of the installer, etc. It also creates sustainable financial or banking products that incorporate the regulations stated by the EU and National Framework. Part of the Unit's mission is also the handling of relations with the Greek and international Development Organizations such as the Hellenic Development Bank, the European Investment Bank, and the European Investment Fund.

DSB has been participating in the evaluation process of individuals and companies opting for environment-friendly technologies since 2006, to help them improve the energy efficiency of their homes and facilities, to ensure self-production for their energy needs, to produce electricity from RES, and generally to promote investment in sustainable entrepreneurship.

Since 2011, the Group actively participates in the programs "Exoikonomo-Aftonomo" of the Ministry of Environment and Energy and Hellenic Development Bank (HDB), with an emphasis on energy efficiency for homes. The Group has supported more than 30,000 households to upgrade their buildings' efficiency and improve the environmental performance of their homes, reducing their energy costs.

In 2021, Piraeus Bank created a new package of specialized products and services, the "Piraeus Green Business 360°". It is a holistic approach that covers green business needs, such as:

- financing the installation of photovoltaic plants, net- metering installations;
- financing the upgrade of existing photovoltaic plants or the energy upgrade of businesses; and
- the purchase of an electric or hybrid car.

Overall the Group's exposure in Green Loans amounted to €2.1 bn at the end of December 2022..

5.2.4. Policies related to C&E business development

Sustainable Development Policy

The Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by aligning its operations with the UNEP FI Principles for Responsible Banking. It echoes the Group's overall approach to sustainable development and sets the strategic directions to support, promote, and finance sustainability.

Investment Policy

Piraeus Group maintains the ESG Investment Policy for the identification, management, and settlement of sustainability risks and the recognition and gradual integration of ESG factors and sustainability risks into the decision-making process, portfolio management, investment advice, and product development (ESG), as well as for complying with national and European regulatory developments.

The ESG Investment Policy aims, inter alia, to inform the investment community regarding the reduction of information asymmetries in integrating sustainability risks, the consideration of adverse impacts on sustainability, and the promotion of environmental or social characteristics, as well as sustainable investments.

Whenever feasible and material, Piraeus Group may consider the impact of sustainability factors and sustainability risks on investments. Financial products offered by the Group may have special characteristics and/or ESG objectives. The relevant ESG Investment Policy developed by the Group is available on its official website.

As sustainability factors and sustainability risks are gradually integrated into products, the Group will continue to assess how sustainability risk management can be integrated into financial products and will update the pre-contractual disclosures accordingly in order to include information and details necessary to investors.

5.2.5. Environmental risk governance

The Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by aligning its operations with the UNEP FI Principles for Responsible Banking. It echoes the Group's overall approach to sustainable development and sets the strategic directions to support, promote, and finance sustainability.

Piraeus Group initiated its Climate & ESG governance structure in 2022, when it established a Management Board-level oversight of strategic climate-related risk and opportunity management. In line with the commitment to put sustainability at the heart of what the Group does, its governance approach has been updated. The main purpose of updating the governance was to integrate and align ESG governance with the existing business as-usual governance of the Group. This new governance setup allows to holistically steer across ESG themes like climate, gender diversity, society and culture, human rights, and financial health and inclusion and biodiversity. The new ESG governance supports a holistic approach and drives long-term value creation; it makes action on climate change and ESG a strategic priority. These changes allocate ownership and provide leadership on ESG matters, increasing effectiveness, efficiency, and accountability as Piraeus Group strives to be a banking leader in building a sustainable future for the company, the customers, shareholders, society, and the environment.

In Management Bodies involved in the Climate & ESG governance structure are briefly described below:

- **Board of Directors (BoD):** Responsible for ensuring a business model and governance arrangements, including a risk management framework, that take into account all risks, including climate-related and environmental risks and the implications of the transition to a more sustainable economy, as well as exercising effective oversight. In meeting the aforementioned responsibilities, it is supported by the BoD Committees which report regularly to the BoD on issues related to their responsibilities.

- **Audit Committee:** Responsible for overseeing the integrity of the Group's financial and non-financial/ESG disclosures within the Annual Report. It monitors the effectiveness of the internal control and risk management systems and of the Internal Audit function, also with respect to ESG-related issues (e.g. fraud, whistleblowing, violence and harassment, greenwashing, etc.).

- **Risk Committee:** Responsible for advising and supporting the BoD regarding the monitoring of the Group's overall current and future risk strategy and risk appetite, taking into account all types of risks (including climate and environmental, social, and governance risks), in order to ensure that they are in line with the business strategy, objectives, corporate culture, and values of the Group. The Committee has responsibility to oversee the implementation of the Group's risk strategy and the corresponding limits set and to review a number of possible scenarios, including stressed scenarios, to assess how the Group's risk profile would react to external and internal events. In 2022, the Risk Committee reviewed the Group's Risk & Capital Strategy, including its strategic approach on the front of ESG risks, and opportunities and new ESG-related risk indicators were incorporated in line with Group's ESG action plan.

- **Remuneration Committee (RemCo):** Responsible for ensuring that the Group remuneration policy is consistent with the objectives of the Group's business and risk strategy, including ESG risk-related objectives, corporate culture and values, and long-term interests of the Group. The RemCo has responsibility for aligning executive directors' and senior management's remuneration with strategic priorities, including in relation to climate and sustainability matters. In 2022, following respective proposal of the RemCo to the BoD, an amended version of the Directors' Remuneration Policy was approved by the 2022 Annual General Meeting of Shareholders. The amendments concerned, inter alia, the addition of ESG considerations in remuneration practices.

- **Board Ethics and ESG Committee:** Responsible for considering the material ethical, environmental, social, and governance issues relevant to Piraeus Group's business activities and for supporting the Group in maintaining its position as a reference leader in ethical, ESG, and climate issues. The Committee works closely, also by holding joint sessions, with the other BoD Committees for ESG issues that are also related to their mandate. It is furthermore supported in its work by respective management committees of the Group, namely the ESG and Corporate Responsibility Committee of Piraeus Bank.

- **ESG and Corporate Responsibility Committee:** This Committee was established in August 2022 at Piraeus Bank. It is chaired by the Group's Chief Executive Officer (CEO), is composed by all members of the Group's Executive Committee, and in early 2023 is supplemented by two additional members – the Head of Group Planning, IR, & ESG and the Head of Group Cultural and Social Initiatives. The composition of the Committee, consisting of cross-functional C-suite and senior executives, reflects the prominent role the management of the Group is expected to play in shaping the Group's approach to managing sustainability issues and integrating the Climate & ESG criteria into the Group's strategy, recognizing that this is a key factor in ensuring long-term success and reflecting the fact that these issues are becoming materially relevant to the Group as well as to key stakeholders, such as clients and regulators.

This new Committee will be the management level "mirror" of the BoD Committee for ESG & Ethics matters, aiming to ensure the existence of a holistic Group ESG and Corporate Responsibility strategy plan with tangible and defined medium and long-term goals.

The purpose of this Committee is to promote and monitor responsible and sustainable banking by adopting Climate and ESG criteria that combine growth and economic performance with culture, social well-being, and environmental sustainability. The Committee ensures the existence of a holistic ESG strategy plan for the Group, along the following axes:

  - energy transition,
  - zero balance of CO_2 emissions (net zero),
  - strengthening and promotion of culture,
  - support of women, children, and young people, as well as vulnerable social groups in matters of education employment and social stereotypes, and
  - promotion of governance principles with an emphasis on diversity and inclusion.

Specifically, the Committee monitors, assesses and suggests:

  - the corporate responsibilities and ESG policies and strategies that harmonize the Group's governance and business decisions with the UN SDGs,
  - actions that contribute to the regulatory requirements on climate and environmental risks and to the reduction of the environmental footprint of both the Group and its clients/partners,
  - the implementation of the Group's values and the creation of a culture that strengthens the role of employees in achieving the Principles of Responsible Banking,
  - programs, collaborations, and initiatives that promote culture and boost social cohesion, and
  - actions that reinforce transparency, meritocracy, and corporate responsibility and strengthen the Group's extroversion.

In this context, it monitors Climate & ESG execution and informs and/or makes recommendations to the Board Ethics and ESG Committee.

The Committee meets regularly at least on a quarterly basis and on an extraordinary basis whenever required at the invitation of its Chairman.

- **Project Proteus Steering Committee:** A dedicated Steering Committee has been established to provide direction and set the strategy for the implementation of the ECB Roadmap as well as the Climate Stress Test. Furthermore, the Steering Committee has the overall responsibility for the Project Proteus, and:

  - defines the strategy, provides directions, and sets priorities for the implementation of the Project Proteus (ECB Roadmap, Climate Stress Test),
  - reviews the completion status and ad-hoc information requirements and identifies potential issues,
  - decides and proposes mitigating actions and approves any updates that might be needed on the ECB action plan,
  - discusses and resolves issues escalated by the PMO regarding the implementation of the Project Proteus,
  - provides targeted direction, where needed, to PMO/workstream managers,
  - approves ad hoc targeted information requirements and packages for submission to the ECB, SSM, and BoG, and
  - ensures adequate staffing for the implementation of the ECB Roadmap and Climate Stress Test.

The Head of the Steering Committee regularly updates the respective BoD Committees and Executive Committee.

- **Chief Executive Officer (CEO):** The CEO of Piraeus Group drives the ESG agenda and is regularly updated and engaged in environmental and climate change issues of the Group. The CEO has signed the UNEP FI Principles for Responsible Banking, pledging to harmonize the Bank's portfolio with a well below 2˚C economy, and the UN Declaration "United in the Business of a Better World", a common statement from business leaders for cooperation beyond borders, where all public and private bodies prove their responsible operation with transparency and no exclusions. He is currently a member of the UNEPFI Leadership Council along with CEOs from other financial institutions.

- **Chief Risk Officer (CRO):** The CRO is responsible for the supervision of the Group Risk Management and consequently for the overall management of C&E risks that are integrated in the Risk Management Framework (RMF). The CRO is Chair of the Project Proteus Steering Committee and reports directly to the Executive & BoD level Committees.

- **Chief Credit Officer (CCO):** The Group CCO is responsible for the approval of new credit criteria related to ESG and climate. The Group, under "Project Proteus", is currently in the process of integrating specific climate criteria in the established Environmental & Social Management System and the credit due diligence.

At the Bank level, a similar ESG governance structure at BoD and BoD Committee levels has been adopted. The sole exception is that the Board Ethics and ESG Committee is established at the level of the Parent Company. This approach provides a forum for regular and in-depth discussion of ESG issues but may present the risk of separating the discussion of ESG from the broader business, finance, and strategy discussions.

Piraeus Group has also established four units to support its commitment to sustainable and responsible banking and strengthen its ESG strategy implementation, described in the bullets below. Executives from the units collaborate on formulating action plans for the implementation of the UN Principles for Responsible Banking. The Climate & ESG strategy is further implemented by all units of the Group in the context of their responsibilities and under the umbrella of ESG culture that is being cultivated and implemented throughout the organization.

- The **Group Corporate Development & ESG** is responsible for the Bank's sustainability policies and ESG strategies and falls under Group Business Planning, Investor Relations (IR), & ESG. This unit is the established link among the BoD, the Executive Committee, and the units of the Bank. It is responsible for the coordination and promotion of ESG & Climate activities, supporting the work of all business units. Priority is placed in developing sustainable products and services to customers in a way to enable a commercial ESG & Climate strategy, enhancing ESG communication and disclosure to all stakeholders, and contributing to the formulation of global Climate & ESG frameworks by participating in international sustainability initiatives.

- The **Risk Strategy and ESG Risks** unit incorporates ESG & Climate risks in the Group RMF and identifies, measures, manages, and reports them in close collaboration with the Group Planning, IR, & ESG Unit, Group Risk Management (GRM), and other Business Units. It also provides subject matter expertise on these risks in the context of risk frameworks, governance, management and measurement, stress testing, regulatory expectations, and disclosures. Furthermore, it identifies potential areas for enhanced analysis and improvements in the management of ESG & Climate risks and their respective implementation plans and ensures appropriate information flow and progress on their roadmaps inside GRM. Finally, it participates in the development of training courses and contributes to industry dialogues, working groups, or drafting teams established with key internal and external partners.

- The **Development & Sustainable Banking Unit** is responsible for the execution of the Bank's strategy with regards to development programs (domestic/international institutions and the Greek State) on sustainable finance issues and to the utilization of the resources of the Recovery and Resilience Fund (RRF), the National Strategic Reference Framework (NSRF) programs, and other relevant sources. Responsibilities include planning services for financing development initiatives, innovative business opportunities, socially and environmentally beneficial actions, and development of specialized products and services including sustainable finance products for the Bank and the Group.

- The **Cultural and Social Initiatives Unit** is responsible for the development, support and implementation of activities related to all sectors of cultural creation. This is carried out with programs and actions that promote culture, history, intellectual creation, preservation, and promotion of Greek cultural heritage, with the aim of disseminating culture and studying and developing the cultural and creative economy. The Unit prioritizes the development and strengthening of initiatives and actions based on social contribution and in particular the strengthening of education, health, and sports. Furthermore, it is responsible to assist in addressing social problems, to support humanitarian initiatives, and to support the work of social and other organizations.

Green Bond Framework Governance

As described in its Green Bond Framework, Piraeus Group established a dedicated Green Bond Working Group (GBWG), comprised of senior management representatives of products, business lines, and competence lines including Finance, Treasury, Sustainable Banking, Lending and Risk Management, ESG, and Investor Relations. The GBWG reports directly to Piraeus's Asset & Liability Committee (ALCO).

The GBWG will be responsible indicatively and among others for:

- assessing and pre-selecting the loans to be referenced by a specific bond,
- proposing the allocation of proceeds for specific issuances and monitoring them after issuance,
- implementing any Framework updates proposed by the Green Bond Committee,
- ensuring that the eligible categories and related specific criteria defined in the Framework are duly applied in any project/loan selected,
- reviewing and proposing any future updates to the Framework, to ensure the document is aligned with best market practices and requirements,
- supervising the reporting activity of the outstanding bonds issued under this Framework,
- reviewing and validating the loans pre-selected for allocation on each issuance,
- reviewing any updates to the list of loans (pre-selected from the larger Green Asset Portfolio referenced by any specific bond and reviewing the Green Bond Register, and
- ensuring that all loans financed by a Green Bond will undergo an environmental and social risk evaluation using Piraeus Bank's pre-existing Environmental and Social Management System (ESMS).

Remuneration Policy

The Group Remuneration Policy is consistent with the corporate strategy, aiming to align the organization's interests with the interests of its stakeholders, creating value. The Group monitors, reviews, and updates the remuneration processes and structures on a periodic basis and whenever there is a material change, so that they are continuously aligned with the evolving business objectives and regulatory framework. One of the aims set in the Remuneration Policy is to support a performance-driven culture, rewarding excellence and delivery of ESG goals. The Group is currently reviewing individual and collective targets, in order to incorporate elements related to the integration of sustainability risks and to update its Remuneration Policy accordingly.

More information regarding the Group Remuneration Policy can be found in Section 11 of this document.

Internal reporting

The Group has developed an "ESG Dashboard" to regularly inform the BoD and Executive Committee on ESG key performance indicators (KPIs). Among others, the dashboard includes KPIs relating to:

- carbon absolute emissions in tons for Scope 1, Scope 2, and Scope 3 (cat 1-14);
- carbon absolute financed emissions in tons for Scope 3 (cat 15): participations in other companies, corporate bonds, sovereign bonds, mortgage loans, commercial real estate loans, corporate loans, motor vehicle loans;
- gross loan revenue carbon intensity (€ mn per million tons);
- carbon intensive industries exposure (% of total loans); and
- EU Taxonomy Eligibility Ratio.

The progress of Project Proteus is reported monthly to the Climate-related and Environmental Risks Steering Committee, comprised of high-level executives across virtually all functions of the Bank.

C&E related issues and losses are reported monthly to the Operational Risk Committee (ORCO).

ESG special governance arrangements and related reporting actions for 2022 for Piraeus Group include:

- monthly submission of a risk appetite monitoring report to the Risk Committee, including ESG and climate-related indicators established in the 2022 RAF,

- addition of a dedicated subsection “ESG Risks” to the structure of the Risk Committee agendas, reflecting the importance and the frequency these issues are expected to have in the Risk Committee’s work, and
- participation in the ECB Climate Stress Test.

The Group will further enrich its overall internal reporting, leveraging on progress made regarding data and quantification tools, in order to continuously monitor C&E Risks and regularly inform its senior management and relevant Committees.

Disclosures in accordance with the EU Taxonomy Regulation

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It was designed to play an important role for the EU to scale up sustainable investment and implement the European Green Deal. The Disclosures Delegated Act that was adopted by the Commission in July 2021 supplements Article 8 of the EU Taxonomy Regulation, and specifies the content, methodology, and presentation of the information to be disclosed by both financial and non-financial undertakings. According to the Disclosures Delegation Act (Commission Delegated Regulation EU 2021/2178), starting from 2022 and onwards, Piraeus Group is required to disclose its EU Taxonomy eligibility ratio in its annual non-financial reporting.

As at December 31st, 2022, Piraeus Group reported a 26% eligibility ratio, compared to 22% as at December 31st, 2021.

The Group aims to align its business objectives with the EU Taxonomy. Its sustainable finance proposition is to support customers with the sustainability transition, taking into account the requirements of the EU Taxonomy.

5.2.6. Environmental risk identification and materiality assessment

Piraeus Group has established a comprehensive RMF to identify, measure, control, and mitigate underlying risks, including climate and environmental risks.

The annual Risk Identification (RID) process is applied to identify the relevant and material risks, by taking into consideration the environment in which it operates and its business model. The risks that are expected to have a substantive financial or strategic impact on the Group’s business are deemed material. The materiality assessment could be performed on a quantitative or qualitative basis or through a combination of both. During the RID exercise, “climate change” (physical & transition risks) has been recognized as a risk driver for many key risk categories (i.e. credit, market, liquidity, operational, business & strategic, and reputational risks), and ESG and climate-related risks have been identified as a standalone risk subcategory. Moreover, since the Group recognizes that climate change-related risks are expected to intensify in the longer term (i.e. over the next five years), it has launched several initiatives to take account of environmental considerations in the business targets, strategies, risk management, and decision-making process.

Short-, medium- and long-term effects of climate-related & environmental factors

The Group has defined a short-term, medium-term, and long-term time horizon regarding the materiality assessment. More specifically, the Group has taken into consideration the following time horizons:

- Short-term ≤ one year,
- Medium-term between two and five years, and
- Long-term > five years.

More information for short-, medium-, and long-term horizons is provided in Section 5.2.2 of this document.

Climate Risk Classification

Piraeus Group has introduced a common language and understanding/method for decision making and for business and strategic planning regarding climate-related risks. The aim is to provide useful insights into the Group’s current exposure to climate-sensitive sectors, areas, and clients and form the basis for materiality assessment in terms of credit, market, liquidity, operational, reputation, and business & strategic risks. The analysis is based on potential impact from climate-related risks on the Group’s material portfolios representing the majority of its exposures (i.e. business portfolio and immovable property held as collateral), using quantitative and qualitative analyses that conclude to certain heat maps.

<u>Classification of business portfolio</u>

The assessment of climate risk for business portfolio, including Large Corporates, SMEs, and Small Businesses, is based on the Group’s internal proprietary tool (Climabiz).

The Climabiz tool assesses in quantitative terms the climate risk (both physical and transition) of the Group's business borrowers (bottom-up approach), based on their general operational and technical features (i.e. field of activity), for those economic sectors considered to be mostly affected by climate change and translates climate change impact to monetary terms. (For further analysis on Climabiz methodology, please refer to Section 5.2.7 of this document).

Piraeus Group has leveraged on the Representative Concentration Pathways (RCP) climate scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC), and their outcome is assessed in 10-year periods.

The analysis is performed on the two main sub-categories of climate risk:

- Transition Risk due to changes in the regulatory framework, fast technology developments, changes in market conditions and the transition to a low carbon economy.

  The list of climate risk drivers which have been identified and included in the sectors' assessment is presented below:

  - Environmental taxation and subsidies,
  - Regulatory requirements (e.g. sustainability certificates, disclosures),
  - Behavioral changes of consumers, suppliers, and employees,
  - Technological developments, and
  - Energy and transport policies (e.g. reduction of CO_2 emissions).

  For the classification of business portfolio, the transition risk score has been calculated for each sector as the financial impact expressed as a percentage of sector's turnover. Based on that score, the Group has classified its business portfolio sectors in 5 categories (high, moderately high, moderate, moderately low, low).

- Physical Risk due to variations in climatic conditions-including both chronic and acute.

  The list of physical climate risk drivers which have been identified and included in the sectors' assessment is presented below:

  - Heat waves and wildfires,
  - Droughts,
  - Riverine and sea floods,
  - Hail and storms,
  - Changing rainfall patterns,
  - Lack of sunshine and wind,
  - Extreme precipitation,
  - Landslides,
  - Storms and storm surges, and
  - Water stress.

Based on the aforementioned analysis, the Group has classified its business portfolio sectors into three categories (high, moderate, and low).

This analysis helps the Group to support its clients in their climate transition, focus on supporting a green economy, and financing their energy transition (Energy Transition Project), as well as to take measures against upcoming potential physical risks from extreme or chronic events.

Classification of immovable property held as collateral

An additional analysis for climate risk of immovable property (commercial real estate, residential real estate, mortgage collateral) used as collateral is performed on the two main sub-categories of climate risk:

- Transition Risk

For this type of risk, the Group has examined the Energy Performance Certificate (EPC) label distribution of the said collaterals. The analysis relies on data collected from clients and on proxies (internal scoring model), assigning EPC labels to the eligible part of the Group's collateral pool.

The score of transition risk is based on the EPC label, resulting in three categories (high, moderate, and low).

- Physical Risk

  For this type of risk, the Group has analyzed the impact of various climate hazard events on collaterals' geographies (NUTS3). This analysis aims at the assessment of the impact of certain acute climate events (indicatively fluvial flood, coastal flood and wildfire) on the Group's collaterals (immovable property).

  The methodology applied is a combination of historical data and future projections and is based on NUTS3 level relying on the "ThinkHazard", "RESIN Project", "Greek Fire Service" and "Hellenic Statistical Authority" databases and RCP8.5 climate scenario (using 10-year periods).

  The final physical risk score of geographical areas is based on the percentage of buildings being affected in each area, resulting in three categories (high, moderate, and low).

This analysis helps the Group to support its clients in their climate transition, focus on supporting a green economy, and financing the energy performance efficiency of their properties, as well as to optimize the value of its collaterals by requiring insurance protection for certain hazards depending on their geographies.

The consumer portfolio is excluded from this analysis due to its low materiality, which combined with its short-term maturity profile, makes it less relevant for climate change impact analysis.

Materiality Assessment

Based on the internal classification methodology described above, the Group has conducted an analysis in order to determine the materiality of the impact of C&E risks on its main risk categories. More specifically:

- **Credit Risk:** As mentioned above, for credit risk the materiality assessment has been focused on the Group's business portfolio and on its immovable properties' portfolio (held as collateral). For the business portfolio, the Group analyzed its exposure in high-risk sectors for both physical and transition risk, its distribution across asset classes and business lines, the average weighted maturity of these exposures and their credit quality, and the existence or not of counterparties' transition plans. On the immovable properties' portfolio, an analysis was performed related to transition risk, assessing the collaterals' EPC label distribution and loan-specific factors such as the counterparty's credit quality and business segment as well as to physical risk, where the analysis focused on the collateral pool's distribution in high-risk geographical areas and factors such as loan-to-value (LTV) ratio and insurance for extreme events like fires and earthquakes. Based on this analysis, the increase in the risk profile is currently considered immaterial in the short term but material in the medium/long term, as the effects of climate change will intensify.
- **Market Risk:** Piraeus Group's trading book contains limited exposure to non-financial corporates (especially to corporates falling in the high risk perimeter). Therefore, no significant impact is expected in the short-term or the medium-term horizon. The assessment is also based on the Group's business model and its intention to contain its exposures in the trading book. The Group will closely monitor and re-assess the potential impact when deemed necessary.
- **Liquidity Risk:** For the materiality assessment of Liquidity Risk, the Group has assessed the following main drivers:
  - the impact of climate change on the market values of trading instruments,
  - the non-tradable/ECB eligible exposures (i.e. pools of credit claims) used as collateral for refinancing through the ECB, via credit deterioration due to physical and transition climate risks, and
  - the corporate deposit base.

  The overall impact on liquidity risk is expected to be immaterial, based on the Group's business model, book structure and nature of exposures.
- **Operational Risk:** A historical analysis has been performed on actual operational risk events, resulting in an immaterial increase in the Group's risk profile in the short-term. With the implementation of its Geographic Information System (GIS) that is explicitly described in Section 5.2.7 of this document, the Group aims at strengthening its scenario analysis capabilities (especially for physical risk), in order to enhance its materiality assessment in the medium- and longer-term horizons and update the relevant policies and frameworks accordingly. The GIS will serve as a tool for assessing climate physical risks as

it allows the Group to integrate and analyze different types of spatial data related to climate and hazards and combine it with climate scenario analysis. The Group will continue to review and enhance the materiality assessment as more granular data and tools become available.

The Group is continually enhancing and further formalizing its ESG related risk identification and materiality assessment processes.

Definitions, methodologies, and international standards on which the environmental risk management framework is based

The Group considers all major climate and ESG related regulatory requirements and guides that have been published in recent years, including:

- European Banking Authority's (EBA) Action Plan on Sustainable Finance,
- EBA's advice to the Commission on KPIs for transparency on institutions' environmentally sustainable activities, including a green asset ratio, etc.
- ECB's Guide on climate-related and environmental risks – Supervisory expectations relating to risk management and disclosure,
- Basel Committee on Banking Supervision's (BCBS) Principles for the effective management and supervision of climate-related financial risks,
- EU Taxonomy Climate Delegated Act,
- ITS on prudential disclosures on ESG risks in accordance with Article 449a CRR (Pillar III Disclosures), and
- Sustainable Finance Disclosure Regulation (SFDR).

Following the publication of the ECB Guide on climate-related and environmental risks (November 2020), Piraeus Group participated in the self-assessment, based on the supervisory requirements described in the Guide. In addition, the Group launched a roadmap to fully integrate climate risk in all its operations and decision processes by 2023, responding to the ECB supervisory expectations regarding climate and environmental risks.

Transition Risks

- **Regulatory Risk:** The Group closely monitors the published and emerging EU regulations and all relevant developments. The Group's ESG Risks Unit, Regulatory and Resolution Affairs, and the Corporate Development & ESG Unit monitor the developments and decisions of European authorities on climate related risks and inform the Group's functions on changes that may affect its operations directly or indirectly. The Group considers legal implications regarding climate related risks as relevant due to possible litigation claims related to its financial activities or via parties seeking damages or other legal recourse.
- **Technology Risk:** Climate related risks associated with technology improvements could assist and accelerate the transition to a low-carbon economy. The Group acknowledges that decisions related to late adoption of technological improvements by its clients can have possible direct or indirect financial impacts for the Group. The Group has significant exposure to major economic sectors in Greece; furthermore, it performs financial and technical assessments of Green Projects, to evaluate the new green investments, scrutinizing the applied technology and the applicable cost.
- **Market Risk:** Market risks related to business financing and clients' behavior, are considered relevant for the Group and its clients, through the diversification of clients' behavior and their financial needs (e.g. via shifts in technology, which could lead to significant change or phase-out of the client's entire supply chain). Exposure to unexpected changes such as a substantial increase of energy pricing could lead to the development of new financial needs for the Group's clients and the Group itself. These needs may include financing projects and products for clients to mitigate their climate risks, sustainable/Green products, and also targeted financing on e.g. energy saving (adaptation measures).
- **Reputational Risk:** Reputational risks arise from the customers' perception concerning the Group's contribution to or detraction from decisions regarding the transition to a low carbon/net-zero economy. The Group recognizes the possible adverse impacts (direct and/or indirect) resulting from financing business activities that may have a negative impact on the environment or society, including non-compliance, as well as risks arising from incorrect or incomplete climate related reporting. External stakeholders, including investors and environmental non-government organizations (NGOs), express a high interest regarding the ways the Group chooses to direct capital towards a low carbon economy, also regarding the financing activities for certain clients that may be active in carbon intense sectors.

Physical Risks

- **Acute Risks:** Acute physical risk refers to the financial impact that a company or a sector may have due to extreme, acute events (e.g. heat waves, floods, forest fires, etc.) caused by extreme variability in weather patterns and their impact on production (e.g. agriculture) and infrastructure. These are also considered relevant for the Group's operations as it is possible to directly affect the Group's infrastructure and energy needs.
- **Chronic Risks:** Chronic physical risks are considered as the financial impacts a company may have due to the change of climatic conditions owing to longer-term shifts in climate patterns. The chronic effects derive from variations (e.g. temperature, rainfall, wind speed, cloud cover, sunshine, wind speed) on production unit (e.g. agriculture, RES), product demand, raw material prices, heating/cooling needs, attractiveness of tourist destinations, etc.

Risk Appetite Framework

Piraeus Group has taken steps in order to incorporate environmental and climate related risks into its RAF through both qualitative and quantitative statements, while it is committed to regularly review and assess for potential updates/enhancements.

More specifically, the Group has integrated the risks associated with climate and ESG factors into its business strategy and assumes initiatives over and above the legal obligations with the aim of enhancing social welfare and contributing to a net-zero economy. Meeting society's needs as expressed through the Sustainable Development Goals (SDGs) and the Paris Climate Agreement and adopting a responsible banking behavior are fundamental to Piraeus Group's strategy and fully resonate with its business model, its shared values of accountability, meritocracy, and transparency, and its aspiration to become net-zero by 2050.

The Group takes into consideration climate-related and environmental risks and social standards at all relevant stages of the credit-granting process. It also recognizes that developing solutions and working with clients to steer them on a more sustainable path is of utmost priority for the Group's business strategy and practices.

The Group, in the context of the 2023 RAF has defined the following KRIs:

- Sustainable Finance (new disbursements in corporate and retail portfolios): the proportion of sustainability-related new production over total new production amount.
- Exposures to Taxonomy-eligible activities: the proportion of the Group's exposures to Taxonomy-eligible activities over total assets.

Both KRIs are reported on a quarterly basis at the Group level, while the Group has also defined a risk appetite limit and an early warning level in order to facilitate the escalation process.

As calculation approaches become more mature, the Group will further enhance its RAF with the introduction of additional quantitative indicators.

5.2.7. Policies and tools related to environmental risk management

The Group, through Project Proteus, has already identified the business functions across all Three Lines of Defense related to or affected by C&E risks and the respective policies in order to map any gaps and ensure that climate and ESG aspects are incorporated accordingly.

Within this framework, the review of Group policies has been initiated and separate working groups per function are formed to support responsible Business Units to review policies under their ownership through a C&E lens.

Environmental & Social Management System (ESMS) in business financing incorporated in Credit Policy

The Executive Committee has approved the ESMS and consequently, the Group's Credit Policy incorporates new environmental and social (E&S) criteria in line with international standards, in addition to traditional credit criteria.

The main objective of the ESMS is to identify and assess the environmental and social impacts, in addition to the economic impact, of the lending activities to be used in the Group's credit approval process.

Specific parameters are integrated into the existing loan approval processes and in new business financing projects for the evaluation and management of the environmental and social risks of each project. With the implementation of the ESMS, environmental and social risks are integrated into the credit assessment. The assessment procedure requires that the process starts with the loan applications and/or during the due diligence review. The Group carries out a holistic business approach for companies and proposed business plans, recognizing, assessing, and managing all relevant risks, to protect the Group's customers and shareholders.

Piraeus Group ranks the loans on a three-point qualitative scale of high risk (A), medium risk (B), and low risk (C):

- Category A: loans of potentially significant environmental or social risks and/or impacts that are multidimensional, irreversible, or unprecedented and which usually affect an area broader than the sites or facilities.
- Category B: loans of potentially significant environmental or social risks and/or impacts that are reversible and which do not usually affect an area broader than the sites or facilities.
- Category C: loans of manageable environmental or social risks and/or impacts that are reversible with the implementation of the appropriate measures and which usually affect the sites or facilities. In all categories of environmental and social risk, the Group assesses the background of the client and of the stakeholders concerning serious environmental and social incidents that may have arisen, utilizing all available public information.

According to the ranked category of business activity, the Group undertakes case-by-case due diligence by conducting spot checks and/or off-site checks of permits and licenses.

In cases where during the check, the risks are recognized to be ineffectively addressed, a Corrective Action Plan (CAP) is developed with a specific deadline of implementation, which is agreed upon with the customer.

Exclusion list

The Group has incorporated into its Credit Policy a list of business activities that are excluded from financing.

Environmental and social factors are integrated in the Group's Credit Policy:

- Environmental factors: The Group does not provide credit facilities to companies operating in sectors included in the Exclusion List according to the ESMS, with the exception of certain sectors where the Group's cumulative exposure does not exceed 5% of the total loan portfolio. For activities within environmentally protected regions (e.g. Natura 2000 Network), rigorous due diligence is applied.
- Social Factors: The Group is particularly conservative regarding providing any type of credit facility to legal entities or individuals who are accused (based on reliable published information, reports, court cases) of environmental crime, money laundering, violation of human and labor rights, bribery, etc. In such cases, Bank officers must immediately inform the competent approval body and, if necessary, the Group Compliance Officer.

Credit Policy

The Financial and Technical Assessment of Green Projects (e.g. solar panels, wind farms, biogas projects, small hydroelectric, self-generating and electrical storage, etc.) is part of the Group's Credit Policy since 2013. The Group assesses new projects, scrutinizing the technology adopted, work components, infrastructure capacity and expected utilization rate, skills and experience of the staff within the organization implementing the project, etc. The licensing process is monitored throughout the investment, as per national legislation and European standards. The Financial and Technical Assessment of project sustainability is also carried out at various stages of the project to ensure the continued and uninterrupted operation of the installed equipment and infrastructure, the expected utilization, and the relevant conditions and estimates set initially. The assessment aims to prevent any operational failures and risks, to the benefit and protection of both the customer/investor and Piraeus Group. In 2022, the Group carried out a total of 2,422 assessments, of which 452 were related to new RES projects.

ESMS Questionnaire

The Group, in the context of its ESMS policy and in order to proceed with an initial screening of its customers' behavior towards environmental and social matters, has produced a relevant questionnaire that requires information regarding customers' business activities. More specifically, the customers are invited to provide the below environmental information:

- significant accidents or incidents with significant environmental damage in the last two years,
- fines or penalties for non-compliance with environmental regulations,
- potential Health, Safety, & Environment (HSE) liabilities, such as those arising from land/groundwater contamination, related to the company's past/ongoing operations, or related to individuals or legal entities with dominant influence over the project/company from their past/ongoing operations, and
- location of the company/project (proximity) relative to environmentally sensitive areas.

Interbank ESG Risk Assessment Questionnaire

Further to the ESMS Questionnaire and process and considering the need for banks to obtain detailed and accurate ESG-related information from their counterparties, while avoiding unduly burdensome requirements, a collaborative initiative has been launched by Greek banks to shape a common ESG Risk Assessment Questionnaire that will be disseminated to counterparties in their corporate portfolios and will be leveraged by each bank for credit assessment purposes.

The construction of this common ESG Risk Assessment Questionnaire, along with a classification score, is coordinated by TEIRESIAS S.A (Greek Credit Bureau), in partnership with six Greek banks and the Hellenic Banking Association (HBA). The initiative also includes the design and implementation of an IT platform to host the common questionnaires, as well as additional bank-specific questionnaires (where applicable).

The Interbank ESG Risk Assessment Questionnaire captures important environmental issues (physical and transition risks, pollution, waste disposal systems, etc.), social issues (human rights policies, labor practices, harassment, etc.) and governance issues. The content of the Interbank Questionnaire is aligned with relevant international standards, guidelines, and supervisory expectations, such as the ones included in the ECB's Guide on Climate-Related and Environmental Risks.

As a next step, upon the completion of the customers' assessment (through ESMS Questionnaire and the Interbank ESG Risk Assessment Questionnaire), Piraeus Group will engage more actively with its customers, requesting targeted action plans to remediate issues, mitigate ESG-related risks, and support their transition to low-carbon operations.

Operational Risk Management Policy and System

With regard to Operational Risk, the transition risk drivers are primarily related to direct or indirect losses due to:

- liability claims resulting from both the Group's own activities and the Group's financing of environmentally controversial activities/clients, which do not match with the promoted level of sustainability or with the consumers' sentiments regarding climate issues, and
- reputational impact as a result of the public, counterparties, and/or investors associating the Group with adverse environmental impacts.

The connection of Operational Risk with physical risk drivers is primarily related to direct or indirect losses due to damage to physical assets (e.g. buildings, branches, etc.) or to other critical infrastructure (e.g. data centers) of the Group or its service providers by extreme weather events, which could cause disruptions to the Group's operations.

In order to enable the discrete measurement, monitoring, and reporting of ESG related data (categorized in the existing Operational risk categories/typology), a flag was introduced in the Operational Risk Management System, which allows the relevant data to be marked.

Risk implementation tools

As climate risks become increasingly relevant, the Group has started to evaluate the potential negative impacts they could have on its business, utilizing various climate scenarios on key portfolios and activities. Transition risks as well as physical risks could impact the Group's clients and the Greek economy as a whole.

The Group incorporates climate risk dedicated stress test scenarios in the ICAAP's normative perspective, assessing the impact of potential increases in expected losses related to the materialization of ESG risks, based on the following approaches:

- Portfolio Level Stress Test: The Group assesses the counterparties that may be affected by these risk drivers and conducts a sectorial analysis.
- Scenario analysis: Development of various climate risk scenarios (e.g. acute floods, droughts, wildfires, sanctions, or closure due to failure to comply with environmental regulation), also drawing from the experience gained from participating in the ECB Climate Stress Test 2022. The Group assesses different time horizons (short, medium, and long term) and all relevant transmission channels.
- Sensitivity analysis: impact analysis of sectors that could be considered vulnerable under the climate risk assessment.

Climate risk scenarios are based on content and guidelines published by regulatory and other relevant authorities and/or on internal assumptions.

Given the normative perspective assessment undertaken, no capital requirement add-on is deemed necessary under the ICAAP.

Climabiz tool

As introduced in the previous section, Climabiz is a proprietary tool used for monetizing climate risk of economic activities both at the company and at sector/portfolio level. The assessment of the climate risk derived from the Group's business borrowers is based on their turnover and the general operational and technical features of their respective field of activity, for economic sectors and businesses that are significant for the Group in terms of loan exposure. Sectors and sub-sectors modeled in Climabiz are economic activities affected significantly by climate change.

To assess climate related risks, Climabiz uses a set of Representative Concentration Pathways (RCPs), which are greenhouse gas (GHG) concentration scenarios that are commonly used in the climate modeling community.

Each of the RCPs used by Climabiz offers a plausible and internally consistent description of the future:

- RCP2.6 is a "very stringent" pathway and is likely to keep global temperature increase below 2°C by 2100.
- The intermediate IPCC stabilization scenario, RCP4.5, is more likely to result in a global temperature rise between 2°C and 3°C, by 2100 (35% higher than that of RCP2.6).
- The high emission pathway, RCP8.5, is generally taken as the basis for the worst-case scenario (with a global mean temperature increase of approximately 5°C).

For the estimation of climate related risks of the economic sectors/sub-sectors incorporated in Climabiz, the Group uses Typical Units (TU), which are illustrations of an “average” Greek company operating in an economic sector/sub-sector. The structure of the TU is shaped by various characteristics, including the location of the business (relevant mainly for specific economic sectors such as agriculture and hotels), the amount of raw materials and energy consumed, the capacity and the technologies used, and the type and quantity of products produced and their turnover. TUs are incorporating features including, inter alia, electricity consumption and GHG emissions per ton of product. TUs are based on four-digit NACE Codes.

In the context of Climabiz, the Group measures both physical and transition risk and quantifies separately the financial impact from each. The quantification considers several factors (e.g. counterparty’s economic sector, annual turnover, and location). The financial impact is then compared to the company’s annual turnover in order to express it on a relative basis. More specifically:

- Physical risk: Assessment of the financial impact on the turnover of an enterprise's activity (or aggregated turnover of business borrowers integrated in the same Typical Unit) arising from changes in average climatic conditions and changes in the frequency and intensity of extreme weather events.
- Transition Risk: Evaluation of following:
  - the borrower’s Scope 1, 2, and 3 emissions and the costs deriving from carbon pricing;
  - the investments required for the borrower’s green transition and the costs after the investments are made; and
  - the ability of the borrower to pass on the costs to product prices and the impact on product demand.

The Total Climate Risk of the business loan portfolio is estimated as follows:

- Estimation of the Total Physical Risk through the aggregation of chronic and acute risk impacts.
- Estimation of the Adjusted Transition risk, taking into account both emissions cost and the sector/sub-sector’s product elasticity and pass-through capability.
- Calculation of the Total Climate Risk as the sum of Total Physical Risk and Adjusted Transition Risk.

It is noted that Climabiz is regularly updated in order to align with new climate science, the UNEPFI and TCFD recommendations for assessing the effects of climate change on financial institutions.

Geographic Information System (GIS) as a dynamic risk tool

GIS has emerged as a powerful risk assessment tool and is being used to assess risk to property and life stemming from climate change and natural hazards. Its objective is the geospatial estimation of credit and operational risks of the Group’s assets that are driven by physical C&E risks. With the ability to clearly visualize different types of data, the Group is enabled to uncover patterns, understand trends, monitor changes, and respond to events – facilitating better decision making

The Group cooperates with Center for Research Technology Hellas (CERTH) Information Technologies Institute (ITI) to develop and integrate, in the Group’s GIS, an application for the analysis of bioclimatic indicators and the estimation of credit/operational risks to support overall risk strategies and management. This project has already kicked off and it will conclude within 2023.

The bioclimatic indicators taken into consideration in the GIS tool are the following: temperature, rainfall, relative humidity, wind speed, discomfort index, and the fire weather index. Temperature indicators include the average annual temperature, the average annual maximum and minimum temperatures, heating and cooling degree days, and heatwave and frost days. Moreover, rainfall indicators include the amount of rainfall and the number of wet and dry days.

Through this tool, the Group will be able to provide climatic data for three time periods – historical (1971-2000), near future (2031-2060), and far future (2071-2100) – and for three different climatic emission scenarios – RCP2.6, RCP4.5, and RCP8.5 – based on EURO-CORDEX climatic modes and de-escalation for regional granular analyses suitable for DSS applications.

The risk related and other data that will be provided in the context of the GIS tool are data for high physical risk areas, such as flood and wildfire-prone regions, as well as data on the location and risk associated with Seveso industries. Furthermore, other environmental data will also be available, along with urban and demographic data.

GIS will serve as a tool for assessing climate physical risks, allowing the Group to further investigate several extreme events, including fluvial floods, pluvial floods, coastal floods, wildfires, heatwaves, drought, and landslides.

5.2.8. Availability, quality, and accuracy of environmental risk data

The Group acknowledges the challenges and limitations around data and IT infrastructure; nevertheless the Group is committed to apply its data governance principles to the greatest possible extent and further develop and enhance its data infrastructure following the most recent regulatory requirements and market practices for C&E related data.

Additionally, the Group is committed to continuously enhance its processes and the availability of data and estimates, in order to improve reporting under the Taxonomy Regulation.

Two approaches have been adopted to successfully set-up Piraeus Group’s data model and governance:

- a tactical approach (short-term) that uses proxies and third-party data where actual information is not available, and
- a strategic approach (medium-, long-term) that refers to the engagement with clients to capture actual data.

As an alternative approach for data collection, the Group examines the interbank database initiative (TEIRESIAS).

An update of key policies, procedures, and systems is required in order to incorporate the aforementioned data in Group’s data ecosystem. The requirement for more accurate data is anticipated to intensify in the future. The Group’s goal is to limit its reliance on proxies over time and collect more granular data from clients.

Carbon footprint Calculation Database (Ecotracker)

Piraeus Group, via the proprietary Carbon Footprint Calculation Data Base (Ecotracker), monitors the environmental impacts that derive from its operations (e.g. energy and water, expendable consumption, and staff commuting). The above system works in combination with two other applications: the “Energy Office”, which measures in real time through sensors the energy and water consumption in the branches of the Bank, and the “Bill Management” that feeds Ecotracker directly with energy data from power providers.

Through the Carbon Footprint Calculation Data Base (Ecotracker):

- the collection of data for calculating the Group’s carbon footprint (Scope 1, Scope 2, and Scope 3 categories 1-14) is automated,
- the bulk of the environmental data is processed and cross checked faster, and
- a more complete environmental reporting is achieved.

A major benefit from the use of the Ecotracker is that the Group achieves an effective implementation of the ESMS and other environmental programs that ultimately result in a reduction of the Group’s operational costs. This application also allows for the monitoring and the comparison of the Group’s environmental performance with other organizations.

5.2.9. Next steps in environmental risk management

- Enhance climate risk classification and inform accordingly credit and climate strategies and RAF.
- Review Credit Policy and define parameters for exclusions or transition support in high transition risk sectors.

- Enhance Climabiz to further fine tune estimations of physical and transition risks for the Group's business portfolios.
- Leverage on the GIS project to better estimate the risks of portfolios deriving from acute physical events at a granular location level.
- Further engage with clients in order to collect actual data and reduce reliance on proxies.

5.3. Social risk

5.3.1. Business strategy and processes

In addition to many of the strategies and processes highlighted in Section 5.2, the Group also prioritizes the following initiatives regarding social risk:

Social and cultural initiatives

Driven by its social responsibility mandate and the motivation to promote solidarity, Piraeus Group voluntarily integrates social aspects in its business operations and its dealings with its stakeholders. The Group takes responsibility for the impact of its activities on society and is committed to doing business in an environmentally sound and socially responsible manner, to ensure the balanced management of the triptych: "economic growth – sustainability – social cohesion".

Strongly committed to its vision and values, the Group aligns its operations with social progress and solidarity and strengthens its relations with its social partners. For 2023, its main goals are:

- The conduct of further corporate responsibility research, focused on society, in order to be in constant alignment with its needs and develop actions that will meet its requirements.
- The inclusion of Piraeus Group in the Bloomberg Gender-Equality Index (GEI) on an annual basis, demonstrating the progress made.
- The enrichment and expansion of the EQUALL program with more initiatives as well as simultaneous increase of beneficiaries per cycle and the conduct of two cycles on an annual basis. In 2022, the EQUALL program included the initiatives Women Founders and Makers, Women Back to Work, Women in Agriculture, and Profession has no Gender.
- The expansion of the EQUALL program pillars in order to address all forms of social discrimination, focusing on the design and development of actions for gender equality, support and well-being of the youth, and empowerment of vulnerable social groups. Through its actions, Piraeus Group is committed to contributing to the safeguarding of fair and open societies, the creation of sustainable perspectives, and the promotion of an environment of extroversion and equal opportunities for all.
- The design and development of new products and services specifically for the needs of specific social groups.
- The additional empowerment of vulnerable social groups and immediate, substantial support actions to address humanitarian crises.
- The establishment of a standardized methodology for the assessment of the social value and impact that the Group's corporate responsibility actions and programs have.

Piraeus Group has put forward a broad set of actions for the society under the key ESG priorities and projects for 2023. Some of them are listed below:

EQUALL initiatives for social inclusion (women, unemployed youth, students in remote areas, people with disabilities, children's welfare)

Piraeus Group applies a multidimensional Corporate Social Responsibility (CSR) strategy, which is directly linked to the development needs of the Greek society. The Group is fully committed to contribute to the formation of a society that promotes equal opportunities.

The EQUALL program was created with an aim to develop initiatives to support and foster social equality. The goal is to help women and vulnerable social groups, such as people with disabilities, vulnerable young people, children from remote areas, and refugees, deal with any kind of discrimination they may suffer, ensuring their equal access to employment, entrepreneurship, and education, elements necessary for their autonomy and development.

Within the framework of the EQUALL program, the Group initially carried out the following programs:

- **Women Founders and Makers** – to enhance female entrepreneurship.

  A training, networking and mentoring program for all women over the age of 18, from all over Greece, planning to start up or grow their business in the next six months.

- **Women Back to Work** – for the integration of women returning to the labor market.

  A training, mentoring, and networking program aimed at all women, over the age of 18, throughout Greece who wish to return dynamically to the labor market after a career gap.

- **Women in Agriculture** – to enhance female entrepreneurship in the agricultural sector.

  In November 2022, as part of the EQUALL program, the first cycle of the new action "Women in Agriculture" was launched. It is a horizontal training, experiential learning, and networking program, which is addressed to all women over the age of 18 who are active or intend to engage professionally in agri-food/ecotourism.

- **Profession Has No Gender** – to raise awareness of gender stereotypes among the younger generation.

  An educational program aimed at students of public elementary and secondary schools throughout Greece, connecting them with mentors active in professions that are stereotypically associated with a specific gender.

- **Piraeus EQUALL 360°**

  With a view to enhancing social equality and equal access of women to business activity, Piraeus Bank has created and offers "Piraeus EQUALL 360°", a comprehensive bundle of products and services, with special pricing and preferential terms, exclusively for women entrepreneurs.

Financial Health and Inclusion

Since 2021, the Group has signed the UNEP-FI Commitment for Financial Health and Inclusion, in the context of the Principles for Responsible Banking. The purpose is to allow the most vulnerable people to have opportunities to secure and maintain their standard of living and take steps to improve their financial health, such as long-term financial planning and access to credit and insurance. Signatories to the Commitment are required to:

- Set targets within the first 18 months after signing that make a substantial contribution to the financial health and inclusion of societies.
- Report within 18 months on financial health and inclusion targets, and annually thereafter on their progress against these targets.

Piraeus Group participated in a UNEP-FI working group that defined common measurements of success and 20 core indicators for monitoring. The Group is currently collecting data on selected core indicators to set targets and to monitor progress.

United Nations Women's Empowerment Principles (WEPs)

Since 2021, the Group is a signatory to the Women's Empowerment Principles (WEPs), a joint initiative of UN Global Compact and UN Women. The WEPs are a set of principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace, and community. Piraeus Group is the first Greek bank to sign these principles and is committed to strengthening and promoting gender equality in the workplace and in Greek society.

Promotion of entrepreneurship

The Group promotes entrepreneurship, which is vital for boosting employment and job creation. In this context, the Group sponsored events, such as the "Hour of the Greek Economy" conference by the Hellenic-American Chamber of Commerce, the "Delphi Economic Forum", and conferences that enhance the Group's position in Greece and abroad. Piraeus Group was an official partner in the National Start-up Awards, rewarding start-ups that are registered on the online platform Elevate Greece (National Startup Registry) of the Ministry of Development and Investments. As an official business partner, in the context of its additional support, the Group granted special benefits to start-ups registered on the National Registry. In particular, Piraeus Group offers small businesses, which have joined the Action "Support for Start-ups on the National Registry 'Elevate Greece' in dealing with the Covid-19 pandemic", additional financing to cover working capital needs and/or investment needs, through the EaSI financial instrument, guaranteed by the European Investment Fund (EIF).

Other initiatives

Over the years, the Group has implemented and supported vast initiatives with different social and cultural targets, such as youth empowerment through "Project Future" (a program which is implemented in partnership with ReGeneration and connects higher education with the labor market and provides young and new graduates with the skills they need for their career advancement). Furthermore, scholarships, grants, and donations with social and cultural benefit were awarded. Specifically related to culture, the bundle of products and services through Piraeus Culture and Creativity 360° offers a range of integrated solutions to businesses in the Art & Culture sector.

5.3.2. Employee relationships and labor standards

Piraeus Group adopts best workplace practices and fosters a responsible banking culture, thus contributing to the achievement of Sustainable Development Goals 4, 5, and 8. The Group offers equal opportunities in all its activities, respects and safeguards human and labor rights, acknowledges and respects diversity, and objects to any violation thereof. It implements equal opportunities processes when appointing executives, seeking the optimal utilization of its human resources. It continuously improves working conditions though policies and procedures in order to ensure equal opportunities regardless of gender, sexual orientation, age, religion, nationality, or physical ability, without any discrimination in the basic salary for men and women. The Group also implements reward systems, which encourage individual and collective contribution favoring performance, innovative initiatives, ethics, integrity, and exceptional professional conduct. The Group provides a safe, modern, and ergonomic work environment for its people. It is fully in line with legal requirements on workplace safety, which cover all its facilities. Apart from adhering to labor-related provisions, the Group gives employees and their family members access to occupational physicians, nurses, and support services, through internationally certified Employee Assistance Programs (EAPs). The Group has also established a 24-hour helpline and offers individual counselling sessions, while it also supports employees through emergency interventions in case of critical or unexpected traumatic events. In addition, employees are given the opportunity to be trained in a systemic way in order to deal effectively with everyday health and safety issues and receive first aid seminars. Moreover, the Group adheres to all legal provisions and provisions deriving from individual employment contracts and collective labor agreements, and it maintains an open communication channel with employees and their representatives in order to continuously improve the working environment.

5.3.3. Customer protection and product responsibility

The Group seeks to promptly, clearly, and fully inform all customers regarding the terms governing the provision of its services. Advertising aims to honest and transparent communication about the Group's products and services, without misleading the recipient. In regard to Customer Support and Customization, the Group cares for its customers' financial literacy and encourages them to implement sustainable practices. Furthermore, it develops initiatives to support all customers and regularly updates feedback on customer satisfaction.

Group IT Security & Control

The Group has developed an Information Security Strategy (including cyber security) as well as a comprehensive Information Assets Security Policy Framework which sets the principles for asset protection and data privacy. The Information Assets Security Policy Framework has been approved by the BoD which is responsible for its implementation.

In order to fulfill the security policies requirements, the compliance obligations, and the certification standards requirements and to maintain secure services and to protect the Group and its customers, Group IT Security & Control performs a series of scheduled and ad-hoc security assessments. Moreover, penetration tests and vulnerability assessments are conducted by both specialized Bank engineers and contracted independent external partners on the e-banking infrastructure, the Bank's and subsidiaries' (domestic and foreign) websites, on applications (including mobile applications), as well as on the Bank's servers and databases.

The Group has been re-certified in 2022 according to the International PCI DSS (Payment Card Industry Data Security Standards) and ISO/IEC 27001 Standards by independent specialized audit companies. The above certifications provide the Bank's customers, shareholders, and partners with high levels of security and confidence.

A key objective of the Group Information Security Framework is to set the principles for the appropriate management of the user access rights within its network, servers, and business applications. Piraeus Group has implemented a Centralized Management System and User Access Control System (Identity & Access Management System) which is based in Dual Control Principle, Least Privilege Principle, and Conflict of Interest Principle. Moreover, privileged users access the Group's network through a privileged access management solution using a two-factor authentication method, and their activities are logged and monitored.

Protection of personal data

The Group has also taken the measures required by the legal framework, having implemented appropriate technical and organizational measures and necessary safeguards for the lawful collection, processing, and retention of personal data. The Group commits to protect personal data against disclosure, loss, alteration, misuse, or any other unauthorized access.

The existing Data Privacy Policy defines the basic principles that must be observed regarding the processing of personal data, including the purpose for processing, lawful adherence, and the rights of data subjects and the exercise of these rights.

The procedures deriving from the Data Privacy Policy describe and guide all the necessary actions regarding the security and protection of personal data, the management of third parties as processors, the management of processing activity files, as well as the case of a personal data breach, and their implementation is required for all Business Units.

Piraeus Group participates in the Hellenic Banking Association Committee responsible for ensuring compliance of the Greek Banking System with the General Data Protection Regulation (GDPR). It follows that the Group applies the appropriate technical and organizational measures to ensure the protection and security of the personal data of its employees, customers, and associates/partners.

5.3.4. Policies and procedures related to social risk governance

Human Rights Policy

Respect for human rights and the principle of equal opportunities govern all core HR-related policies, processes, and practices, ensuring diversity and inclusion in the workplace. All employees have access to the Human Rights Policy via the Group’s internal communication channels.

The Group also adopted the principles of the UN Global Compact in 2004 for the defense of human rights, is committed to the Women's Empowerment Principles of the United Nation, and has signed the Principles for Responsible Banking, as already mentioned in these disclosures.

Policy & Procedure against Workplace Discrimination, Violence & Harassment

The new policy against Workplace Discrimination, Violence & Harassment in the workplace, in combination with the existing policies and regulations of the Group – the Human Rights Policy, Employee Regulation, Code of Conduct and Ethics, as well as the management of inappropriate behavior issues through the whistle-blowing process – strengthens the range of tools and measures that the Group utilizes for the protection of its employees and the reinforcement of a work environment of respect and inclusion.

The policy clarifies the concepts of violence and harassment – verbal, physical, and psychological – and defines the behaviors related to forms of violence and harassment in the workplace. The policy also defines the channels of communication and clearly specifies the procedures, so that everyone knows how to report without concern for any consequences. In addition, a new Committee against Violence and Harassment has been established to evaluate the received named or anonymous reports and to decide on their reliability and investigation, as well as the possible undertaking of further actions by the Group.

Whistleblowing Procedure

Human Rights infringements (e.g. cases of harassment, intimidation/bullying, sexual misconduct) are addressed in the Group’s Whistleblowing Procedure. Implementing an effective anti-retaliation framework for managing actual or suspected violation of the Code of Conduct and Ethics requires protecting the confidentiality or anonymity of employees who report concerns.

In this context, the Whistleblowing Committee is responsible for assessing and handling reports and for proposing any measures it deems necessary for the Group to undertake.

In 2022, 22 complaints of Human Rights violations were filed, none of which was a case of discrimination. Twenty of them were addressed and resolved within the year, in accordance with the established mechanism for addressing grievances, raised openly or anonymously, whereas 90% of the grievances could not be confirmed.

Grievances Policy

Piraeus Group has established a grievance mechanism to receive and facilitate resolution of stakeholders’ concerns and grievances about environmental and social performance.

This grievance mechanism is crucial as it allows individuals and groups to express their complaints or disputes in a safe and effective manner.

Piraeus Group recognizes the importance of two-way communication between the Group and its stakeholders and endeavors to build long-term business relationships based on trust. A critical part of maintaining a strong business relationship involves the resolution of issues that may arise when failing to meet expectations or when settling out-of-court disputes.

The grievance mechanism addresses concerns promptly and effectively, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution.

The Group's Grievances Policy is also aligned with the legal and regulatory framework, at the national and international level, and the guidelines on complaints-handling issued by the Joint Committee of the European Supervisory Authorities. The aim is to adopt a common corporate culture regarding customer complaints management, to raise staff awareness, and to implement a single grievances-handling mechanism.

At the same time, the Group aims at improving its products/services and processes by following-up on the root causes of the submitted reports. The Grievance Mechanism is easy to use and provides customers with information about alternative dispute resolution mechanisms and real-time information on the progress of the complaint. The process operates on a common set of principles: equal treatment, immediacy, respect, objectivity, and transparency. When handling these complaints, the Group looks for a "fair" solution, safeguarding data protection and privacy. The written response by the appropriate service constitutes the Group's final position, which takes into account all processes and business decisions. In the case that the involved stakeholders are not satisfied with the outcome of their case, they are informed of the possibility of submitting their complaint to Alternative Dispute Resolution Agents.

Remuneration Policy

As described in Section 5.2, a Remuneration Policy has been instituted by the Group to ensure that employees are remunerated in a way that supports a consistent standard of living and simultaneously maintains motivation. The Group Remuneration Policy is consistent with the corporate strategy, aiming to align the Group's interests with the interests of its stakeholders, creating value. The Remuneration Policy aims, inter alia, to:

- support a performance-driven culture, rewarding excellence and delivery of ESG goals, and
- embrace equal pay policy for male and female employees for equal work or work of equal value, supporting a culture of fairness.

The principles and provisions of the Remuneration Policy apply to all employees, varying according to their level or responsibility, including those whose professional activities have a material impact on the Group's risk profile. The Remuneration Committee of the BoD provides its support and advice on the design of the Remuneration Policy, to ensure that the principles of remuneration to support also in equal treatment of employees, without bias on gender, age, nationality, disability, or any other factor not related to performance.

The Performance Reward considers the promotion of risk-related objectives on ESG considerations, corporate values, and risk culture, as well as the adoption of a gender-neutral approach.

The Group has developed a gender-neutral fixed remuneration framework, which links the salary structure to:

- level of seniority, as determined by the performance appraisal,
- market pricing using external market data and surveys,
- individual skillsets and experience, and
- value recognition for employee performance and for contribution to business goals.

Counterparties' assessment through the ESMS process

The counterparties' assessment through the ESMS process and questionnaire is fully embedded in the Group Credit Policy, with approval and oversight by the Group Executive Committee.

The assessment focuses on, inter alia, social aspects, such as, money laundering, violation of human and labor rights, bribery, etc. In such cases, Bank officers must immediately inform the competent approval body and, if necessary, the Group Compliance Officer.

As a next step, upon the completion of customers' assessment, the Group will require the engagement of its customers to mitigate and reduce socially harmful activities with targeted action plans.

5.3.5. Social risk management

Social risks are addressed and managed through the policies, procedures, methodologies, and tools introduced in Section 5.2. Additional information specifically related to social risk management is provided in the sub-sections below.

ESMS incorporation in the Group Credit Policy

The main objective of the ESMS is to identify and assess, inter alia, the social impact of the lending activities in order to be used in the Group's new credit approval process. Specific parameters are integrated into the existing loan approval processes and in new business financing projects for the evaluation and management of the social risks of each project. With the implementation of the ESMS, social risks are integrated into the credit assessment, while the Group has also incorporated into its Credit Policy a list of business activities that are excluded from financing.

ESMS Questionnaire

Further to the information provided in Section 5.2.7 of this document, the ESMS Questionnaire also covers social aspects through the assessment of its customers' behavior towards social matters. Indicatively, the following social dimensions are taken into consideration for the customer assessment:

- fines/penalties due to child, illegal, or forced labor,
- significant accidents or incidents in the last two years involving deaths or multiple serious injuries,
- fines/penalties for non-compliance with labor regulations,
- potential danger for areas of cultural or archaeological importance, and
- complaints/concerns from third parties (e.g. communities, NGOs).

Interbank ESG Risk Assessment Questionnaire

Further to the information provided in Section 5.2.7 of this document, the Group participates in an interbank initiative conducted by TEIRESIAS in partnership with the primary Greek banks and the HBA to shape a common ESG Risk Assessment Questionnaire along with a classification score, in order to incentivize credit institutions to enhance their credit assessment policies. The ESG Risk Assessment Questionnaire captures among others important social issues (e.g. human rights policies, labor practices, harassment etc.), in alignment with the relevant international standards, guidelines and supervisory expectations, such as the ones included in ECB's Guide on Climate-Related and Environmental Risks.

As a next step, upon the completion of customers' assessment (through ESMS and the interbank ESG Risk Assessment Questionnaires), the Group will engage more intensively with its customers, requesting targeted action plans to remediate issues and mitigate ESG-related risks and socially harmful activities.

Operational Risk Management Policy

Further to the information provided in Section 5.2.7 of this document, in order to enable the discrete measurement, monitoring, and reporting of ESG related data (categorized in the existing operational risk categories/typology), a flag was introduced in the Operational Risk Management System, which allows the relevant data to be marked.

5.4. Governance risk

Piraeus Group analyses the corporate governance performance of its customers and takes their management and governance practices into account in the admission process. The identification, assessment and monitoring of customer risks and their operations are integrated into Piraeus Group's standard risk, compliance, and operations processes and tools. Decisions are based on internal information or, where appropriate, on information provided by reliable external providers.

Amongst the key principles of the Group's Credit Policy, the following are related to corporate governance performance:

Know-Your-Customer

The Group initiates relationships and provides credit to customers through a robust Know Your Customer (KYC) process. In particular, for legal entities KYC includes the evaluation of the legal and ownership structure and the identification of Ultimate Beneficial Owners, among other governance-related aspects.

The Group's credit facilities must be provided to individuals or legal entities that not only abide to the labor and insurance legislation, but also whose ethics, reputation, or business legitimacy are beyond doubt.

The Group is particularly averse to providing any type of credit facility to legal entities or individuals who are accused (based on reliable published information, reports, court cases) of money laundering, violation of human and labor rights, bribery, etc.

Equal Treatment Principle

The Group treats all its customers equally when assessing and approving credit facilities and prevents situations that may lead to conflicts of interest.

Environmental Liability Principle

The Group supports financing legal entities or individuals that are active in environmentally conscious sectors (e.g. electricity production from RES, Green Banking) as well as legal entities that are environmentally responsible, in accordance with the Group's strategy for responsible utilization of natural resources.

Legitimacy Principle

All credit facilities provided by Piraeus Group must be in line with the rules and provisions of the Supervisory Authorities and the relevant legislation. The Group expects from its officers to respect and abide by the laws and regulations related to the legality of bank transactions and to refrain from engaging in any transaction that could either defy the principles restricting suspicious activities or that could facilitate the legalization of income from illegal activities.

Conflict of Interest

In order to avoid conflicts of interest, any member of any approval body cannot participate in the committee meeting to approve a credit request related to:

- any member or close relative or legal entity controlled by him/her or his/her close relative, or
- an immediate subordinate or supervisor, a close relative of an immediate subordinate or supervisor, or a legal entity controlled by the immediate subordinate or supervisor or their close relative.

Respectively, the relationship officers and credit officers cannot participate in the credit assessment and approval of their personal requests, of their close relatives, or of legal entities controlled by themselves or their close relatives.

A stricter approval process applies for credit financing to related parties, as defined by the relevant regulation as well as IAS 24, and to sensitive counterparties.

Borrower & Credit Facility Assessment

The risk involved in any credit facility depends on various factors, such as economic and market conditions and the borrower's financial status, while in the case of business financing, some additional factors exist: its management, the type of activity (sector), its perspectives (via a reliable business plan), its legal type, the credit amount, and the duration, type, and value of collateral and securities.

<u>Credit Criteria – Assessment of legal entities</u>

Among other financial criteria that are evaluated by the Group for the continuation of a credit relationship with companies, the Group also wishes and endeavors to maintain a credit relationship with companies having the following characteristics relevant to governance:

- positive market information (suppliers, competitors, customers, other banks),
- long-standing experience of the management team in the specific sector and excellent knowledge of their business activity,
- absence of pending lawsuits or any final judgments regarding significant social and environmental issues, and
- prospects for a long and expanding relationship.

<u>Unauthorized credit facilities</u>

The Group does not provide credit facilities to:

- Legal entities for which the criteria and conditions (according to the relevant legislation, regulations, and the Group's Compliance Policy) for the identification and recording of the Ultimate Beneficial Owners are not met.
- Legal entities or individuals trading weapon systems.
- Companies operating with unregistered or uninsured employees.

- Companies operating within environmentally protected regions (e.g. Natura 2000 Network), where compliance with all legal and regulatory issues must be established.

- Companies operating in sectors included in Group's Exclusion List according to the ESMS, with the exception of Gambling, Casinos, and Equivalent Enterprises; Production/Trade in Alcoholic Beverages (except beer/wine); and Production/Trade in Tobacco. The Group's cumulative exposure in these particular sectors must not exceed 5% of total loan portfolio.

- Legal entities or individuals when the purpose of the facility is to purchase shares, hybrid instruments or any kind of subordinated debt of the Group or other Financial Institutions.

Environmental and Social Criteria

The borrower's compliance with the relevant legislation is assessed as well as the environmental and social standards, as defined in the ESMS. Environmental and social risk derives from the negative impact of a company's operation in the environment (e.g. harm to air, water, soil, flora, fauna) or in the society (e.g. employees, customers, area residents etc.). Additionally, the company's and its shareholders' background (within ESMS framework) of social and environmental performance should be considered. Relative covenants should be included in loan contracts when deemed necessary according to ESMS policy.

Rating

Piraeus Group applies internal credit rating systems for most effective assessment of borrowers' creditworthiness. The rating is taken into account to determine the strategy (i.e. initiate, develop, maintain, or restrict the relationship), the collateral framework, and the pricing.

The internal rating assigned to each corporate obligor includes a qualitative component, part of which relates to governance-related aspects and performance of the obligor.

Qualitative Criteria for the Evaluation of the Obligor

In this context, the Group integrates a set of qualitative criteria for the evaluation of the obligor within its Credit Policy. The focus of these qualitative criteria is placed on the solvency and transactional behavior of the company and entities towards Piraeus Group and the relevant competition (i.e. evaluation of findings in the systems of TEIRESIAS). Furthermore, the Group takes into consideration the key characteristics of the obligors, such as the years of operation, the market position, the overall experience alongside the competence and the management efficiency, as well as the existence of succession. In addition, the quality, the ethics of the operators/administrators, and the good knowledge of the subject are also crucial factors that are considered. The Group also evaluates the market conditions, focusing on the competition, the conditions, and prospects of the industry and the general economic conditions that may jeopardize the entity's operations. The degree of dependence of the company in respect to its stakeholders and services (i.e., suppliers, customers, raw materials, products, and services), as well as the access to sources of capital raising and the declared intention of agencies to support the business are also assessed.

Additionally, the perspectives of the business, the personal property of entities/guarantors, and the equity participation, particularly in financing investment projects, are essential in the evaluation process of obligors. The relationship of the obligor with the Group (e.g. the number of years of cooperation) is of particular importance. Finally, the evaluation considers the environmental and social behavior of the company and entities, such as fines, litigation, and publications, in order to ensure that the company operates in a responsible and sustainable manner.

5.4.1. Next steps in governance risk management

Piraeus Group continues to develop and refine an ESG data and technology road map that balances tactical, short-term solutions with a strategic, long-term vision.

With regards to the latter, a joint initiative has been coordinated by Hellenic Banking Association, in partnership with other Greek banks, to assess ways to address the data collection challenges via the adoption of a common ESG Questionnaire that will be disseminated to counterparties in the banks' corporate portfolios and that will be leveraged by each bank for ESG assessment purposes. The scope of this common initiative is to capture, inter alia, ESG data governance information such as:

- policies related to the code of conduct, business ethics, and anti-bribery approaches,

- accountability, reporting, and transparency,

- corporate governance issues,

- remuneration practices,

- business ethics and anti-corruption, and

- ESG governance matters, focusing on the involvement of the management body in the oversight of environmental and social matters.

Furthermore, the incorporation of the Corporate Sustainability Reporting Directive (CSRD) will introduce supplementary dimensions to consider in the Group's clients' governance risk assessment practices, as the Group's counterparties will be required to publicly disclose part of their internal policies. To this end, comprehensive information regarding ESG and further governance risk matters, will be available for a broader set of corporations. The European Sustainability Reporting Standards (ESRS) drafted by European Financial Reporting Advisory Group (EFRAG) outline how and what information and ESG metrics companies need to report to European regulators to comply with the CSRD, putting sustainability reporting on equal footing with financial reporting for the first time.

5.5. Quantitative disclosures on climate change transition risk and physical risk

Effective beginning December 2022, Commission Implementing Regulation (EU) 2022/2453 set forth the disclosure requirements for ESG risks. At present, these are primarily focused on the effects of climate change risks, specifically:

- **physical risk:** the risk of losses stemming from the impacts of the physical effects of environmental factors on the Group's counterparties or invested assets, and

- **transition risk:** the risk of losses stemming from the impacts of the transition to an environmentally sustainable economy on the Group's counterparties or invested assets.

The Group has not reported the following quantitative templates in these Disclosures for the reasons specified:

- **Banking book – Climate change transition risk: Alignment metrics:** The Group is currently developing its methodology to estimate information on its Paris Agreement sectoral alignment, and it plans to begin disclosing this template in June 2024, in line with the supervisory instructions.

- **Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms:** The Group confirms that it does not have any exposures toward the most carbon-intensive firms globally as at December 31st, 2022. The firms were determined based on the combined lists of the 2017 Carbon Majors Database and the 2017 Climate Accountability Institute Report.

The first table shows information on the Group's loans and advances, debt securities, and equity instruments towards non-financial companies (NFCs) operating in sectors that significantly contribute to climate change and in carbon-related sectors. The table excludes items held for trading and non-trading positions in collective investment undertakings.

Approach for identifying exposure to companies excluded from EU Paris-aligned Benchmarks

The Group proceeded with the identification of exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 of Climate Benchmark Standards Regulation (Commission Delegated Regulation (EU) 2020/1818). Specifically, these cases concern companies with:

- 1% or more of their revenues derived from exploration, mining, extraction, distribution, or refining of hard coal and lignite.

- 10% or more of their revenues derived from the exploration, extraction, distribution, or refining of oil fuels.

- 50% or more of their revenues derived from the exploration, extraction, manufacturing, or distribution of gaseous fuels.

- 50% or more of their revenues derived from electricity generation with a greenhouse gas (GHG) emission intensity of more than 100 g CO_2 equivalent/kWh.

The application of the above criteria was conducted by analyzing the counterparties' economic activities and in close consultation with the business units and centers that manage the relationship with the clients.

Approaches used for estimating the financed emissions

The financed scope 1, 2, and 3 emissions attributed to the exposures of the Group for the table perimeter have been estimated based on the Partnership for Carbon Accounting Financials (PCAF) methodology. The analysis has been performed on a population of 44,536 counterparties in EU and non-EU countries. The methodology comprises two main steps: first the determination of the scope 1, 2, and 3 emissions of the counterparties and then their attribution to the Group's financed activities.

Due to data availability, different methodological approaches were applied to estimate the scope 1, 2, and 3 emissions of the Group's counterparties, namely:

- Method 1: Published emissions were used, where verified or unverified emissions were collected from the counterparty directly (e.g. through the company's sustainability report) or indirectly via verified third-party data providers (e.g. Carbon Disclosure Project (CDP), EU-ETS Registry, Thetis database). Particularly for the sector H.50 (maritime transport) the Thetis database was utilized, through which each counterparty was linked with its owned vessels based on the respective IMO.

- Method 2: GHG emissions were calculated based on primary physical activity data collected from the borrower, applying appropriate emission factors issued or approved by a credible independent body. The method has been implemented only for sector D.35.11 regarding power generation companies using renewables. The emissions of all counterparties in D.35.11 that use fossil fuels were estimated under Method 1.

- Method 3: GHG emissions were calculated based on economic activity data of the counterparty in question (e.g. total revenues or total assets) and appropriate emission factors expressed per economic activity (e.g., tons of CO_2 equivalent per million EUR output of the corresponding sector). To this end, a multiregional input-output analysis was implemented for estimating emission factors per economic activity by utilizing the set of Input-Output tables recently published by Organization for Economic Cooperation and Development (OCED).

While Methods 1 and 2 are based on company-specific reported emissions or energy data provided by the borrower or third-party data providers, Method 3 is based on total output in monetary terms and region- and sector-specific average emission factors, estimated using public data sources such as statistics or data from other third-party providers. Methods 1 and 2 are preferred over Method 3 from a data quality perspective and provide a more accurate emissions view. For Piraeus Group, the use of Method 1 (and Method 2 for D.35.11) was a priority for calculating the scope 1, 2, and 3 emissions of its counterparties. Consequently, Method 3 was used in cases where no information was available for estimating the counterparties emissions through the other two methods.

The Group aims to capture more accurate emission data from its counterparties as part of its plan for the enhancement of its climate risk management practices. In this context, the Group plans to enhance the analysis underpinning the following template in the future, performing a robust assessment of additional criteria beyond the NACE code, including information related to the counterparties' revenue allocation to economic activities.

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

	2022 (€ mn) Sector/Subsector	a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
1	**Exposures towards sectors that highly contribute to climate change [2]**	**18,299**	**655**	**1,445**	**1,604**	**(888)**	**(46)**	**(805)**	**6,603,489**	**3,248,092**	**7.4%**	**11,925**	**3,638**	**2,596**	**139**	**5.5**
2	A - Agriculture, forestry, and fishing	430		31	30	(18)	(3)	(14)	398,445	130,271		306	112	11	1	4.0
3	B - Mining and quarrying	33	0	9	4	(2)	(0)	(2)	12,506	2,916		28	1	3		4.6
4	B.05 - Mining of coal and lignite	0	0	0	0	(0)	(0)	(0)	28	7		0				2.9
5	B.06 - Extraction of crude petroleum and natural gas	0		0	0	(0)	(0)	(0)	0	0		0				2.0
6	B.07 - Mining of metal ores	0		0	0	(0)	(0)	(0)	35	8		0				2.8
7	B.08 - Other mining and quarrying	32		9	4	(0)	(0)	(2)	10,574	2,465		27	1	3		4.6
8	B.09 - Mining support service activities	0		0	0	(2)	(0)	(0)	1,867	435		0				3.6
9	C - Manufacturing	4,098	163	281	314	(153)	(12)	(136)	2,777,873	1,387,269	24.3%	3,475	521	99	4	3.3
10	C.10 - Manufacture of food products	1,186		144	141	(65)	(4)	(60)	734,216	435,429		1,058	116	12		3.2

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

	2022 (€ mn) Sector/Subsector	a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
11	C.11 - Manufacture of beverages	108		14	8	(4)	(0)	(3)	32,667	18,885		87	14	7		4.3
12	C.12 - Manufacture of tobacco products	50		0	0	(0)	(0)	(0)	22,350	14,958		50				2.4
13	C.13 - Manufacture of textiles	52		4	3	(2)	(0)	(2)	15,026	11,304		48	4	1		3.2
14	C.14 - Manufacture of wearing apparel	45		4	11	(6)	(0)	(6)	9,753	7,350		41	4	0		3.1
15	C.15 - Manufacture of leather and related products	5		0	4	(1)	(0)	(1)	539	405		5				2.4
16	C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	39		3	21	(8)	(1)	(8)	7,723	6,181		33	5	1		3.2
17	C.17 - Manufacture of pulp, paper, and paperboard	189		3	2	(1)	(0)	(1)	59,103	41,678		116	57	16		5.4

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity																
		a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
2022 (€ mn) Sector/Subsector		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
18	C.18 - Printing and service activities related to printing	33		1	2	(2)	(0)	(2)	13,380	9,310		27	5	1		3.7
19	C.19 - Manufacture of coke oven products	844	151	0	4	(1)	(0)	(1)	504,850	202,965	98.4%	801	43			1.9
20	C.20 - Production of chemicals	130	12	8	6	(3)	(0)	(2)	105,970	33,334		120	9	1		3.3
21	C.21 - Manufacture of pharmaceutical preparations	118		0	1	(0)	(0)	(0)	20,788	15,108		64	53			4.0
22	C.22 - Manufacture of rubber products	150			4	(4)	(2)	(2)	60,139	39,477	0.4%	104	34	12		4.4
23	C.23 - Manufacture of other non-metallic mineral products	174		7	35	(11)	(1)	(10)	471,669	50,946	34.6%	166	6	3		3.1
24	C.24 - Manufacture of basic metals	439		41	33	(21)	(0)	(20)	459,064	279,376	24.0%	333	103	4		4.0
25	C.25 - Manufacture of fabricated metal products, except machinery and equipment	186		24	12	(7)	(1)	(6)	88,529	68,703		125	24	37		5.4

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

		a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
	2022 (€ mn) Sector/Subsector	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
26	C.26 - Manufacture of computer, electronic and optical products	63		0	4	(3)	(0)	(2)	25,770	20,269		59	4			2.9
27	C.27 - Manufacture of electrical equipment	85		0	1	(0)	(0)	(0)	81,750	76,031		80	6			3.5
28	C.28 - Manufacture of machinery and equipment n.e.c.	64		8	5	(5)	(2)	(3)	22,400	20,155		46	12	2	4	5.7
29	C.29 - Manufacture of motor vehicles, trailers, and semi-trailers	6		0	1	(1)	(0)	(1)	1,371	1,132		5	1	0		4.2
30	C.30 - Manufacture of other transport equipment	6		2	0	(0)	(0)	(0)	829	600		4	2			4.3
31	C.31 - Manufacture of furniture	24		12	1	(2)	(0)	(1)	3,724	3,136		18	5	1	0	4.6
32	C.32 - Other manufacturing	72		5	5	(4)	(0)	(3)	29,105	24,509		60	11	1		3.5

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

	2022 (€ mn) Sector/Subsector	a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
33	C.33 - Repair and installation of machinery and equipment	28		1	12	(2)	(0)	(2)	7,158	6,029		25	4			3.2
34	D - Electricity, gas, steam, and air conditioning supply	2,179	339	44	42	(36)	(5)	(26)	451,592	81,186	11.5%	811	503	865		8.4
35	D.35.1 - Electric power generation, transmission, and distribution	2,149	311	43	42	(36)	(5)	(26)	450,062	80,022	11.7%	809	501	839		8.4
36	D.35.11 - Production of electricity	1,803	311	34	25	(22)	(4)	(14)	401,561	51,571	13.9%	588	454	761		8.8
37	D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	30	28	1	0	(0)	(0)	(0)	1,433	1,091		1	2	26		10.3
38	D35.3 - Steam and air conditioning supply	1		0	0	(0)	(0)	(0)	96	73		1	0			4.1
39	E - Water supply; sewerage, waste management and remediation activities	50	4	2	3	(3)	(0)	(2)	74,551	13,843		41	8	0		3.5
40	F - Construction	1,310	0	208	137	(90)	(5)	(82)	680,702	631,307	4.2%	687	167	455	2	7.7
41	F.41 - Construction of buildings	469		190	76	(44)	(3)	(40)	134,249	122,528		315	133	20	1	4.7

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

	2022 (€ mn) Sector/Subsector	a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
42	F.42 - Civil engineering	731	0	2	24	(19)	(0)	(16)	484,087	451,844	7.5%	284	14	431	1	10.2
43	F.43 - Specialized construction activities	110		15	37	(26)	(1)	(25)	62,366	56,935		87	19	4	0	3.9
44	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,942	149	239	286	(202)	(13)	(183)	980,478	653,563	1.5%	2,334	528	79	1	3.7
45	H - Transportation and storage	3,542	0	101	251	(186)	(2)	(183)	1,087,161	224,312		2,467	559	455	60	5.8
46	H.49 - Land transport and transport via pipelines	84		6	8	(4)	(0)	(4)	76,363	18,152		61	17	5		4.4
47	H.50 - Water transport	2,784		79	236	(176)	(0)	(175)	879,701	125,547		2,242	482		59	4.7
48	H.51 - Air transport	385		0	0	(0)	(0)	(0)	80,164	56,017		84		301		12.2
49	H.52 - Warehousing and support activities for transportation	287	0	16	6	(4)	(1)	(3)	50,397	24,242		78	59	149	1	8.9
50	H.53 - Postal and courier activities	2		0	0	(0)	(0)	(0)	535	354		2	0			3.4
51	I - Accommodation and food service activities	2,554		459	260	(55)	(4)	(44)	134,198	117,909		1,064	1,052	372	65	7.2

Table 37: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

	2022 (€ mn) Sector/Subsector	a	b	d	e	f	g	h	i	j	k	l	m	n	o	p
		Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO_2 equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
			Of which exposures towards companies excluded from EU Paris-aligned Benchmarks [1]	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
52	L - Real estate activities	1,162		71	277	(143)	(3)	(132)	5,984	5,516	4.6%	713	187	256	7	5.9
53	**Exposures towards sectors other than those that highly contribute to climate change [2]**	**1,852**		**192**	**661**	**(112)**	**(5)**	**(102)**				**1,321**	**440**	**67**	**24**	**4.5**
54	K - Financial and insurance activities															
55	Exposures to other sectors (NACE codes J, M - U)	1,852		192	661	(112)	(5)	(102)				1,321	440	67	24	4.5
56	**TOTAL**	**20,150**	**655**	**1,637**	**2,265**	**(1,000)**	**(51)**	**(907)**	**6,603,489**	**3,248,092**	**7.4%**	**13,247**	**4,078**	**2,662**	**163**	**5.4**

Notes:
1. In accordance with points (d) to (g) of Article 12.1
2. In accordance with Commission Delegated Regulation EU) 2020/1818 supplementing Regulation (EU) 2016/1011, regarding the minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks (Climate Benchmark Standards Regulation) Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006
3. In line with the current supervisory instructions, column c (Of which environmentally sustainable (CCM)) will be disclosed beginning 31/12/2023

Edit: The sign of the values in columns f, g, and h (Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions) has been changed to negative.

The next table shows information on the distribution of the Group's loans covered by real estate and of repossessed real estate collateral, by energy consumption and by Energy Performance Certificate (EPC)[6] label of the collateral. Only EPC eligible collaterals, categorized by location, are included in the table.

The Group's immovable property collaterals are located mainly in the EU-area and specifically Greece, Bulgaria, and Romania, and a small fraction is located in Ukraine. The gross carrying amount of exposures is grouped by energy consumption buckets (i.e. Energy Performance score in kWh/m²) considering both actual and estimated data, and by EPC label using only actual data derived from the collaterals' energy performance certificates.

In order to address the limited availability of energy performance related information for real estate properties that are recognized as collateral in its loan portfolios, and to allocate an Energy Performance (EP) score and EPC class to the eligible real estate properties, the Group applied the following approach:

- Publicly available data sources (e.g. Hellenic Statistical Authority, Ministry of Energy) were examined; however, since the information was not available at the property level, but rather on more aggregate levels, it was not deemed appropriate.
- Private data sources providers offer property level energy performance data in Greece. This level of data granularity supported the development of a statistical model to predict the EP score and EPC class of the Group's real estate collaterals. The Group's existing data and the acquired data from the external provider, which included properties that were on sale along with their energy performance features, were used for the development of this model based on key property characteristics (e.g. year of construction, surface, property usage, floor level, etc.).
- The performance of the model was assessed, and an EP score and EPC class were assigned to all eligible immovable properties.

With regards to the Group's efforts towards the continuous improvement of its climate risk management practices, the Group has adopted a course of actions in order to increase the coverage of its immovable property collaterals with actual energy consumption and EPC label data, including:

1. Ongoing collection of EPCs and incorporation into the systems for all new disbursements, starting from early 2022.
2. The introduction of a procedure aiming to back-populate EPCs for mortgage collaterals from 2019 onwards.
3. Active participation in an interbank effort for the collection of actual EPC data for the Group's real estate collaterals from the national database (Ministry of Energy).

Through its banking products and services, Piraeus Group also contributes to the transition to a more efficient immovable property stock of its clients, while taking into consideration and following closely the updates concerning the revision of the Energy Performance of Buildings Directive (EPBD), which is expected to set higher standards with regard to energy performance of the EU building stock.

[6] Energy Performance Certificates (EPCs) were introduced by the Energy Performance of Buildings Directive (2010/31/EU) and the Energy Efficiency Directive (2012/27/EU), which promote policies that aim to raise the energy efficiency of the EU building stock.

Table 38: Banking book – Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral

	2022 (€ mn)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤ 400	> 400; ≤ 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
1	**Total EU area**	**10,948**	**973**	**7,266**	**1,939**	**190**	**390**	**191**	**76**	**68**	**67**	**69**	**47**	**32**	**58**	**10,531**	**100.0%**
2	Of which Loans collateralized by commercial immovable property	3,567	268	2,686	460	25	109	19	1	1	2	1	1	1	1	3,559	100.0%
3	Of which Loans collateralized by residential immovable property	6,465	443	4,150	1,305	165	234	168	75	67	65	67	46	31	57	6,057	100.0%
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	916	262	430	174		47	4								916	100.0%
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	10,531	826	7,117	1,878	162	370	180								10,531	100.0%
6	**Total non-EU area**	**26**	**1**	**4**	**19**	**1**										**26**	**100.0%**
7	Of which Loans collateralized by commercial immovable property	6	1	4	1											6	100.0%
8	Of which Loans collateralized by residential immovable property	19		0	18	1										19	100.0%

Table 38: Banking book – Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral																	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	2022 (€ mn)	Total gross carrying amount															
			Level of energy efficiency (EP score in kWh/m² of collateral)						Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤ 400	> 400; ≤ 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated
9	Of which Collateral obtained by taking possession: residential and commercial immovable properties	0		0	0											0	100.0%
10	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	26	1	4	19	1										26	100.0%

The next table shows information on exposures that are exposed to chronic and acute climate-related hazards. Rows 1-9 and 13 include the Group's loans and advances, debt securities, and equity instruments towards NFCs, while rows 10-12 show the Group's loans covered by real estate and repossessed real estate collateral. The table excludes items held for trading and non-trading positions in collective investment undertakings.

The purpose of this table is to examine exposures in the banking book sensitive to chronic physical risks that arise from long-term shifts in climate patterns and acute physical risks that arise from increased severity and occurrence of extreme weather events. Chronic physical risks are defined as those that arise from progressive shifts in climate patterns, while acute physical risks are defined as those that occur from extreme weather events.

Since the Group's financed activities and collaterals are located mainly in Greece, the analysis for the assessment of the potential climate change physical risk is focused on the specific geographic area of Greece.

The information regards a breakdown by sector of economic activity (NACE Level 1 classification) and by geography of location of the activity of the counterparty or of the collateral for those sectors and geographical areas subject to climate change acute and chronic events. The first column of this template reports the gross carrying amount for each economic sector, with the subsequent columns examining the exposures sensitive to impact from climate change physical events in terms of residual maturity (by maturity bucket), sensitivity to chronic and acute climate change events, stage 2 exposures, non-performing exposures, etc.

Chronic physical climate risks for companies arise from the fact that the change of one or more climatic parameters affects their activity level and/or production cost. For example, in some economic sectors there is a direct impact as their activity level is a function of climatic parameters (e.g. the annual yield as well as the quality of agricultural products), while in other sectors there is an indirect impact (e.g. use of raw materials whose production level and consequently their supply cost is directly affected by climatic conditions).

The Group has already developed a methodological framework and tool to analyze and quantify the impacts of chronic climate change on its counterparties, as these risks may affect their ability to service their loans and consequently the Group's economic performance.

Specifically, the quantitative assessment of chronic physical climate risks was carried out on NACE four-digit sectoral level and NUTS2 geographical level, while the assessment also accounted for variations within some sectors that significantly affect the impact of chronic events on the counterparties (e.g. type of products in agriculture, technologies and fuel used in industrial and power generation sectors, seasonality in hotels and accommodation). Chronic climate risks are estimated in monetary terms as the ratio of the increased production cost or the reduced output to the current turnover of a typical company in each sector and location.

For the analysis, a short- to mid-term horizon up to 2050 was used, as this period covers the repayment of existing loans provided by the Group, while after 2050 climatic and economic uncertainties are much higher. The reference period from 1970 to 2000 is selected as the historic climate. Physical impacts were estimated for three Representation Concentration Pathway (RCP) Scenarios, namely the low emissions RCP2.6 Scenario, the moderate RCP4.5 Scenario and the high emissions RCP8.5 Scenario, in order to assess all the possible evolution of the global GHG emissions. For the assessment of the impact under future climatic conditions, climate data derived from nine climate simulations, developed under the EURO-CORDEX program with a horizontal spatial resolution of approximately 11x11 km, were used.

The quantitative assessment of physical climate risks in the various economic sectors was based on a variety of sectoral models, namely:

- Detailed simulation models through which the physical processes associated with an activity are represented and the influence of climatic parameters is quantitatively assessed (e.g. analytical agronomic models simulating the whole cultivation cycle).
- Statistical models developed on the basis of historic data, correlating the production level of an activity with several independent variables, which include one or more climatic parameters (e.g. regression models connecting the production volumes with one or more statistically significant climatic parameters).
- Mathematical models which estimate the production level of an economic activity as a function of climatic parameters (e.g. the way changes in wind speed or solar radiation affect the productivity of wind farms and photovoltaic units correspondingly).

The above models were applied to both historic and future climate, and the difference represents the net impact of climate change on the economic activity under consideration. The ratio of the net impact to the turnover of a typical enterprise of each sector represents the chronic physical climate risk. In the context of the present analysis, the exposures of the Group that are considered sensitive to Chronic Climate Change events have been estimated based on the results of the above methodology considering the period 2021-2030 and the high emissions scenario RCP8.5

and taking into account the economic sectors (at four-digit NACE code level) and geographic locations (at NUTS2 level) with a chronic physical climate risk greater than 0.2%.

The physical impact of chronic climate change on collateralized immovable properties and buildings refers mostly to energy use for heating and cooling and it is estimated based on Heating Degree Days (HDD) and Cooling Degree Days (CDD) under the historic and future climate. On the assumption that the structural characteristics of buildings and the efficiency of cooling and heating installations remain stable, the percentage change of energy needs results in a proportional change of energy consumption for cooling and heating. However, as the increased energy needs for cooling due to higher temperatures during summer are counterbalanced by lower heating costs due to higher winter temperatures, the impact on collateralized immovable properties is considered negligible.

The analysis of the effects of the acute climate change events on the exposures in the banking book was done by examining to what extent these effects influence both the economic activities financed as well as the immovable properties used to collateralize these financings. The methodological approaches developed and applied to this end are briefly presented below.

Analysis of the impact on economic activities

The analysis of the acute effects of climate change on the economic activities of the counterparties financed by Piraeus Group was performed by considering seven specific hazards, namely fluvial floods, pluvial floods, landslides, wildfires, extreme heat, water scarcity, and coastal floods, thus covering the most important types of climate extremes that affect the Greek territory. The assessment was done assuming the RCP8.5 climate scenario and examining the potential impacts over a 10-year time horizon. However, the results of the analysis are not considered to differ significantly for milder future climate scenarios (e.g. for RCP2.6 or RCP4.5) for the time horizon up to 2050. The methodological approach developed and implemented includes the following steps:

Step 1: Assessing the hazard related to climate acute events in different geographical regions in Greece

The assessment was done for each of the seven aforementioned extreme phenomena at a NUTS3 level of geographical analysis. It was based on both observed data and future projections derived by "ThinkHazard", "RESIN Project", and "Copernicus" databases, which were then used to classify the hazards attributed to each of the acute events in question on a four-level qualitative scale from 0, corresponding to a negligible hazard, up to 3, which corresponds to a high risk.

Specifically, for the hazards associated with pluvial flood, water scarcity, and coastal flood, the evaluations given by the GFDRR - ThinkHazard! database were used with the same four-level scale. In a few cases, the provided assessments were modified based on expert judgement in order to better reflect the condition of Greece. For the hazards related to fluvial flood, landslide, and extreme heat, the RESIN database was used. Specifically, the risk associated with fluvial floods was estimated as a percentage of the total area of the NUTS3 area affected by a fluvial flood with a return period of 100 years, the risk of landslides as a percentage of the total area of the NUTS3 area that shows at least moderate susceptibility to landslides, and the extreme heat based on the number of days with a maximum temperature greater than 35˚C. The assessment of hazards associated with wildfires, is based on the Fire Weather Index as provided at NUTS3 level by the European Copernicus Service for the period from June up to September.

Step 2: Assessing the vulnerability of the economic activities to the various climate acute events

The various economic sectors do not show the same vulnerability to the acute events. For example, the agricultural sector is more vulnerable to various types of extreme phenomena, while on the other hand most industrial sectors are less affected, and only specific events at local level may cause potential damages. This step examines to what extent economic sectors at the two-digit NACE level could be affected by the hazards in question, regardless of their significance. Again, a four-level rating scale was used to map the associated risks from negligible up to high, based on expert judgement as well as the results of the relevant assessments presented in the framework of the Regional Plans for Adaptation to Climate Change by Greek Regional Authorities.

Step 3: Threshold setting for the most relevant hazards and quantification of the risk exposure

In this final step, specific thresholds regarding the level of hazards and the vulnerability of the economic sectors were set, in order to identify which economic sectors and in which regions are at higher risk due to the acute events of climate change.

Analysis of the impact on collateralized immovable properties

The analysis of the acute effects of climate change on the collateralized immovable properties is based on three specific hazards, namely fluvial floods, wildfires, and coastal floods. With regards to the other four hazards considered in the assessment of the impacts of climate acute events on economic activities, the following are noted:

- The hazards associated with extreme heat and water scarcity are considered to have a negligible effect on buildings and other immovable properties.
- Landslide hazards are likely to affect buildings or other infrastructure; however, it is considered that the existing regulations on spatial planning and buildings' construction minimize these risks.
- The resulting impact from pluvial floods is deemed immaterial as buildings and relevant infrastructure do not change significantly in the time horizon of the analysis.

The analysis was carried out separately for each acute event under consideration and at the NUTS3 geographical analysis level. Using information from the RESIN database on the potential flood areas due to fluvial and coastal floods as well as historical data on areas affected by wildfires, the percentage of the population at NUTS3 level that is exposed to these dangers was determined.

Table 39: Banking book – Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	2022 (€ mn) Greece	Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Average weighted maturity (in years)							of which Stage 2 exposures	Of which non-performing exposures
1	A - Agriculture, forestry, and fishing	416	198	9	10		3.1	3	196	18	14	25	(11)	(0)	(11)
2	B - Mining and quarrying	33	0				3.5		0		0	0	(0)	(0)	(0)
3	C - Manufacturing	4,043	640	81	7		3.4	643	49	36	84	47	(22)	(2)	(20)
4	D - Electricity, gas, steam, and air conditioning supply	2,176	276	18	31		3.6	251	74		0	12	(6)	(0)	(5)
5	E - Water supply; sewerage, waste management, and remediation activities	47	13	5			4.1		18		0	0	(0)	(0)	(0)
6	F - Construction	1,222	21	9	46		8.1		76		8	0	(0)	(0)	(0)

Table 39: Banking book – Climate change physical risk: Exposures subject to physical risk

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
	2022 (€ mn) Greece	Gross carrying amount													
			of which exposures sensitive to impact from climate change physical events												
			Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
			≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	Average weighted maturity (in years)							of which Stage 2 exposures	Of which non-performing exposures
7	G - Wholesale and retail trade; repair of motor vehicles and motorcycles	2,850													
8	H - Transportation and storage	1,097													
9	L - Real estate activities	1,004													
10	Loans collateralized by residential immovable property	6,504	19	18	45	44	9.6		125		34	8	(6)		
11	Loans collateralized by commercial immovable property	5,895	68	53	19	8	4.1		149		29	18	(11)		
12	Repossessed collaterals	1,847							34				(1)		
13	Other relevant sectors (breakdown below where relevant)														

Edit: The sign of the values in columns m, n, and o (Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions) has been changed to negative.

The final ESG-related table is intended to cover the Group's exposures that are not taxonomy aligned in accordance with Regulation (EU) 2020/852 but that still support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. The table includes assets (bonds and loans) that the Group has identified as environmentally sustainable financing, corresponding to the operations that the Group has considered to meet internal eligibility requirements for climate change mitigation and adaptation activities. These internal requirements leverage on EU taxonomy criteria developed to date and also take into account standards and market best practices. In that sense, they are aligned to a significant extent, but not entirely, with the EU taxonomy alignment criteria prescribed in Regulation (EU) 2020/852.

The following asset categories are presented:

- Bonds categorized as "Green" in accordance with the International Capital Market Association (ICMA) Principles,
- Sustainability-linked Bonds with sustainability performance-linked targets (SPT) related to GHG emissions reduction, and
- Loans to both businesses and households classified as "Green". These loans finance activities as described below:
    - For Businesses: Renewable Energy Sources, Green buildings, and Energy Efficiency Specific eligibility criteria also described in the Group's Green Bond Framework;
    - For Households: improvement of residential buildings' energy efficiency; and
    - Investments underpinned by the Recovery and Resilience Fund (RRF).

Piraeus Group plans to assess the EU Taxonomy alignment of its portfolio in accordance with the reporting requirements as of December 31st, 2023.

The type of risk mitigated is mainly climate change transition risk. Piraeus Group supports counterparties by facilitating the financing towards activities included in the internal standards mentioned above, which mainly refer to climate change mitigation objectives.

Table 40: Other climate change mitigating actions						
2022	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (€ mn)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	66	Y		Green Bonds
2		Non-financial corporations	83	Y		Green Bonds and Sustainability-linked bonds
3		Of which Loans collateralized by commercial immovable property				
4		Households				
5		Of which Loans collateralized by residential immovable property				
6		Of which building renovation loans				
7		Other counterparties				
8	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	0	Y		
9		Non-financial corporations	1,187	Y		Loan related to the acquisition, development, manufacturing, construction, operation, and maintenance, distribution, and transmission of renewable energies
10		Of which Loans collateralized by commercial immovable property	9	Y		
11		Households	203	Y		Mainly includes financing related to the construction or acquisition of Green buildings or renovation and upgrade of the existing building's EPC
12		Of which Loans collateralized by residential immovable property	28	Y		
13		Of which building renovation loans	180	Y		
14		Other counterparties				

6. Market Risk

Market risk is defined as the risk of incurring losses due to adverse changes in the level or the volatility of market prices and rates, including equity prices, interest rates, commodity prices, and currency exchange rates, as well as changes in their correlation.

The Group has established a Group-wide market risk limit system. The adequacy of the system and the limits are reviewed annually. The adherence to the limits structure is monitored by the Group's Market and Liquidity Risk Management unit as well as the responsible units at a subsidiary level. The Group has adopted and applied widely-accepted techniques for the measurement of market risk.

A Market Risk Management Policy has been in place for all relevant Group units since the beginning of 2003. Based on this policy, every Group unit has been assigned specific market risk limits, which are monitored on a continuous basis, both locally as well as by GRM.

6.1. Measurement

The Value-at-Risk (VaR) measure is an estimate of the maximum potential loss in the net present value of a portfolio, over a specified period and within a specified confidence level. As of July 1st, 2022, the Group has enhanced its VaR model from Parametric Approach to Historical Simulation (HVaR), as the latter, among others, does not assume that the portfolio follows a normal distribution, and consequently the VaR is not a result of statistical parameters (volatility), whilst it is also applicable for fat tails, being more precise for all kinds of products including non-linear products.

The HVaR is a scenario-based method based on historical data variations, and it is more precise for non-linear products. It uses past observations to infer the potential future movements of market parameters, with no assumption about the risk factor's distribution. Market data shifts are measured over a look-back period of two years at daily horizons. The current positions are fully revaluated using these shifted market parameters. After applying the different historical scenarios, the simulated P&L variations are sorted from the lowest to the highest. The VaR is determined by reading the corresponding value out of the ordered P&L variations at the desired confidence level.

While the Value-at-Risk methodology evaluates the maximum risk at a specified confidence level (e.g. a 99% VaR measures a loss that is expected to be exceeded only 1% of the time), another metric, the Expected Shortfall (ES), captures the tail risk that is not accounted for in the existing VaR measures. Thus, the ES captures the average loss beyond the level specified by the VaR (e.g. a 99% ES represents the average of the worst 1% of losses).

As a complement to VaR, a stress test analysis is conducted to estimate the potential outcomes on portfolio values under exceptional events. A scenario analysis approach is used where a series of shifts (historical or market-specific) on market parameters is defined. Stress testing results are produced by the same calculation engine that produces VaR figures and are analyzed on a scenario basis to identify how the positions perform under the predefined scenarios.

The Group tests the validity of the estimated VaR by conducting a back-testing program for the trading book. The VaR estimate is compared daily to the actual change in the value of the portfolio due to changes in market prices. When back-testing results show repetitive and inexplicable exceptions, the VaR model is considered inadequate. During FY 2022, the back-testing resulted in two excesses after money markets bet that ECB would raise its deposit rate to 0% (from negative levels) by the end of the year.

It is noted that the back-testing process does not take into account commissions or profits from intraday trading or intraday position change (i.e. "clean" back-testing).

As at December 31st, 2022, the VaR of the trading portfolio is € 2.8 mn (compared to € 5.7 mn in 2021) and is mainly driven by interest rate risk and equity risk.

Additionally, the Group monitors the evolution of assumed risks using sensitivity indicators and thus calculates the effect of changes in the level of market prices on the value of all on and off-balance sheet items to have a complete view on the level and evolution of risk factors.

6.1.1. Interest Rate Risk

Interest rate risk is a material risk category for the Group and pertains to the potential negative effects on the Group's financial position because of exposure to general interest rate variability. It is imperative for the Group to assume this type of risk on a going concern basis.

Although interest rate risk is assessed through the VaR model, the spread risk is inherent to the calculation. A metric of fixed income's sensitivity to changes in the credit curve by 1bp is calculated and monitored daily.

6.2. Capital Requirements - Standardized Approach

As a result of the containment of the trading book volume during the last years, position risk has been materially constrained. The main drivers for market risk capital requirements currently are general interest rate risk and FX risk.

Table 41: EU MR1 – Market risk under the standardized approach

2022 (€ 000's)		a
		RWEAs
OUTRIGHT PRODUCTS		
1	Interest rate risk (general and specific)	106,939
2	Equity risk (general and specific)	25,416
3	Foreign exchange risk	47,912
4	Commodity risk	15,393
OPTIONS		
5	Simplified approach	
6	Delta-plus method	292
7	Scenario approach	
8	Securitization (specific risk)	
9	**Total**	**195,953**

6.2.1. Credit Valuation Adjustment

According to the CRR, beginning January 1st, 2014, the Group is obliged to maintain adequate capital levels against CVA risk. The risk derives from an adjustment to the mid-market valuation of a portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution but does not reflect the current market value of the credit risk of the institution to the counterparty (unilateral CVA approach).

The Group uses the standardized approach for calculating CVA. On December 31st, 2022, the relevant capital requirements amounted to € 0.79 mn.

Table 42: EU CCR2 – CVA capital charge

2022 (€ 000's)		a	b
		Exposure value	RWEA
1	Total portfolios subject to the Advanced method		
2	(i) VaR component (including the 3× multiplier)		
3	(ii) stressed VaR component (including the 3× multiplier)		
4	Transactions subject to the Standardized method	47,353	30,813
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)		
5	**Total transactions subject to own funds requirements for CVA risk**	**47,353**	**30,813**

7. Interest Rate Risk in the Banking Book

7.1. Definition

Interest rate risk in the banking book (IRRBB) is the risk to earnings and capital arising from adverse changes in the absolute level of interest rates. It involves:

- **Gap or repricing risk**, arising from the timing mismatch in the maturity and repricing profile of interest rate sensitive assets and liabilities,
- **Basis risk**, arising from the imperfect correlation in the adjustment of the rates earned and paid on different interest rate sensitive instruments, with otherwise similar rate change characteristics, and
- **Option risk**, arising from options (embedded and explicit), which alter the level and timing of cash flows relating to interest rate sensitive assets and liabilities.

IRRBB stems, mainly, from financial instruments that carry a fixed interest rate, especially those whose rate is fixed for a long period of time, such as mortgages, consumer loans, and fixed rate debt securities.

7.2. Monitoring

Piraeus Group acknowledges that effective management of interest rate risk is essential for the safety and soundness of the banking institution, and thus, monitors and controls interest rate risk closely and on a continuous basis, through its Interest Rate Risk Management Policy and by adopting risk assessment techniques based on the analysis of core interest rate metrics. It assesses the sensitivity of its interest rate sensitive balance sheet items to potential changes in interest rates by adopting both Earnings and Economic Value measures:

- **Economic Value of Equity Sensitivity (ΔEVE):** Measures the changes in the net present value of the interest rate sensitive instruments over their remaining life, resulting from market interest rate movements.
- **Net Interest Income Sensitivity (ΔNII):** Measures the changes in expected future profitability in the context of constant balance sheet evolution, within a period of one year, resulting from market interest rate movements.

The EVE is the result of the discounting process of the expected future cash flows of interest rate sensitive assets and liabilities, in accordance with the EBA Guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02). The EVE is calculated under a run-off balance sheet assumption, which postulates that maturing assets and liabilities are allowed to naturally decay throughout the entire lifetime of the balance sheet. The EVE is assessed on a transactional basis, incorporating both principal and interest cash flows, across the baseline and a set of shock scenarios.

With respect to the measurement of the NII sensitivity, the Group employs a full cash flows approach, on a transactional basis, considering principal amounts as well as interest, under a constant balance sheet assumption, according to which maturing assets and liabilities are rolled over with identical characteristics through the assessment's horizon.

For both type of measures, the contractual or behavioral characteristics of all interest rate sensitive assets and liabilities are assessed, depending on whether the perimeter under scope is subject to behavioral modelling.

In addition to the above, the Group has identified all balance sheet items subject to embedded optionalities and has applied both contractual and implicit interest rate caps and floors, in addition to the parametric floor prescribed by the regulatory framework. All optionality elements are valued for the baseline as well as for all stressed scenarios, in order to derive the relevant sensitivities. The resulting Option Risk measurements are incorporated in the overall IRRBB key risk indicator (KRI) figures (i.e. ΔEVE & ΔNII).

Finally, the Group captures Basis Risk by employing a multi-curve approach and mapping each interest rate sensitive balance sheet item to the repricing frequency of its underlying interest rate index, and it incorporates the Basis Risk estimates in the overall IRRBB measurements.

7.3. Management & Mitigation

The Group is managing interest rate risk with a focus to optimize the risk and return of the IRRBB, while at the same time adhering to internal and external restrictions, such as interest rate risk limits, the Risk Appetite Framework (RAF), accounting policies, and profitability targets.

In particular, the RAF is a crucial component of the Group's implementation of its business strategy and objectives and constitutes a strategic and managerial tool for its effective operation. Within the RAF, the Group's risk appetite concerning IRRBB is described in terms of specific qualitative and quantitative statements. These statements are intended to steer the current and planned risk positioning of the Group, and their primary objective is to set the level of IRRBB that the Group is willing to undertake in order to achieve its strategic goals, while ensuring compliance to the relevant EBA Guidelines (EBA/GL/2018/02).

The appropriate arrangements around governance, roles, and responsibilities support clear communication and execution. The indicators are being monitored by the Group in a timely manner and are supported by robust escalation procedures, raising the Management's awareness on specific issues by analyzing the key drivers behind observed trends.

The limits defined within the RAF are a product of documented methodology and rationale. IRRBB related metrics are set both in short and medium term, taking into account the planning and strategic objectives of the Group, while complying with the relevant regulatory guidelines. The limits are consistent enough to remain within the Group-wide risk appetite and in line with the EBA/GL/2018/02 regulatory guidelines.

The RAF is regularly reviewed for its appropriateness and is improved upon on an on-going basis and in line with the aspiration for enhancing the Group's Risk Management Framework. The RAF is updated at least annually, as well as on an ad-hoc basis, in order to ensure alignment and responsiveness to changes in the Group's risk profile and any external factors, as well as alignment with the strategic objectives and regulatory obligations. As part of the Group's Risk Strategy, the RAF supports the on-going assessment of risks by ensuring appropriate monitoring and escalation procedures.

Interest rate risk in the Piraeus Group banking book is predominantly driven by customer deposit taking and lending activities, investments in fixed income securities, debt issuance, and other funding activities. In alignment with the Group's policy to remain within the approved risk appetite levels at all times, hedging strategies are executed in order to mitigate interest rate risks.

In particular, in order to mitigate its exposure to variability arising from changes in market interest rates on fixed rate bonds measured at amortized cost or FVTOCI and also retain the ΔEVE KRI within the approved limits, the Group economically hedges such exposures by entering into interest rate swaps. The Group also applies the fair value hedge accounting principles of IAS 39. The application of fair value hedge accounting modifies the basis for recognizing gains and losses on associated hedged items, so that any change in fair value of the bond attributable to market interest rates is recognized in P&L concurrently with the offsetting change in fair value of the hedging derivative. Specifically for bonds measured at FVTOCI, the hedging adjustment is recycled from OCI to P&L.

In the context of the new product development approval process (e.g. fixed rate loans), interest rate risk is evaluated in order to ensure that such risk is adequately measured and reported. Similarly, hedging costs are estimated (where applicable), and it is examined whether the existing hedging instruments and strategies sufficiently cover the new products' interest rate risk hedging requirements.

IRRBB monitoring and management is subject to strict internal scrutiny by both the Group Internal Audit and the Senior Management. More specifically, the Group Internal Audit bears the responsibility for the independent audit of the overall IRRBB management framework, in accordance with its Risk Assessment and Audit Plan, and provides reasonable assurance to the BoD, the Audit Committee, and the Senior Management concerning the adequacy and the effectiveness of the established controls. The Senior Management represented by the Asset and Liability Management Committee (ALCO) bears the responsibility for assessing the business strategies related to interest rate risk. The ALCO reviews IRRBB policy for any material amendments, in addition to the operational framework under which efficient KRIs, metrics, and IRRBB limits are set and managed. Should any limit breach occur, the ALCO is promptly notified and consequently recommends remedial actions to the Risk Committee, which it then monitors in order to ensure a timely resolution.

7.4. Interest Rate Shock Scenarios

The Group measures the two primary IRRBB KRIs under a series of internal and regulatory scenarios, involving both parallel and non-parallel shifts in market interest rate curves. The scenario generation process is leveraging on the prescriptions of the EBA/GL/2018/02 guidelines, considering however, the prevailing market conditions and the Group's expectations on the movements of interest rates that could be considered appropriate. Therefore, in addition to the six prescribed regulatory stress scenarios, the Group assesses four additional internal scenarios of ±100 bps, as well as ±1 bps parallel shifts. The six scenarios prescribed by the regulatory framework are as follows:

i. *Parallel shock up:* Constant positive shock applied to the current yield curve throughout all tenors.

ii. *Parallel shock down:* Constant negative shock applied to the current yield curve throughout all tenors.

iii. *Short rates shock up and down:* Shocks that are greatest at the shortest tenor midpoint and diminish, gradually, towards zero at the tenor of the longest point in the term structure based on a prescribed scaling factor.

iv. *Steepener shock (short rates down and long rates up):* Captures rotations to the term structure of the interest rates curves, whereby both the long and short rates are shocked, and the shift in interest rates at each tenor is obtained through a predefined formula.

v. *Flattener shock (short rates up and long rates down):* Captures rotations to the term structure of the interest rates curves, whereby both the long and short rates are shocked, and the shift in interest rates at each tenor is obtained through a predefined formula.

7.5. Modelling and Parametric Assumptions

The Group assesses IRRBB taking into consideration both the contractual and the behavioral characteristics of its interest rate sensitive balance sheet items, in accordance with regulatory requirements and best market practices. In this respect, Piraeus Group has identified the following perimeters as being subject to behavioral modelling:

Non-Maturity Deposits

With respect to the analysis of the interest rate characteristics of Non-Maturity Deposits (NMDs), the Group employs a combination of models intended to assess the behavioral amortization and repricing characteristics of NMDs. The Balances model estimates a behavioral amortization profile for NMDs, by segregating the perimeter into Stable and Non-Stable parts, thus assessing the maturity characteristics of the perimeter. The Interest Rates model assesses the sensitivity (i.e. pass-through) of the perimeter to changes in market interest rates, thus breaking stable NMDs down to Core (i.e. fixed rate) and Non-Core (i.e. floating rate) parts. The combination of the two models fully describes the main behavioral features of NMDs. Following the application of said models, the average repricing frequency amounts to 2.2 years and 3.7 years for the total NMDs perimeter and its core component, respectively, while the longest maturity assigned arises to 18.8 years for both perimeters.

Term Loan Prepayments

With respect to term loan prepayments, the Group employs a model designed to assess the impact arising from potential prepayment events during the lifetime of term loans. Said model has been developed using Survival Analysis methodologies, and its output is used to derive a loan-specific behavioral amortization profile, incorporating the impact from prepayment events.

Non-Maturity Assets

For the assessment of the behavioral characteristics of Non-Maturity Assets, the Group employs a model intended to estimate the extent to which the current usage of credit may decrease in the future. Therefore, the model results in an estimated behavioral repayment profile for assets without a contractually defined maturity. The NMAs model, developed using Survival Analysis techniques, represents NMAs as a profile of decreasing funding needs, from a liquidity standpoint, and as amortizing loans at fixed or floating rates, depending on contractual specifications, from an interest rate point of view.

Fixed Rate, Term Loan Commitments (Pipeline Risk)

Another aspect of IRRBB prescribed in the regulatory framework is the assessment of the risk characteristics of Fixed Rate, Term Loan Commitments. Pipelines are interest rate sensitive items, despite being off-balance sheet, since they correspond to fixed rate loans that the Bank will be contractually obliged to disburse, should debtors request so. Said disbursements may occur under market interest rate conditions that may not reflect the prevalent interest rate environment during contract initiation and therefore, may not correlate favorably to the pricing assumptions employed by the Group. For the assessment of said exposures, the Group employs a model that leverages Survival Analysis concepts in order to estimate a behavioral disbursement profile for the undisbursed amount of Fixed Rate, Term Loan Commitments, representing them as forward-starting loans at fixed rates.

The Group follows specific practices that aim to ensure the continued fitness-for-purpose of the behavioral models employed in the measurement of IRRBB, through the initial and periodic validation thereof. Model validation activities are performed by the Group Model Validation Unit and approved by the Risk Model Oversight Committee.

7.6. Measurements

In accordance with Article 448 of the CRR and Article 84 of the CRD, the following table illustrates the evolution of the IRRBB KRIs between the 2021 and 2022 fiscal years.

Table 43: EU IRRBB1 – Interest rate risks of non-trading book activities

(€ 000's)		a	b	c	d
Supervisory shock scenarios		Changes of the economic value of equity		Changes of the net interest income	
		2022	2021	2022	2021
1	Parallel up	125,488	587,084	66,879	325,338
2	Parallel down	(309,287)	(47,637)	(211,003)	(88,018)
3	Steepener	(89,460)	39,814		
4	Flattener	73,237	135,474		
5	Short rates up	114,448	313,939		
6	Short rates down	(205,420)	(88,290)		

As the results indicate, the Group is positioned to benefit from an upward movement in market interest rates in both metrics. In particular, for the “Parallel up” scenario, the ΔEVE amounts to + € 126 mn, while the ΔNII rises to + € 67 mn.

The main drivers for the aforementioned Q4 2022 risk measurements compared to the previous disclosure primarily involve the increased bonds perimeter, the decreased central bank reserves, due to the partial repayment of the funding drawn through the Targeted Long Term Refinancing Operations (TLTRO) facility following the reset of the interest rate indexing period by the ECB on November 23rd, 2022, the increased customer deposits perimeter, and the significant increase in market interest rates as well as the volatilities thereof.

Finally, regarding the materiality of the Group’s currency exposures, as defined by the EBA, EUR qualifies as the sole material currency, with EUR-denominated exposures amounting to more than 94% of total banking book assets, as at December 31st, 2022. Nevertheless, for the purposes of prudency and completeness, the Group considers all currency exposures in the measurement of IRRBB.

8. Operational Risk

8.1. Introduction

Piraeus Bank recognizes Operational Risk as a material risk type inherent in its activities, which may significantly affect its capital position and impair its effectiveness and its ability to achieve its business objectives.

In this respect, Piraeus Group Management wishes to maintain an adequate and effective Operational Risk Management Framework (ORMF) and an Internal Control System (ICS) in order to monitor, assess, and manage operational risk.

8.2. Operational Risk Definition

Operational Risk is defined as the risk of loss deriving from inadequate or failed internal processes, people, and systems, or from external events.

During the latest Risk Identification Process, which is performed as part of the Risk & Capital Strategy annual review, the Group has identified the following risk sub-types under the wider category of Operational Risk:

- Fraud Risk,
- People Risk,
- Conduct & Financial Crime Risk,
- Legal, Compliance, & Reporting Risk,
- Business Continuity Risk,
- Process Execution & Organizational Change Risk,
- Third Party & Outsourcing Risk,
- Model Risk,
- Physical Security & Safety Risk, and
- Information & Communication Technology (ICT) Risks, which encompasses:
  - ICT availability and continuity risk,
  - ICT security risk,
  - ICT change risk,
  - ICT data integrity risk, and
  - ICT outsourcing risk.

8.3. Framework

The ORMF, documented through policies, methodologies, and procedures, covers the identification, assessment, measurement, mitigation, and monitoring of operational risk, across all the Group's business activities and supporting functions. Furthermore, it ensures the dissemination of a common and comprehensible management perception of this type of risk to all the parties involved.

The ICS is a set of recorded and documented control mechanisms and processes that integrates best practices of corporate governance and covers on an ongoing basis every activity and transaction, contributing to the organization's pursuit of objectives. It provides reasonable assurance that the Group will maintain efficient and effective operations, contain risks to acceptable low levels, safeguard its assets, produce reliable financial reporting, and comply with applicable laws and regulations. The Senior Management has decided to adopt the Committee of Sponsoring Organizations (COSO) framework in implementing the ICS.

8.3.1. Operational Risk & Control organizational structure

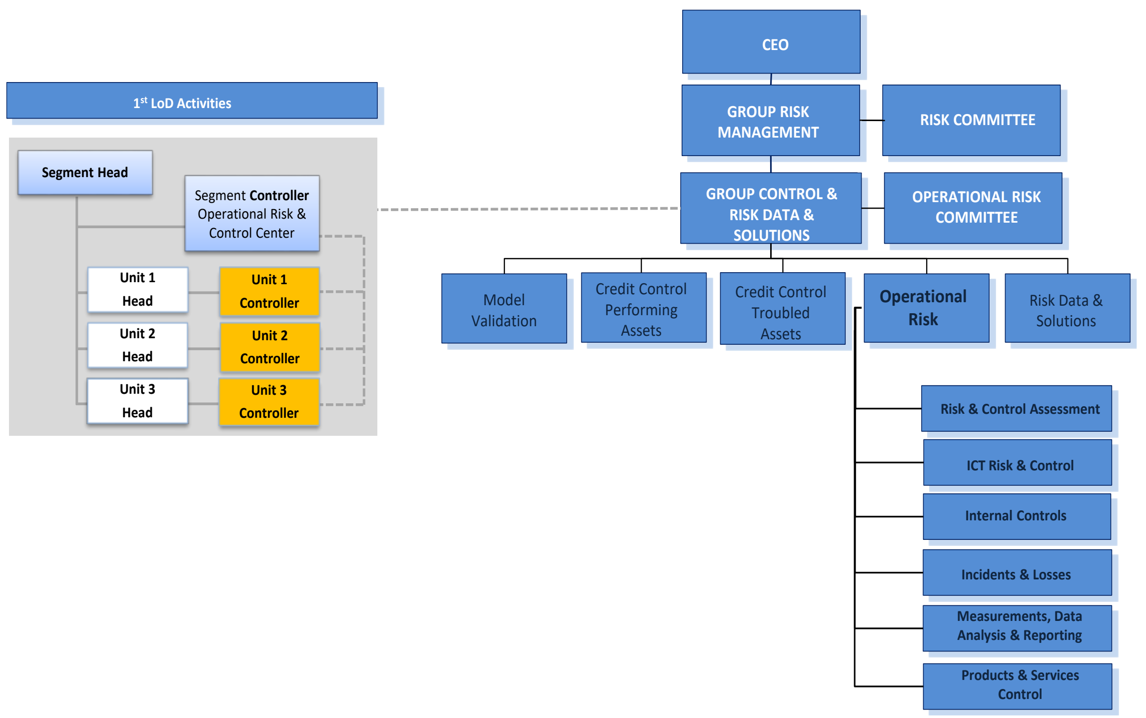
The Operational Risk Unit is responsible for the development and implementation of an effective framework (policies, methodologies, and procedures) for the management of the undertaken operational risks, based on the Group Risk & Capital Strategy and supervisory requirements. The Operational Risk Unit is also responsible for informing the Group's (Senior) Management and relevant Committees about the evolution of the said risks.

The Operational Risk Unit is part of the Group Control and Risk Data & Solutions function with a direct reporting line to the Group Controller (the GRM structure at large is described in Section 2.3.3).

In order to fulfil its mandate, the Group Control and Risk Data & Solutions function works closely with the network of Segment Controllers who are appointed to the Group's Segments. The Group Control and Risk Data & Solutions function coordinates the collaboration and work done between the Segment Controllers, the Segment Heads, and the network of "Unit Controllers" assigned under the segments, and together they are responsible for strengthening the risk management culture, fostering an adequate ICS within their segments, aiming to achieve operational efficiency, and addressing any deficiencies in control mechanisms.

The following figure illustrates the Operational Risk Management structure as applicable in 2022:

Figure 05: Operational Risk Management Structure



8.3.2. Operational Risk Policies, Procedures, and other internal documentation

The ORM framework is appropriately and comprehensively documented. An overview of the main documentation owned and maintained by the Operational Risk function is presented in Figure 06 below:

Figure 06: Operational Risk Policies, Procedures, and other internal documentation

	Policies	Methodologies	Procedures
Operational Risk Unit Documentation	• Operational Risk Management & Internal Control Policy • Anti-Fraud Policy • ICT Risk Policy Framework (overarching ICT risk policy and core ICT risk policies) (under development)	• Risk & Control Assessment methodology • Methodology for the Calculation of Internal Capital for Operational Risk (ICAAP) • Operational Risk Incidents & Losses Methodology • ORAP Methodology (under development)	• Management Accepts Risk (MAR) Procedure • Operational Risk VaR Calculation Procedure • Loss Data Collection Procedure • Operational Risk Alert procedure • Loss Events Analysis Procedure • Extreme Scenario Analysis Procedure • Product Assessment Procedure

In addition to the above, the Group maintains a wide set of policies and regulations that address operational risks and contribute, directly or indirectly, to their management. Indicative key documentation includes:

- Group Compliance Policy,
- Anti-Money Laundering (AML)/Counter-Terrorism Financing (CTF) Policy,
- Whistleblowing Policy and Framework for the Protection of Employees – Whistleblowers against Potential Retaliatory Action,
- Anti-Bribery Policy,
- Conflicts of Interest Policy,
- Best Execution Policy,
- Client Classification Policy,
- Inducements Policy,
- Policy of Transactions Transparency & Management of Customers Complaints,
- Outsourcing Policy,
- Group Business Continuity Management Policy (BCP),
- Branch Security Regulation,
- Group Buildings Internal Operation Regulation,
- Group Buildings General Evacuation Plan,
- Group Information Assets Security Policy Framework,
- Users Access Security Regulation,
- Data Governance Framework,
- Data Privacy Protection Policy,
- Group Procurement Policy,
- Code of Conduct & Ethics,
- Civil Rights Policy,

- Staffing Policy,
- External Employment Policy,
- Model Validation Policy,
- Regulation for ID Verifications of Individuals Performing Transactions, and
- Authorized Representatives Regulation.

8.3.3. Operational Risk Management and Internal Control Objectives & Principles

The Group, through the development and implementation of the ORMF and Internal Control Framework, aims indicatively to:

- Establish a strong operational risk management and internal control corporate culture that supports and provides appropriate standards and incentives for professional and responsible behavior throughout the Group.
- Achieve timely and thorough identification, assessment, measurement, mitigation, monitoring, and reporting of operational risks and their potential impact on all business activities, products, processes, and IT systems of the Group.
- Adjust to an evolving risk landscape to timely address and manage emerging risks to which the Group is exposed (i.e. ICT risks, cyber security risks), by introducing and incorporating into the existing framework additional controls to monitor these risks effectively.
- Maintain and enhance processes to monitor its operational risk profile and material exposures. The associated risk reporting framework conveys timely, complete, and accurate information on actual and potential risks to support proactive management of operational risk.
- An adequate, well-documented ORMF and Internal Control Framework that mitigates, impacts, or reduces the occurrence or frequency of operational risk incidents, while providing reasonable assurance for the effectiveness of the ICS and alignment with the Group's strategic, business, operating, compliance, and reporting objectives.

Key principles governing the Group's ORMF and Internal Control Framework include but are not limited to the following:

- The Group acknowledges that operational risks are inherent in all banking products, activities, processes, and systems. Senior Management should ensure the comprehensive identification, assessment, and mitigation of these risks.
- The ORMF and Internal Control Framework is adequately documented, commensurate with the risk profile of the Group, and integrated into the overall risk management processes by the first line of defense, adequately reviewed and challenged by the second line of defense, and independently reviewed by the third line of defense.
- The BoD expects the development of a strong risk management and internal control culture, with clear professional and behavioral standards, as the foundation of effective risk management and internal control. The BoD sets the tone at the top and has the overall oversight over risk management and ICS establishment and effectiveness.
- The ORMF and Internal Control Framework reflect the BoD's/Senior Management's expectations regarding risk mitigation and ICS adequacy and effectiveness, in accordance with the Risk & Capital Strategy and RAF.
- Business continuity planning linked to the operational risk management system and a robust level of operational resilience work together to reduce the frequency and the impact of operational risk events.
- The Group's change management framework should be comprehensive, appropriately resourced, and adequately documented across the relevant lines of defense as changes may impact the Group's operational risk exposure, risk profile, or risk tolerance. The Group has a procedure for the review and approval of new products, services, and activities.
- All employees should be aware of their role and responsibilities in risk management and the ICS and should be fully engaged in the implementation and monitoring process, recognizing the impact of their actions and decision making. Specific training programs aim to enhance risk management knowledge and skills.

- High ethical and integrity standards and a common risk and control culture should be cultivated across all functions and business units of the organization.

8.3.4. Enhancement projects

During 2022, the Bank continued its efforts for the further enhancement of the ICS and the overall ORMF. Indicative initiatives to this direction, were:

- The enhancement of ICT risks management in second line of defense (in progress);
- The upgrade of the core operational risk management system (completed);
- The implementation of a platform within the operational risk system for the management of internal control deficiencies (in progress);
- The enhancement of operational risk loss collection and analysis, with focus on legal cases and credit related incidents (in progress);
- The enhancement of risk and control assessment methodologies and procedures (in progress);
- The enhancement of the ORMF in relation to the management of ESG climate and environmental aspects (in progress).

8.3.5. Information and Communication Technology (ICT) Risk

The Group acknowledges that:

- The ubiquitous use of ICT systems and high digitalization and connectivity are today core features of the activities of the Group, making ICT a key resource in pursuing business, regular, and strategic objectives.
- The Group's exposure to cyber and other ICT-related risk has been steadily increasing with the expansion of remote working schemes, the increase in digital transactions, the growth noted in the Group's digital offerings, the volatile geopolitical environment, and the expanded use of online channels. Furthermore, Russia's invasion in Ukraine poses new cyber security threats against the Group, as a response to the unprecedented economic costs imposed on Russia. Cyber-related and digitalization risks are currently assessed as high and show an increasing trend, in terms of materiality and frequency, for the financial sector.
- Technology and security risk is under scrutiny by the regulators. The supervisory priorities for 2022-2024 elevate the need for addressing vulnerabilities, such as deficiencies in banks' digital transformation strategies and deficiencies in IT outsourcing and cyber resilience. The effective management of ICT and security risk is fundamental for the Group to achieve its strategic, corporate, operational, and reputational objectives.
- Regulatory and supervisory requirements, along with penalties for non-compliance, have become stricter. The Supervisory Review and Evaluation Process (SREP), the Principles for Effective Risk Data Aggregation and Risk Reporting (BCBS 239), the EBA Guidelines on ICT and Security Risk Management (EBA/GL/2019/04), the General Data Protection Regulation (GDPR), the Regulation (EU) on digital operational resilience for the financial sector (Regulation 2022/2554, issued December 27th, 2022, and the Directive on measures for a high common level of cybersecurity across the Union (Directive (EU) 2022/2555, issued December 27th, 2022) have placed increased focus on ICT risk management and data protection.

Actions taken and processes and procedures established within the Group's Internal Control Framework to ensure ICT and security risk management involve the following:

- Organizational structures across the Group are established to ensure the adequacy of the Group's ICS and effective management of ICT and security risks, to achieve operational excellence and to eliminate ICS limitations.
- Ongoing assessments of the Group's systems ensure that customer and corporate data is protected against cyber and security risks.
- GRM monitors, assesses, and reports on ICT and security risk to Management and regulators as part of the Group's ORMF. A dedicated function is established under the Operational Risk Unit covering all the second line of defense ICT risk and control lifecycle activities.

With a clear focus on the Group's digital transformation and a strong objective of remaining cyber-resilient, the Group continues to invest heavily in enhancing and strengthening its security posture via multiple security initiatives.

8.4. Operational Risk Appetite and Limit Framework

In applying the main objectives and principles set by the Group's RAF, which is part of the Group's Risk & Capital Strategy, the Operational Risk Appetite Framework (RAF) is further specialized by defining operational risk specific quantitative and qualitative Risk Appetite Statements.

The quantitative statements within the Operational RAF are linked to key measurable indicators for which specific risk appetite limits are defined, in order to monitor that operational risks are maintained at acceptable levels. These indicators and the corresponding limits are indicatively related to: actual gross losses resulting from operational risk incidents, potential losses resulting from operational risks with financial impact, VaR for operational risk, and ICS effectiveness based on financial impact. Additionally, during 2022 the RAF quantitative indicators were enriched with cascaded KRIs which closely track losses and incidents related to significant operational risk sub-categories, such as Internal Fraud, Compliance, Conduct, ICT risks, phishing or cyber-attacks, etc.

The qualitative statements within the Operational RAF address specific types of risks which could cause severe impacts to the Group's performance and reputation. In addition, these statements echo the Group's intention and relevant actions in addressing such risks. In this context, the current operational risk qualitative statements focus on the Group's commitment to maintain an effective system of internal controls, to continue strengthening its ethical/ integrity standards, or to address risks stemming from its broad transformation initiatives and the business model that the Group is gradually moving toward.

Following the requirements of the Group's RAF, the Operational Risk & Control Unit revises operational risk appetite statements and limits on an annual basis or as required. Key criteria taken into account when setting limits include the BoD guidelines, the strategic orientations, the economic environment, the business objectives, and the supervisory guidelines.

8.5. Operational Risk & Control Assessment

The identification and assessment of operational risks are fundamental to efficient operational risk management. For that reason a Risk & Control Assessment (RCSA) methodology has been established to ensure a standardized and transparent approach for the identification, assessment, measurement, and mitigation of operational risks inherent in the activities of each Unit, as well as for the assessment of the controls implemented to mitigate such risks.

The Group's objective, through the implementation of the RCSA methodology across all its business activities and supporting functions, is to:

- enhance the awareness of personnel,
- assess the level of operational risk exposure for all Units and monitor its evolution,
- assess the adequacy and effectiveness of internal controls, and
- support the quantification of required internal capital (Pillar I and Pillar II) for operational risk.

Key components and principles of the RCSA process, involve the following:

- The RCSA (exercise) is performed on an on-going basis and is updated accordingly when findings or Internal Control Deficiencies (ICDs) are:
  - detected through internal or external audits/assessments/inspections,
  - escalated through a fast-track reporting process for immediate action, and/or
  - identified through the analysis of actual incidents and losses, customer complaints, and procedure reviews.
- The assessment of risks is based on estimating their potential frequency and impact (financial and qualitative) as well as on the effectiveness of the corresponding controls.
- Risk typology and other taxonomies have been developed to promote analysis, aggregation, and reporting capabilities.

- A fundamental output of the RCSA process is the identification of "meaningful risks" among the identified risks.
- The design and operating effectiveness of controls addressing/mitigating meaningful risks are assessed as part of the RCSA process.
- RCSA results are reported on a regular basis to key stakeholders (Heads of Business Units, respective Senior Management, Group Controller) while critical risks, deficiencies, and consolidated RCSA results are regularly reported to the relevant committees.

8.6. Operational Risk Responses

The Group aims to efficiently manage the operational risk resulting from its activities. To ensure that the possible occurrence of an operational risk incident and/or its impact is adequately addressed, Management may decide on whether to transfer, control, mitigate, or accept the risk.

8.6.1. Risk Transfer (Insurance Coverage)

The Group recognizes insurance as a significant operational risk mitigation technique and for that reason maintains an adequate framework of insurance policies, which indicatively cover fraud, indemnity, cyber liability, property and equipment, and general liability.

The maintenance and renewal of relevant policies and relationships with insurance brokers are handled by Piraeus Agency Solutions S.A., which is a Group subsidiary that acts as intermediary and consultant in insurance matters. Insurance policies are annually reviewed and revised, taking into account the current business environment conditions and international practices.

8.6.2. Risk Control (control Activities)

In order to mitigate risks, the Group designs and implements controls at the appropriate level, indicatively:

- when designing or reviewing business processes,
- in response to risk identification and assessment,
- in response to deficiencies identified through internal or external audits and inspections,
- in response to actual operational risk incidents,
- in anticipation of internal or external changes,
- in proportion to the activities' nature and process complexity, and
- at the optimal level of granularity in relation to the design effectiveness factors and cost-benefit balance.

8.6.3. Management Acceptance of Risk

The Group has established a robust process, which is overseen by the relevant Committees for cases where Management may proceed with the acceptance of risk when specific conditions apply (e.g. remediation is not feasible or economically justified, risk assumption is within the Group's risk appetite and is further monitored).

8.7. Internal Control System (ICS)

The Internal Control System is a dynamic, iterative, and integrated set of processes, overseen by the BoD, Management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives (relating to operations, reporting, and compliance) by mitigating risks to acceptable low levels.

8.7.1. Identification of Internal Control Deficiencies (ICDs)

Internal Control Deficiencies (ICDs) are weaknesses in the ICS, which may be detected through various mechanisms, such as:

- the RCSA process,
- internal and external assessments (e.g. internal and external audits, supervisory reviews, etc.),

- root cause analysis of actual incidents and losses or of customer complaints,
- data quality assessments, and
- procedure reviews.

8.7.2. Enhancement of Internal Control System (Action Plans)

The Group takes the appropriate and necessary measures (action plans) in order to enhance the ICS when deficiencies are identified. Detected ICDs are communicated in a timely manner to the parties responsible for taking or initiating corrective actions. The Group acknowledges that the systematic and consistent monitoring of action plans' implementation is a critical prerequisite for the timely and effective mitigation of operational risk exposures.

8.8. Operational Risk Incidents and Losses Data Management

Operational risk incidents and loss data have a fundamental role and multiple uses in risk management.

Automation in loss collection is pursued, to the extent feasible, by developing data models and connecting business workflows with the operational risk platform. This enhances data collection comprehensiveness, efficiency, and data quality.

Risk typology and other taxonomies have been developed to promote analysis, aggregation, and reporting capabilities. The data collected through the operational risk incidents and loss collection process are thoroughly analyzed and reported by the Operational Risk Unit on a regular basis to the Group's relevant committees and the supervisory authorities.

In addition, a specialized alert procedure has been established to ensure that all critical incidents are immediately reported to the Operational Risk Unit. All critical incidents are subject to a detailed root cause analysis, aiming at the identification of deficiencies and the development of corrective actions and to timely inform the Group CRO and the Group Controller.

8.9. Operational Risk Extreme Scenario Analysis

The ORMF includes a detailed Extreme Scenario Analysis process, the objective of which is to enrich the internal data with rare (low frequency and high impact) but plausible events that may have adverse financial and/or non-financial impacts to the Group.

Extreme scenarios are used:

- to supplement the Group's risk profile by including them in the Annual Potential Loss Indicator;
- in assessing the Group's required internal capital for operational risk within the ICAAP, by using extreme scenarios as a direct input to the VaR model; and
- indirectly, to assess the adequacy of insurance coverage.

The analysis is performed on an annual basis or ad hoc, in case of unusual and extreme circumstances, to keep the set of extreme scenarios up to date (given the constant economic, political, environmental, and technological changes).

8.10. Internal capital requirements & VaR calculation

The internal capital calculation methodology for operational risk has been developed based on the Group's objectives in terms of capital coverage of the assumed and potential risks, within the context of the ICAAP. It is a "bottom-up" approach, which takes into account the correlations between risk factors.

The calculation methodology is summarized in assessing the required internal capital as VaR, through simulation and combinatorial use of loss distributions deriving from the following internal data:

- operational risk incidents and losses,
- the RCSA, and
- extreme scenarios.

The above three types of data, in combination, provide a comprehensive and representative picture of the risks (actual and potential), given the existing ICS. To assess the required internal capital, the methodology takes into account the contribution of the Group's insurance coverage framework.

The calculation model is subject to model validation, which is performed by the Model Validation Unit in accordance with the Model Validation Framework.

8.11. Change Management

The Group acknowledges that operational risk exposure evolves when changes are initiated (e.g. engaging in new activities or developing new products or services, implementing new or modifying existing business processes or technology systems). For that reason, the ORMF includes the following procedures:

- **Operational Risk Assessment Process (ORAP)**: The Group's initiatives and projects, fulfilling specific criticality and complexity criteria, are subject to stand-alone risk assessment exercises, known as ORAP. The purpose of these exercises is to identify, assess, monitor, and measure potential operational risks (both within the project implementation and after completion) and manage them through the development and/or implementation of corrective actions.

- **Products Control**: New products and activities are reviewed for operational risks in accordance with a specific process, to which Product Managers submit new product/service proposals and co-ordinate Product Working Groups (PWG). The Operational Risk Unit participates in the PWG and contributes to the identification of risks and issues that should be resolved before approval, while approving bodies receive relative information for consideration.

8.12. Risk Culture and Training / Awareness

Personnel training enhances staff competence and awareness on identification, management, and mitigation of operational risks.

Training activities involve all Group employees and include:

- Training programs related to the implementation of the ORMF;

- Training focusing on addressing specific types of risks, such as external fraud risk (e.g. genuineness of banknotes and documents, safety procedures in case of robbery), money-laundering and terrorist financing risks (e.g. AML and CTF procedures and infrastructures, related regulatory requirements, etc.), and ICT risks (e.g. cyber security awareness);

- Regulatory-required training programs for employees involved in the promotion of investment and insurance products;

- Personnel training on the Business Continuity Plan (BCP);

- Personnel training on products and services to ensure proper promotion and sales;

- Training programs regarding the Group's vision, model of values, and business ethics;

- Posting of announcements and notes on the Group's Intranet and HR Portal; and

- Initiatives aiming at the enhancement of risk awareness and infusing a strong risk culture throughout the Group.

8.13. Monitoring & Reporting

The ORMF and ICS Reporting Framework ensure the submission of timely, complete, and accurate information to the Senior Management, responsible committees, supervisory authorities, and third parties.

The reporting framework is supported by the operational risk management system platform installed and gradually deployed throughout the Group in order to achieve the maximum automation and data integration in respect to the most significant operational risk and ICS processes (such as the RCSA, the controls assessment, the KRIs monitoring, the incidents and losses management, the calculation of VaR, and the ICD management).

Indicative information presented to the Group's Committees and in particular to the Operational Risk Committee (ORCO), relates to:

- the evolution of the Group's operational risk profile,
- significant actual operational risks incidents and losses, analyzed as per their root cause,
- significant operational risks identified through the RCSA process,
- significant ICDs identified through the ICD fast-track reporting process,
- results of specialized ORAP conducted for major events or initiatives affecting the Group's risk profile, and
- progress of major projects related to operational risk and ICS enhancements.

Finally, the operational risk external reporting includes:

- regulatory reports as required by the current regulatory framework, and
- reports to third parties, such as rating agencies.

8.14. Capital Requirements – Standardized Approach

The Group has adopted the standardized approach for calculating operational risk capital requirements, on a Solo and consolidated basis, through the allocation of its gross income into eight regulatory business lines, according to the CRR:

- Corporate Finance,
- Trading and Sales,
- Retail Banking,
- Commercial Banking,
- Payment & Settlement,
- Agency Services,
- Asset Management, and
- Retail Brokerage.

Table 44: EU OR1 – Operational risk own funds requirements and risk-weighted exposure amounts

	(€ 000's)	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk weighted exposure amount
		Year 3 (2020)	Year 2 (2021)	Last Year (2022)		
1	Banking activities subject to basic indicator approach (BIA)					
2	Banking activities subject to standardized (TSA) / alternative standardized (ASA) approaches	1,935,680	1,754,715	1,781,439	235,268	2,940,854
3	Subject to TSA:	1,935,680	1,754,715	1,781,439		
4	Subject to ASA:					
5	Banking activities subject to advanced measurement approaches AMA					

9. Liquidity Risk

Liquidity risk management is associated with the Group's ability to maintain adequate liquidity positions in order to meet its financial obligations, while also safeguarding its financial results and its capital. Liquidity risk is the risk arising from the Group's inability to meet its financial obligations when they come due, without incurring any unacceptable costs or losses, both under normal conditions and in times of stress. In order to manage this risk, current and future liquidity requirements are monitored thoroughly, along with the respective needs for funding, depending on the projected maturity of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that, under normal conditions, the Group may meet all its financial obligations as they become due.

9.1. Liquidity Risk Framework

The Liquidity Risk Management Framework of the Group presents the overall attitude and approach of the Group's BoD and Senior Management towards liquidity risk. In particular, the framework includes the key principles of liquidity risk management, as well as the guiding statements, both qualitative and quantitative, that define the Group's liquidity risk capacity and risk appetite along with the relevant thresholds. The framework also defines the roles and responsibilities of the parties involved, as well as the methods, indicators, and procedures used in the management of liquidity risk. In addition, the Group has established a number of key documents that provide firm guidelines on the development of the various key action plans in place. These documents define the desired and BoD-approved activity levels and targets, with respect to the evolution and mix of its assets and liabilities, as well as the processes and tools available for use in the case of mild or severe crises. In principle, the Liquidity Risk Management Framework of the Group is articulated by the following:

- Risk & Capital Strategy, RAF, and statements on liquidity,
- Liquidity Risk Policy,
- Stress Testing Framework,
- Funds Transfer Pricing (FTP),
- Business Plan / Funding Plan,
- Contingency Funding Plan,
- Recovery Plan,
- Liquidity Buffer & Collateral Management (LBCM) Process, and
- Intraday Liquidity Management Process.

All Group Units have applied a uniform Liquidity Risk Management Policy for the effective management of liquidity risk, consistent with the globally applied practices and supervisory regulations, and adapted to the individual activities and structures of the Group.

The Liquidity Risk Management Unit assumes the primary responsibility for the formalization, review, and update of the Liquidity Risk Management Policy, as well as the development of liquidity risk measurement methodologies, policies, and procedures aligned to international standards and best practices and in accordance with the Risk & Capital Strategy of the Group and the regulatory framework in place. The Liquidity Risk Management Policy, as well as the other integral parts of the framework, as described above, are reviewed, and approved by Senior Management bodies, as well as by the BoD and RC.

The framework covers the management of liquidity risks which are undertaken in general by the Group, or to which it may be exposed, including their identification, measurement, monitoring, control, mitigation, and reporting. On a regular basis, an extensive set of reports on the Group's liquidity position is produced and submitted to internal shareholders, Management Committees, the BoD, and the regulatory authorities, with frequencies ranging from daily to annually, depending on the type of analysis. More specifically, in order to manage liquidity risks effectively, the Group monitors, inter alia, the amount, quality, and composition/diversification of its liquid assets, the cash flow analysis of its assets and liabilities (inflows, outflows) in time buckets, the composition/diversification and cost of its funding sources, the composition/diversification and funding capacity of its unencumbered collateral, and its funding needs in local and foreign currencies and performs relevant stress testing exercises. The Liquidity Risk Management

Unit also monitors and controls the Group's liquidity risk limits and escalates relevant limit breaches to the ALCO and RC.

It should be noted that, pursuant to the CRD, credit institutions are required to have comprehensive strategies, procedures, policies, and systems to ensure adequate monitoring of liquidity risk. The Group's Liquidity Risk Management Unit coordinates and participates in the submission to the SSM of the Internal Liquidity Adequacy Assessment Process (ILAAP) report on an annual basis. The ILAAP contains the rules governing the management of liquidity risk and the main results of the Group's current and future liquidity position evaluation and is reviewed and approved by the RC and the BoD. In addition, within the framework of the ICAAP and ILAAP procedures, the Group examines Stress Test scenarios and assesses their impact on the liquidity position and on the mandatory liquidity ratios.

Since November 2014, the Group is supervised by the SSM of the ECB, in collaboration with the BoG, and submits a wide range of regulatory reporting on a regular and periodic basis. The Group calculates the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), on a monthly and quarterly basis respectively, both on an individual and consolidated level, according to the CRR in implementation of the Basel Framework in Europe and the European Supervisory Framework harmonization (Single Rulebook).

Finally, during 2022 the Group participated in EBA's Short Term Exercises (STE) and submitted to the SSM the Additional Liquidity Monitoring Metrics (ALMM) reports on a monthly basis, as well as its updated annual Recovery Plan.

9.2. Key Objectives and Major Developments for Liquidity Risk in 2022

Piraeus Group focuses on the containment of its liquidity risk and the improvement of its liquidity position, through the achievement of the following key objectives, as market conditions continue to improve. The Group aims to:

- Maintain a funding plan that ensures sufficient liquidity buffers while containing liquidity risk such that the Group prevents the use of contingency funding in the future. This funding plan should ensure that the liquidity position of the Group consistently remains above the minimum regulatory requirements for LCR and NSFR.
- Continue catering for a strong and well-diversified composition of funding sources. This requires the maintenance of its granular customer deposit base, a well-established access to wholesale/interbank money markets, and the enrichment of its sources through debt issuance programs.
- Refrain from holding excessive liquidity buffers bearing material costs that could affect profitability.
- Closely monitor and control the cost of liabilities, aiming to strike a balance between the need to maintain the liquidity position of the Group and the need to achieve the Group's earnings' targets.

FY 2022 was another milestone year for Piraeus Group, which continues to unlock the value of its franchise, underpinned by the completion of the Group's balance sheet clean-up. Piraeus Group has delivered strong financial results, outperforming its targets across the board.

Although 2022 was a challenging year, following rising inflation, energy crisis, and geopolitical headwinds spurred by the war in Ukraine, the global economic and financial markets' trajectories did not impede the upward trend of the Group's main liquidity drivers, allowing its liquidity profile to remain strong and steady. Group liquidity remains robust, as its granular deposit base increase, adequate cash and collateral buffers, and tapping of debt and capital markets, accompanied by the Greek economy's continued dynamic recovery and European Commission and Greek Government support, have effectively mitigated liquidity risks. Based on the same premises, the Group LCR has sustained its ample liquidity profile throughout 2022, remaining comfortably above risk appetite levels, and standing at 201% as at December 31st, 2022.

Throughout 2022, the Group's liquidity position strengthened further, driven by an increase in customer deposits, which attested to the depositors' confidence restoration witnessed over the past few years, as well as to the dynamic recovery of the Greek economy as a whole. As at December 31st, 2022, customer deposits amounted to € 58.4 bn, compared to € 55.4 bn on December 31st, 2021.

Following the ECB's decision to revise Targeted Long Term Refinancing Operations (TLTRO) III terms in October 2022, Piraeus opted to repay € 8.9 bn of its TLTRO III funding in December 2022, from a previous balance of € 14.4 bn. The Group's Eurosystem funding stood at € 5.5 bn of TLTRO III at the end of the year, while in terms of maturity profile an amount of € 2 bn is due in 2023 and the remaining € 3.5 bn in 2024.

As at December 31st, 2022, interbank repo funding amounted to € 298 mn, compared to € 286 mn as at December 31st, 2021, while funding from securities issuance reached € 1.8 bn, through the issuance of a € 350 mn Senior Bond in November 2022. This particular issuance attracted strong investment interest from more than 60 institutional investors, with demand exceeding twice the size of the issue. More than 60% of the issue amount was allocated to foreign institutional investors. The success of the issue was a clear confirmation of confidence in Piraeus Group and its prospects.

In addition, as at December 31st, 2022, gross loans amounted to € 38.8 bn compared to € 38.5 bn on December 31st, 2021, of which € 1.5 bn was related to the disbursement of an agri-loan towards OPEKEPE[7] for the distribution of European Commission subsidies toward farmers (later repaid in January and February of 2023, tranche 1 and tranche 2 respectively).

Net loans amounted to € 37.4 bn as at December 31st, 2022, compared to € 36.6 bn as at December 31st, 2021, with the seasonally adjusted net loans-to-deposits ratio standing at 61% and 63% as at December 31st, 2022, and 2021 respectively (excluding the seasonal OPEKEPE loan).

In addition to the above, as at December 31st, 2022, the Group has in place an adequate liquid assets buffer of € 19.9 bn, significantly increased in comparison to the respective buffer as at December 31st, 2021 (€ 16.8 bn).

Finally, it should be noted that the abovementioned changes in the Group's funding mix led to an increase of the average funding costs in EUR by 42 bps (at c. 0.56%) in comparison to December 31st, 2021, mainly driven by the increase of TLTRO III's interest rate and the Bank's new debt issuance, while customer deposits cost remained at low levels, at c. 0.14%.

9.3. Liquidity Coverage Ratio

The LCR is intended to promote the short-term resilience of a bank's liquidity risk profile over a 30-day stress scenario. The ratio is defined as the amount of High-Quality Liquid Assets (HQLA) that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both contractual and modelled exposures, in a stressed scenario. This requirement has been implemented into European law via Commission Delegated Regulation (EU) 2015/61, adopted in October 2014. Compliance with the LCR is required in the EU since October 1st, 2015.

Piraeus Group's LCR sustained its robust profile, as aforementioned, consistently remaining comfortably above risk appetite levels and standing at 201% as at December 31st, 2022. Piraeus Group's 12-month average LCR of 199%, as at the same reference date has been calculated in accordance with the Commission Delegated Regulation (EU) 2015/61 and the EBA Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 CRR. The HQLA as of December 31st, 2022, of € 18.2 bn is primarily held in Level 1 cash and central bank reserves (49%) and Level 1 high quality securities (51%). This compares to € 16.1 bn as of December 31st, 2021, primarily held in Level 1 cash and central bank reserves (92%) and Level 1 high quality securities (8%). The 12-month average HQLA, as at the same reference date and in accordance with the abovementioned regulation and guidelines, has been calculated at € 17.5 bn.

In 2022, the Group's principal source of liquidity remained its robust customer deposit base, while its accumulated HQLA buffer increased further. This was mainly driven by an increase in deposits, an increase in ECB-eligible loans, inflows from loan portfolio sales and the new Senior Preferred bond issue, which were partly countered by decreased ECB assets' and free bonds' valuations (including the first phase-out impact of the Covid-19 Measures), own Covered Bond series maturity, and net loans disbursements. The LCR's net outflows increased to a considerably lesser extent, mainly driven by increased deposits, predominantly from lower outflow rate customers. Based on the aforementioned developments, the Group LCR remained consistently high, exhibiting outstanding stability and remaining comfortably above the regulatory minimum requirement of 100%, despite the adverse global economic conditions and increased market volatility.

The below table presents the LCR and its related components over the most recent four quarters, calculated as an average of the previous 12 monthly data points.

[7] OPEKEPE is the Greek Payment Authority of Common Agricultural Policy Aid Schemes

Table 45: EU LIQ1 – Disclosure on the liquidity coverage ratio (LCR)									
(€ 000's)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	Dec 2022	Sep 2022	Jun 2022	Mar 2022	Dec 2022	Sep 2022	Jun 2022	Mar 2022
EU-1b	Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	**Total high-quality liquid assets (HQLA)**					**17,483,147**	**17,020,872**	**16,350,726**	**15,236,766**
CASH – OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	44,174,592	43,581,559	42,992,851	42,463,363	2,552,547	2,477,759	2,403,631	2,326,784
3	Stable deposits	29,345,986	28,830,777	28,365,224	27,864,574	1,467,299	1,441,539	1,418,261	1,393,229
4	Less stable deposits	9,093,933	8,702,042	8,295,562	7,875,350	1,085,248	1,036,220	985,369	933,555
5	Unsecured wholesale funding	10,347,334	10,108,316	9,688,853	9,036,329	5,018,635	4,932,279	4,762,703	4,456,936
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,121,244	1,022,151	937,974	849,955	280,311	255,538	234,493	212,489
7	Non-operational deposits (all counterparties)	9,216,310	9,075,917	8,740,429	8,181,588	4,728,544	4,666,493	4,517,759	4,239,661
8	Unsecured debt	9,780	10,248	10,450	4,786	9,780	10,248	10,450	4,786
9	Secured wholesale funding					7,623	7,392	5,341	3,641
10	Additional requirements	2,309,582	2,046,668	1,771,828	1,542,899	1,158,642	1,018,531	851,047	664,453
11	Outflows related to derivative exposures and other collateral requirements	1,034,549	909,017	753,181	571,047	1,034,549	909,017	753,181	571,047
12	Outflows related to loss of funding on debt products								
13	Credit and liquidity facilities	1,275,033	1,137,651	1,018,648	971,853	124,093	109,513	97,867	93,406
14	Other contractual funding obligations	55,069	65,847	76,868	77,597				
15	Other contingent funding obligations	10,713,101	10,065,147	9,512,871	9,096,479	535,655	503,257	475,644	454,824
16	**Total cash outflows**					**9,273,101**	**8,939,219**	**8,498,365**	**7,906,637**
CASH – INFLOWS									
17	Secured lending (e.g. reverse repos)	53,078	51,023	48,823	48,818				
18	Inflows from fully performing exposures	728,158	689,754	656,754	633,341	461,541	438,338	415,612	397,012
19	Other cash inflows	2,158	1,734	1,786	2,030	2,158	1,734	1,786	2,030

Table 45: EU LIQ1 – Disclosure on the liquidity coverage ratio (LCR)									
(€ 000's)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	**Quarter ending on**	**Dec 2022**	**Sep 2022**	**Jun 2022**	**Mar 2022**	**Dec 2022**	**Sep 2022**	**Jun 2022**	**Mar 2022**
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialized credit institution)								
20	**Total cash inflows**	**783,394**	**742,511**	**707,363**	**684,189**	**463,700**	**440,073**	**417,398**	**399,043**
EU-20a	*Fully exempt inflows*								
EU-20b	*Inflows subject to 90% cap*								
EU-20c	*Inflows subject to 75% cap*	*783,394*	*742,511*	*707,363*	*684,189*	*463,700*	*440,073*	*417,398*	*399,043*
TOTAL ADJUSTED VALUE									
EU-21	**Liquidity Buffer**					**17,483,147**	**17,020,872**	**16,350,726**	**15,236,766**
22	**Total Net Cash Outflows**					**8,809,402**	**8,499,146**	**8,080,967**	**7,507,594**
23	**Liquidity Coverage Ratio (LCR)**					**198.83%**	**200.52%**	**202.16%**	**203.10%**

9.4. Net Stable Funding Ratio

The NSFR requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (ASF, i.e. the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (RSF). The section of the CRR that defines and implements the NSFR for the EU was finalized in June 2019 and has been effective since June 28th, 2021. The NSFR as at December 31st, 2022, calculated in accordance with said CRR framework, stood at 136.5%, remaining consistently high and comfortably above the regulatory minimum requirement of 100%. The NSFR's improvement versus 125% in December 2021, was attributed mainly to increases in customer funding, new debt issuance, the Group's NPE deleveraging effort and improved TLTRO-driven ASF and RSF impact. The table below presents the NSFR and the breakdown of ASF and RSF items for the reference date December 31st, 2022.

Table 46: EU LIQ2 – Net Stable Funding Ratio (NSFR)						
2022 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	6,552,799			893,074	7,445,873
2	Own funds	6,552,799			893,074	7,445,873
3	Other capital instruments					
4	Retail deposits		44,670,924	944,484	551,704	43,333,953
5	Stable deposits		33,923,132	644,506	74,658	32,913,914
6	Less stable deposits		10,747,792	299,978	477,046	10,420,039
7	Wholesale funding:		11,515,520	2,024,780	6,369,096	12,127,028
8	Operational deposits		1,229,128			614,564
9	Other wholesale funding		10,286,392	2,024,780	6,369,096	11,512,464
10	Interdependent liabilities					
11	Other liabilities:	655,556	1,342,495		140,205	140,205
12	NSFR derivative liabilities	655,556				
13	All other liabilities and capital instruments not included in the above categories		1,342,495		140,205	140,205
14	**Total available stable funding (ASF)**					**63,047,059**
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					806,136
EU-15a	Assets encumbered for more than 12m in cover pool		341,270			290,080
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		5,245,495	2,735,908	29,715,430	29,032,476
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut				52,277	52,277
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		297,929			29,793
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		4,763,371	2,562,111	23,704,796	24,101,174
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		955,476	830,233	3,265,895	3,305,743
22	Performing residential mortgages, of which:		184,195	139,956	4,945,538	3,971,415

Table 46: EU LIQ2 – Net Stable Funding Ratio (NSFR)						
		a	b	c	d	e
2022 (€ 000's)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		184,195	139,956	4,945,538	3,971,415
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products			33,842	1,012,819	877,817
25	Interdependent assets					
26	Other assets:		655,556		15,434,983	15,371,617
27	Physical traded commodities				6,957	5,913
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				633,998	538,898
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted		655,556			32,778
31	All other assets not included in the above categories				14,794,028	14,794,028
32	Off-balance sheet items		13,623,533			681,177
33	**Total RSF**					**46,181,486**
34	**Net Stable Funding Ratio (%)**					**136.52%**

Appendix V of this document contains the historical NSFR data for the three prior quarters of FY 2022.

10. Asset Encumbrance

The Group is funded through the following sources:

- its asset refinancing transactions,
- Eurosystem refinancing operations,
- central banks of the regions where its subsidiaries operate, and
- the interbank market, via repurchase agreements using its pool of tradable and non-tradable assets.

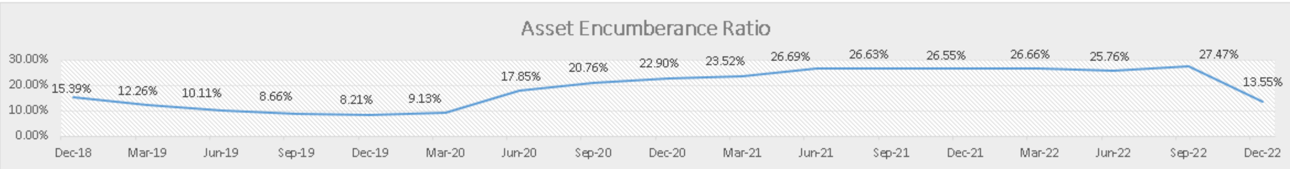
As far as the Eurosystem is concerned, the Group draws funding through the ECB's Main Refinancing Operations, LTRO, and TLTRO, using its retained issued covered bonds, eligible pool of loans, and other eligible debt securities.

Regarding the interbank secured funding transactions, namely the interbank repurchase agreements (repos), the Group carries them out using GMRA-CSA contract agreements and backing them by Greek Government debt securities, supranational and foreign sovereign bonds, Greek corporate bonds, and retained own-issued securitizations (senior tranches). According to these contract agreements, the exposure between the Bank and its counterparty is calculated daily and collateral is posted to or received by the counterparty, so that the exposure remains near zero.

Finally, the Group also receives financing through the sale in the market of its own issues, namely its covered bonds series issuance backed by mortgage loans.

The Group's asset encumbrance ratio as at December 31st, 2022, stood at 13.55%, compared to 26.55% as at December 31st, 2021. The major drivers for the abovementioned decrease are the decrease in the Group's secured funding from the ECB by € 9 bn to € 5.5 bn (€ 14.5 bn as at December 31st, 2021) and the decrease in the Group's Covered Bond issuances by € 0.5 bn, as presented more analytically in Section 8.2 of this document.

Figure 07: Asset Encumbrance Ratio



Out of the total unencumbered assets of € 65,445 mn, an amount of € 15,368 mn, which includes goodwill; property, plant and equipment; derivative financial instruments; and other assets, cannot be used for refinancing under normal conditions.

On March 3rd, 2017, the EBA published the final Guidelines on the disclosure of encumbered and unencumbered assets as mandated by Article 443 of the CRR. In accordance with the Guidelines, the data uses the median of the last four quarterly data points. Therefore, the sum of subcomponents does not necessarily equal the reported total.

Table 47: EU AE1 – Encumbered and Unencumbered Assets

2022 (€ 000's)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
010	**Assets of the reporting institution**	**21,174,021**	**11,075,528**			**60,367,735**	**18,005,762**		
030	Equity instruments					242,523	1,224	242,523	1,224
040	Debt securities	10,596,340	10,591,275	9,369,920	9,364,333	1,174,220	513,459	1,174,220	513,459
050	of which: covered bonds								

Table 47: EU AE1 – Encumbered and Unencumbered Assets									
2022 (€ 000's)		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
			of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	050	060	080	090	100
060	of which: securitizations								
070	of which: issued by general governments	10,530,841	10,530,841	9,318,519	9,318,519	540,045	513,459	540,045	513,459
080	of which: issued by financial corporations	48,526	59,007	48,695	59,347	519,884	39,766	519,884	39,625
090	of which: issued by non-financial corporations					136,410		136,410	
120	Other assets	10,577,680	484,591			58,093,431	17,347,609		

Table 48: EU AE2 – Collateral received and own debt securities issued					
2022 (€ 000's)		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
130	**Collateral received by the disclosing institution**	**57,942**	**57,942**	**183,676**	**183,676**
140	Loans on demand				
150	Equity instruments				
160	Debt securities	57,942	57,942	183,676	183,676
170	of which: covered bonds				
180	of which: securitizations				
190	of which: issued by general governments	57,942	57,942	183,676	183,676
200	of which: issued by financial corporations				
210	of which: issued by non-financial corporations				
220	Loans and advances other than loans on demand				
230	Other collateral received				
240	**Own debt securities issued other than own covered bonds or securitizations**				
241	**Own covered bonds and securitizations issued and not yet pledged**				

Table 48: EU AE2 – Collateral received and own debt securities issued					
2022 (€ 000's)		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
			of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
		010	030	040	060
250	**Total collateral received and own debt securities issued**	**21,230,463**	**11,131,970**		

Table 49: EU AE3 – Sources of encumbrance			
2022 (€ 000's)		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitizations encumbered
		010	030
010	Carrying amount of selected financial liabilities	17,121,568	20,907,621

11. Remuneration Policy

11.1. Purpose

The ability of the Group to implement a comprehensive human capital strategy to attract, retain, reward, and motivate highly skilled individuals is important for its continued success. The Group's Remuneration Policy is consistent with the Group's corporate strategy, with the aim to align the Group's objectives with those of its stakeholders – employees, management, and shareholders.

The Group monitors, reviews, and updates the remuneration procedures and structures on an ongoing basis and whenever there is a material change, so that they are continuously aligned with the evolving business objectives and the regulatory framework. At the same time, remuneration practices and related salary levels seek to discourage the undertaking of excessive risk, potential conflicts of interest, or the violation of laws and regulations.

11.2. Basic Principles

Aligning the Remuneration Policy with the Group's strategic direction is an ongoing commitment. Based on the principles of transparency, accountability, and meritocracy, the Group aims to be a pillar of stability in the Greek economy, to fuel growth, and to promote innovation, creating value for shareholders, clients, and employees. The Group's corporate values are to:

- create value in all we do,
- challenge frontiers,
- enthuse our clients, and
- build relationships of trust.

The Remuneration Policy aims to:

- attract, retain, and motivate high-caliber employees who achieve the expected results by embracing our corporate values and culture,
- support a performance-driven culture that is based on excellence and on creating sustainable growth, taking into account Environmental, Social, and Governance (ESG) aspects,
- embrace equal pay policy for male and female employees for equal work or work of equal value supporting a culture of fairness,
- align remuneration with profitability, capital adequacy, and liquidity while reflecting risk appetite,
- promote a culture of compliance and effective risk controls, and
- enhance internal and external transparency.

The key principles of the Remuneration Policy follow the most recent regulations in terms of remuneration and incentive practices and are aligned with the Group's long-term strategies, incorporating ESG risk-related objectives. These are linked with the Group's agenda for adding value to all stakeholders, establishing a risk-adjusted culture aiming to increase efficiency and simplification, being compliant with internal policies and controls, and consequently discouraging excessive risk taking and avoiding conflicts of interest.

11.3. Policy Framework

The Remuneration Policy is an integral part of the Group's corporate governance structure aiming to strengthen its values and long-term interests and discourage assumption of excessive risk taking.

The Remuneration Policy principles and provisions apply to:

- all employees of Piraeus Financial Holdings ("Group") and its subsidiaries (including Piraeus Bank and its subsidiaries) without prejudice to the provisions laid down in Article 102 of Greek Law 4261/2014 (and Article 109 of the CRD).

For the purposes of the present, the term "employee": a) includes Board members, although without prejudice to the prevailing provisions of the Directors' Remuneration Policy, and b) is deemed to only refer to staff engaged under an employment/mandate contract or having a distinct and permanent role in the organization. The general principles and provisions of the Remuneration Policy set the high-level framework and are applied proportionally for the remuneration of all persons acting on behalf of the Group (regardless of their contractual relationship with the Group or Group's subsidiary) with the aim of ensuring that the payments made are not providing for excessive risk taking or the mis-selling of products.

- the Group on a consolidated and sub-consolidated basis for the purposes defined in the applicable regulatory framework.

Application of the Remuneration Policy varies for different categories of employees, particularly for employees whose professional activities have a material impact on the risk profile of the Group ("identified staff" or "Material Risk Takers").

Table 50: Remuneration Policy Framework	
Remuneration Governance	• The Remuneration Committee (RemCo) monitors the ongoing appropriateness of remuneration practices and proposes changes to the policy as needed. • Legal Services, Group Internal Audit, Group Compliance, Group Risk Management (GRM), and Group Human Resources (HR) are actively involved in the design of the Remuneration Policy. • The Remuneration Policy is approved by the non-executive members of the BoD. • Central independent review of the Remuneration Policy is performed by Group Internal Audit, and the RemCo ensures that a remedial action plan is proposed, approved, and implemented in a timely manner. • Remuneration data is annually reported to the supervisory authorities and published in the Pillar III Disclosures as indicated by the regulatory framework.
Remuneration Structure	• Total remuneration includes both fixed and variable parts. • Variable remuneration is given in cash and in instruments (where applicable). • A proportion of variable remuneration is deferred (where applicable). • Reference is made for Material Risk Takers (MRTs), which are identified and monitored on an annual basis. • There are malus and clawback terms that may be activated under specific conditions.
Employee Remuneration Determination	• Fixed remuneration must be competitive in order to attract and retain individuals with the appropriate skills, competencies, work experience, and conduct to which the Group aspires. • Employees' high performance and motivation is rewarded through variable remuneration in order to achieve business targets, always according to legal and regulatory requirements and budget provisions. • Variable remuneration promotes sound and effective risk management and discourages excessive risk-taking.
Reward Performance by	• Being aligned to market reality, shareholders' long-term interests, and the Group's strategy. • Not adversely affecting the Group's capital base – the Group needs to be profitable and well-capitalized. • Taking into consideration employees' contribution in business target achievement and employees' adherence to corporate values as well as Business Unit performance, Group performance, and Group risk indicators. • Promoting ESG risk-related objectives, corporate values, and risk culture. • Following a gender-neutral approach.

11.4. Policy Governance

The Remuneration Policy is designed and closely reviewed by Group HR assisted by Legal Services and Control Functions (i.e. GRM, Group Compliance, and Group Internal Audit). The RemCo provides its ongoing support and advice on the design of the Remuneration Policy, ensuring that it:

- remains appropriately competitive in light of regulatory and market developments,
- takes into account all types of risks, and liquidity and capital levels,
- supports the equal treatment of employees, not taking into account gender, age, ethnicity, disability, or any other characteristic,
- is consistent with and promotes sound and effective risk management,
- is in line with the business strategy, corporate values, and culture,
- aligns the interests of the Group's employees to those of shareholders, promoting at the same time the long-term interests of the Group, and
- incorporates criteria of achievements that are linked to the remuneration of executive levels.

The RemCo makes all necessary changes and amendments and then submits its proposals to the non-executive members of the BoD for approval.

Control functions contribute to the design of the Group's Remuneration Policy and play a significant role in its control. GRM assists with and informs on the definition of suitable risk-adjusted performance measures (including ex-post adjustments) and risk-related KPIs and evaluates the relevant remuneration practices focusing on how the variable remuneration structure affects the Group's risk profile and culture. GRM also provides its feedback on the identification process of MRTs and validates and assesses risk adjustment data.

Group Compliance analyzes how the Remuneration Policy affects the Group's compliance with legislation, regulations, internal policies, and risk culture and proposes any adjustment needed. It also ensures consistency with the code of ethics or other standards of conduct applicable to the Group, taking into consideration conflict of interest issues. In addition, it evaluates whether the assumptions related to the annual remuneration reporting disclosures and the identification process of MRTs are aligned with the existing regulatory framework

The design and the implementation of the Remuneration Policy, in terms of compliance and remuneration procedures, is subject to central and independent review by the Group Internal Audit at least once a year. The independent review includes, inter alia, references regarding the effects of the existing remuneration policies on the Group's risk profile and the way these effects are managed as well as an analysis of whether the Remuneration Policy is gender neutral. The results of the internal review performed and actions taken to remedy any findings are documented in written reports and through the minutes of the relevant RemCo's meeting. Moreover, Group Internal Audit participates, on a consultative basis, in the assumptions related to the annual remuneration reporting disclosures, as well as in the identification process of MRTs.

Directors' remuneration is governed by the Directors' Remuneration Policy, which applies to the members of the BoD ("Directors") as per the requirements of Articles 110-111 of Greek Law 4548/2018. The Directors' Remuneration Policy follows the same fundamental principles of the Remuneration Policy, while at the same time acknowledging that the structure of remuneration for Directors is necessarily different to that of less senior employees as a result of their role, responsibility, and ability to impact the performance of the business.

The RemCo submits the Directors' Remuneration Policy to the non-executive members of the BoD for approval. The final approval is provided by the General Meeting of Shareholders. The updated Directors' Remuneration Policy was submitted and approved by the Annual General Meeting of Shareholders on July 23rd, 2022. Following a respective recommendation by the RemCo, the BoD proposed the approval of the amendments in the Directors' Remuneration Policy during the 2022 Annual General Meeting of Shareholders, in accordance with Article 110 of Greek Law 4548/2018. The main amendments in the Directors' Remuneration Policy referred to the:

- alignment with new legislative provisions (Law 4799/2021 transposing the CRD V into Greek national legislation) on variable remuneration of MRTs,
- introduction of provisions for gender-neutral Remuneration Policy and equal pay for male and female individuals
- climate & ESG considerations in the Remuneration Policy components, and
- addition of the Annual Variable Incentive Scheme's structure in the Appendix. The Annual Variable Incentive Scheme, which applies to the executive directors, has been attached to the Directors' Remuneration Policy

in order to guarantee shareholders ex-ante disclosure on the incentive scheme that could be potentially implemented, should the legal framework allow it.

Remuneration data for Directors is included annually in the Remuneration Report[8], which is subject to an advisory vote of the Annual General Meeting of Shareholders, as per the provisions of Greek Law 4548/2018. The publication of the Remuneration Report is intended to provide increased corporate transparency and Directors' accountability and increased oversight of shareholders on the implementation of the Remuneration Policy and practices, while at the same time demonstrating their coherence with Group's strategy and performance. The Directors' Remuneration Policy and the Annual Remuneration Report are publicly available on the external website of the Group:

(link: Directors' Remuneration Policy & Remuneration Report)

11.5. Remuneration Committee

The RemCo is the supervisory and governing body for remuneration policies, practices, and plans. According to its Terms of Reference, the RemCo is appointed by the BoD of the Group and consists of at least three members of the BoD, while the total number of its members should not exceed 40% of the BoD Members, including the HFSF Representative who participates with full voting rights. The majority of the members are independent as per the definition in Article 9 of Greek Law 4706/2020.

The RemCo, as a whole, has knowledge, expertise, and professional experience in remuneration-related issues, risk management, and control activities. At least one member of the Committee should also be a member of the Risk Committee (RC) to oversee alignment of the Remuneration Policy with the Group's Risk & Capital Strategy. The RemCo is supported by an Executive Secretary. The RemCo convenes, following the Chairman's invitation, as many times as required for the fulfillment of its mission, but not less than four times every calendar year. Resolutions may only be adopted when a quorum of at least half of its members are present. Resolutions of the RemCo are adopted by majority vote of the members present. During 2022, the RemCo convened eight times.

The RemCo is authorized by the BoD to act as follows:

- to recommend and advise the BoD in relation to its supervisory responsibilities regarding the design, control of implementation, and periodical revision of the Remuneration Policy and the alignment with the Group's corporate strategic goals. In fulfilling its tasks, the RemCo regularly reviews shareholder and other stakeholder feedback when reaching its decisions, explicitly including any previous vote results on remuneration-related proposals to the General Meeting of Shareholders,
- to monitor the implementation of a framework that objectively evaluates performance and is directly linked with the determination of the remuneration of all employees, MRTs as well as non-MRTs,
- to oversee the implementation of the Group's talent management and succession planning policies,
- to assess the implementation of strategies with the purpose of building a corporate culture that will support the Group´s objectives and vision, and
- to regularly monitor pay equality and presence of discrimination based on gender, age, or Bank of origin.

In alignment with ESG risk governance, the RemCo is responsible to ensure that the Group Remuneration Policy is consistent with the objectives of the Group's business and risk strategy, including ESG risk-related objectives, corporate culture and values, and long-term interests of the Group. The RemCo has the responsibility for aligning Executive Directors' and Senior Management's remuneration with strategic priorities, including in relation to climate and sustainability matters.

In 2022, the RemCo reviewed and recommended for the BoD's approval the following basic items:

- the Annual Variable Incentive Scheme (bonus pool and payouts of MRTs) for the performance year 2021,
- the Annual Remuneration Report for 2021,
- the amendments of Directors' Remuneration Policy, in order to be submitted to the Annual General Meeting of Shareholders, and
- the BoD's remuneration for 2021 and the advance payment of 2022 remuneration, in order to be submitted to the Annual General Meeting of Shareholders.

During 2022, the following changes were made to the composition of the RemCo: On June 23rd, 2022, Mr. Andrew Panzures was appointed Chairman of the RemCo, to the role previously held by Mr. Arne Berggren, who resigned from the BoD. On the same day, Mrs. Francesca Tondi was elected member of the RemCo.

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[8] The Remuneration Report was published for the first time in 2020 (for the year 2019) and on an annual basis going forward.

More information on the current composition of the RemCo, its operation and responsibilities is available on the Group's website:

(link: BoD Committees)

11.6. Remuneration Structure

The Remuneration Policy covers all types of remuneration. The remuneration structure is broadly divided into fixed and variable parts, thus ensuring that remuneration is linked to short-term and long-term business efficiency. It includes all forms of payment, such as cash, shares, stock options, and other instruments, whether paid upfront or deferred.

The People Performance Management appraisal system ("Become & Achieve"), which is aligned with the strategic objectives and based on the three main pillars of high performance, requirement of management responsibility, and personal accountability, is incorporated in the remuneration framework. Strategic priorities are set by Senior Management, translated to the Annual Business Plan, and cascaded to the Functional Business Heads, and then linked with the respective employees in each unit. In this manner, the annual business goals are cascaded to all levels in the organization. The employees are rated on the basis of their individual contribution to strategic enablers and functional targets and measurable indicators of what is expected in alignment with the corporate values. Equal focus is given on "what" we achieve and "how", ensuring that our values are embedded in our actions.

Fixed remuneration

Fixed renumeration[9] is the guaranteed income of employees. It is non-discretionary and aims to reward employees based on predetermined criteria such as level of organizational responsibility, education, professional experience, and skills. The level of fixed remuneration is based on conditions, which are permanent, transparent, and do not provide incentives for risk taking. Additionally, it aims to support both the attraction and retention of the employees in the Group, by remaining competitive in the market while ensuring employees' engagement. Fixed remuneration is the employees' basic source of income from the Group and therefore it ensures their desired/proportionate standard of living.

The Group has developed a fixed gender-neutral remuneration framework, which defines the salary structure and ranges that set out the different levels of pay for roles and individual employees by reference to:

- the relative size of their role internally, as established by job evaluation,
- external relativities, via market rate surveys or relevant benchmarks,
- the individual's skills and experience, and
- the recognition of the value of the employee's personal performance and contribution to the business.

To apply this framework, the Group has established an internal job grading structure by mapping all roles, allocating them into job families, and conducting job evaluations to assign grades to specific roles. The implementation of this model ("Job Family Model") is expected to clarify the roles that are needed and their accountabilities and level of responsibility, provide the basis for career development, enhance internal mobility, and lay the foundations for a more structured approach for all HR-related processes, such as promotions, based on enriching/increasing accountabilities and competencies, and linking pay with exceptional performance and talent retention.

Benefits

A component of the remuneration structure relates to the benefits provided to employees in line with the relevant market practice to ensure competitiveness and business effectiveness. This may include, but is not limited to, Group Insurance Plans (e.g. Group Life & Healthcare Plan, Group Children's Aid Savings Plan, etc.) as well as benefits linked with the internal job grading structure and/or role (e.g. company car, handheld devices, etc.).

The Group also provides benefits mandated by the sectoral as well as the internal Enterprise Collective Bargaining Agreement, such as additional paid leave for maternity leave and working mothers, nursery allowance, a one-off benefit for employees with several children, a benefit for disabled employees and their dependents, university graduation recognition for employees and their children, student leave, etc. These are reviewed on an ongoing basis in order to ensure compliance with this framework.

In the context of the harmonization of Group HR Policies during the Q1 2022, the Benefits Policy was implemented, based on the new levels of responsibility in the Job Family Model.

Group Pension Plan

The Group has established an Institution for Occupational Retirement Provisions (IORP) through which a Defined Contribution Pension Plan was introduced that covers all employees. The IORP is a non-profit legal entity of private law

[9] As defined in paragraph the EBA Guidelines and/or in the current legal framework.

jurisdiction governed by its Board of Directors with the supervision provided by the regulatory authorities: the Department of Occupational Insurance of the Ministry of Labor and Social Affairs, the National Actuarial Authority, and the Hellenic Capital Market Commission.

As specified in the IORP's statute, the Defined Contribution Pension Plan provides for regular and non-regular contributions by the employer as well as the employee. Regular employer's contributions are defined as a percentage of the employee's monthly gross salary, which is the same for all participants. Employees may also participate in the plan on a voluntary basis, contributing up to a specified ceiling of their monthly gross salary. Employees are able to change their contribution twice every year. Insured members are entitled to receive a lump sum that equals the total amount of both the employer's and employee's contributions, upon fulfillment of a set of criteria related to their age and years of participation in the IORP. In case of the employee's resignation or voluntary termination of insurance in the IORP and prior to the fulfillment of the specific conditions set, the insured member receives only its individual contributions. In April 2022, the services provided through IORP, were expanded to include Life Insurance and Medical Care. This expansion will significantly contribute to the improvement of the provided level of service for the insured members. Moreover, a defined contribution insurance plan is retained, for the payment of an amount at the end of the employment relationship, for certain members of Management, in all cases with the exception of fraud.

Variable remuneration

The Group aims at rewarding employees' high performance in order to support the achievement of business targets at individual, Unit, and Group levels. Variable remuneration schemes may be designed on a long-term or short-term basis, thus rewarding the achievement of both short-term and long-term business objectives. It allows the Group to differentiate individual performance and drive behavior through incentives that can positively influence culture. In accordance with the legal and regulatory principles and taking into account any possible conflict of interest, these schemes may take the form of an annual performance bonus aiming to incentivize individual performance or the form of an incentive scheme aiming to provide additional motives for the achievement of specific business results, such as increase in deposits, commissions, insurance products, etc.

Variable amounts are awarded based on predetermined, measurable quantitative and qualitative criteria. Such criteria incorporate the Group's medium-term and long-term strategy, including its risk profile and risk appetite, and are conducive to the alignment of the employees' interests to those of the Group and shareholders, ensuring that no excessive risks will be taken, and the awarded amounts are not detrimental to maintaining a sound capital base. Variable remuneration amounts are calculated as a percentage of the fixed component. The desired percentages, based on percent of target achievement rate, defined by reference to the banking market practice, the current economic situation, and the Group's margins following specific approval processes.

The variable component cannot exceed 100% of the fixed component of the total remuneration of each employee. The General Meeting of Shareholders may approve a higher maximum level of the ratio between fixed and variable components provided that it does not exceed 200% of the fixed component for each individual.

In order to connect variable payment with long-term achievements and at the same time discourage the executive members of the BoD as well as the other MRTs from undertaking excessive risk, a significant part of their variable remuneration is deferred, and at least half is given in instruments instead of cash. More specifically, 50% of variable remuneration will be paid in cash, while the remaining 50% will be paid in instruments as defined by the applicable regulatory framework. A minimum proportion of 40% (or respectively 60% for particularly high amounts) of the variable remuneration is deferred over a period of time (i.e. deferral period) which cannot be shorter than four years or otherwise defined by the applicable each time legislative and regulatory framework.

The variable remuneration for MRTs should be aligned to all risks, including ESG-related risks, and the performance of the Group, the Business Unit, and the individual. For MRTs of international subsidiaries, a link to the performance of the relevant subsidiary should be taken into account along with the applicable regulatory framework.

The requirement to pay, at a minimum, 50% of any variable remuneration in instruments shall apply equally to the non-deferred and to the deferred part. With respect to the awarded instruments, a retention period of at least one year is set.

The requirements on deferring and payout allocation of variable remuneration in shares or other instruments are not implemented for employees (either MRTs or not) whose annual variable remuneration does not exceed the amount of € 50,000 and does not represent more than one-third of the staff member's total annual remuneration.

Non-executive members of the BoD do not receive any variable remuneration. Given the current legal restrictions on the granting of variable remuneration for the period during which the Group subject to the provisions of Greek Law 3864/2010, no variable remuneration is paid to the executive members of the BoD and the Senior Management of the Group.

Annual Variable Incentive Schemes

During the second semester of 2022, the new variable incentive scheme was implemented to employees for the performance year 2021, rewarding employees' high performance (employees from the level of General Manager and above were excluded according to the Greek Law 3864/2010). The new scheme is structured to enhance both the individual and team effort. Variable amounts are awarded based on predetermined, measurable qualitative and quantitative criteria that incorporate the Group's medium and long- term strategy, contribute to the alignment of employees' interests to those of the Group and shareholders.

Variable remuneration in Piraeus Financial Holdings (including Piraeus Bank and its subsidiaries) consists of three distinct incentive schemes, addressing distinct employee perimeters:

- **Senior Management scheme**: Overarching scheme incentivizing the Group's Senior Management towards the achievement of specific KPIs, including BAU (Business-As-Usual) and transformational objectives, and strengthening alignment with shareholder interests. This scheme includes both short- and long-term components.
- **Frontline scheme**: Sales-oriented scheme to deliver ambitious growth targets, which applies to the employees of the branch network and of the sales units. This scheme's payout is based on the delivery of risk adjusted KPIs per unit and individual performance evaluations.
- **Central functions scheme**: Scheme rewarding the central functions of the Group towards delivery of strategic targets and projects, and/or increased efficiency and effectiveness.

These three schemes are mutually exclusive in terms of perimeter. Furthermore, distinct add-ons can be awarded for the delivery of strategic projects or to drive specific sales objectives.

General principles for the incentive schemes

The variable incentive schemes for the Group were designed by taking several key principles into consideration:

- in order to distribute variable remuneration, the Group must be solvent, with capital levels above requirements,
- the schemes need to be fully aligned with shareholders' interests, both short-term and long-term, promote sound and effective risk management, and discourage excessive risk-taking,
- the design of the schemes is aligned to market reality, taking into account remuneration practices among Greek banks and benchmarks on variable remuneration from European peers,
- the schemes shall be consistent with the most recent national and international regulatory requirements (i.e. Greek Laws 4799/2021, 4340/2015, 3864/2010, and 3723/2008 and the CRD V) and EBA Guidelines,
- rewards should be based on the individual performance of eligible employees, while fostering collaboration and delivery of the Group's strategic priorities and adhering to the Group's RAF,
- the payout mechanism should leverage the "Become & Achieve" performance evaluation system used by the Group,
- the schemes must be simple and transparent and be easily understood,
- the payment of control functions should not be linked to the performance of what they are controlling,
- the majority of payout should be based on objective criteria to strengthen the perception of fairness in variable pay distribution; variable remuneration reflects performance without any bias (e.g. gender-related), and
- employees who are under investigation by Internal Audit or the Ethics Committee for fraud cases are excluded from the perimeter of the bonus schemes until the investigation is completed.

Based on these principles, variable pay amount for each employee is influenced by the below factors; the exact influence of these factors in the bonus calculation is differentiated by scheme:

- **Fixed remuneration** is used as starting point to ensure variable remuneration is relatively substantial and scales properly. Fixed remuneration reflects the criticality of each employee for the Group and the established remuneration practices for a given position.
- **The employee's role** (i.e. leadership, sales, support, control) is used as a differentiating factor to drive role-specific behaviors.
- **The individual's annual performance evaluation** influences the bonus amount to drive individual performance as included in the "Become & Achieve" performance evaluation system.
- **The employee's grade** influences the bonus amount. Senior employees have a higher payout on average compared to junior ones, in line with common practice.

- **Unit or Pillar performance** is a key component defining the amount of variable pay. Unit/Pillar performance is measured by specific KPIs per area and has targets which are agreed at the beginning of the measurement period. KPIs are defined in a consistent way, cascading down from the CEO to the Head of Pillars and subsequently to lower levels. A mix of KPIs per area includes business, risk, efficiency, people, and other metrics, and are used either as adjustment factors for the variable pay amount (upward or downward) or as gate openers.

- **Group performance** influences the variable pay amount received by Senior Management, as an adjustment factor (upward or downward). Group performance is measured by a set of specific KPIs reflecting the Group's strategic targets.

In all schemes, the bonus pool sizing method is bottom-up with top-down validation to ensure that the total bonus pool is kept within acceptable levels. Specifically, the sizing involves three key steps:

1. calculation of individual bonuses based on performance and position, referencing allocation matrices that define base bonus as a percentage of fixed salary,

2. calculation of the bonus pool as the sum of individual bonuses, and

3. validation of the final pool as a percentage of net profit adjusted for extraordinary items (for the Senior Management scheme) or compared versus budget (for Frontline and Central functions schemes).

Risk considerations & KPIs

Among the key objectives of the variable incentive schemes are to ensure prudency in risk taking, to dis-incentivize overly risky decisions, and to cultivate a healthy risk mindset in the Group.

The Group has recently strengthened its Three Lines of Defense (LoD) model in credit risk, with clear and distinct roles, responsibilities, processes, monitoring, and controls, which is formed as such:

- The first line of defense owns day-to-day operational decision-making. The first line of defense is, therefore, formed by Business and Group Credit.

- The second line of defense sets the risk framework, sets/approves/endorses the risk policies and monitors their implementation by the first line. The second line is formed by GRM.

- The third line of defense performs regular ex-post checks on the first and second lines. The third line is formed by Group Internal Audit.

The three LoDs, and especially the first and second lines, which directly influence risk-taking, have carefully designed KPIs that incentivize prudency. Specifically:

- All Business Units are incentivized with respect to a mix of KPIs that includes at least one risk-related KPI. KPIs and targets per Pillar are set by the CEO and agreed with Pillar Heads. Targets are cascaded down to employees through the B&A performance evaluation system.

- Group Credit's KPIs do not include any volume targets, but rather focus on portfolio quality and operational efficiency. Members of Group Credit are the control of the first LoD and are co-signatories in all credit decisions, ensuring business is not allowed to focus on volume without considering risk.

- GRM is incentivized on a set of KPIs that do not include any volume targets. Furthermore, GRM does not receive any bonus benefit from Group over-performance, to ensure there is no conflict of interest.

- In addition, to ensure prudency in risk-taking at the Senior Management level, the Senior Management scheme utilizes several metrics, including risk-related metrics, as gates (e.g. Capital Adequacy Ratio, MREL, and NPE ratio). In case any of these targets is breached, no bonuses are paid for the Senior Management. These gates, in line with the deferral, malus and clawback rules, ensure a strong focus of Senior Management on prudent risk-taking and healthy credit expansion in the medium/long term.

Sign-on Bonus

Guaranteed variable remuneration in the form of a sign-on bonus is provided as an incentive to join the Group only in exceptional cases and when extending an offer to new experienced professionals who will assume key responsibilities. This form of guaranteed variable remuneration is a lump sum amount paid during the first year of employment provided that the Group maintains a sound and strong capital base. The maximum amount paid should not exceed three monthly gross salaries.

The employee should maintain active employment with the Group for a minimum of one year from the date of hire. If the employee fails to meet the one-year minimum requirement and the employment is terminated before that point, the employee is obliged to repay – where applicable – the pro-rated portion of the sign-on bonus that was paid.

The full amount may be paid in non-deferred cash and may not be included in the calculation of the ratio between the fixed and variable components of the total remuneration for the first performance period, where the guaranteed variable remuneration is awarded when hiring new staff before the first performance period starts.

Severance payments

Severance payments relate to the early termination of an employment contract for employees who leave the Group on good terms and may be either mandatory under labor law or mutually agreed between the Group and the employee.

The level of the amount, depending on the type of severance payment, cannot be lower than the mandatory amount under the labor law and higher than 24 monthly gross salaries, unless otherwise stated on the employees' contracts already signed.

Executive members of the BoD and the Senior Management are also entitled to severance payments, based on a distinct Severance Policy that sets the specific terms and conditions for awarding such amounts, which are determined taking into account the tenure in the Group, the performance achieved over time as evidenced and documented by the internal performance appraisal mechanism, the alignment of the individual's behaviors and attitudes with the Group's internal policies and rules, as well as the proximity to retirement age. Group HR is responsible to safeguard that the relative process and required approvals for the award of such amounts have been followed. Severance payments may also be provided due to participation in voluntary exit schemes (VES), which are based on specific terms regarding the magnitude of the amounts offered.

Finally, based on the existing legal framework, the remuneration of any employee in the Group cannot exceed the total remuneration of the Governor of the BoG and/or as specified by the relevant regulatory framework applied.

Control Functions' Remuneration

The remuneration of employees in Control functions reflects the nature of their responsibilities and is structured in a way that allows the Group to employ qualified and experienced personnel. The Group ensures that the methods used for determining the variable remuneration of control functions (i.e. risk management, compliance, and internal audit), do not compromise employees' objectivity and independence.

The RemCo assesses whether the proposed remuneration packages for senior executives of the independent control functions are compliant with the Remuneration Policy and forms proposals to the BoD regarding their remunerations, taking into account the recommendation of the relevant Board Committees (i.e. Risk and Audit Committees). Specifically, according to the annual variable incentive schemes, for the variable remuneration of GRM and Group Internal Audit, the performance assessment, bonus gating pillar, and performance adjustment are based on the recommendation of the Risk and Audit Committees respectively.

11.7. Material Risk Takers

For the determination of staff that have a material impact on the Group's risk profile, the qualitative and quantitative criteria referred to in Article 84(3) of Greek Law 4261/2014 as well as to the Commission Delegated Regulation (EU) 2021/923 of March 25th, 2021, supplementing the CRD, are taken into account.

In order to ensure the Group's compliance with the qualitative and quantitative criteria described in the aforementioned framework, Group HR, assisted by Legal Services, GRM, and Group Compliance, performs a structured and formalized identification process. All employees whose professional activities have a material impact on Group's risk profile are identified based on data retrieved each year on December 31st or as otherwise defined in the existing legislative and regulatory framework. A relevant list of roles, which have a material impact on the Group's risk profile, is hence annually drawn up and monitored by the Group.

Having received the guidelines of Group HR for the identification process, each Group's subsidiary is responsible to draw up and monitor a respective list of roles, in accordance with the qualitative and quantitative criteria set out in the above Regulation and their organizational structure.

The identification process is annually reviewed and the respective list of MRTs is approved by the RemCo.

11.8. Malus & Clawback Provisions

Variable remuneration is paid only if it is sustainable according to the financial situation of the Group and justified based on the performance of the Group, the Business Unit, and the individual concerned.

In all cases, the Group does not have a binding obligation to pay variable remuneration. Any variable remuneration is calculated and awarded only if it does not put at risk the soundness of the Group's capital ratios. If the conditions are not favorable (e.g. increased liquidity needs, spending budget overruns) the Group may decide not to pay variable remuneration, even if its financial performance permits it.

Without prejudice to the general principles of national contract and labor laws, the total variable remuneration shall generally be considerably contracted where subdued or negative financial performance of the Group occurs, taking into account both current remuneration and reductions in payouts of amounts previously earned, including through malus or clawback arrangements.

In case of violations of regulations/procedures, misconduct, failure to meet appropriate standards of fitness and propriety, or other equally serious cause, participation in, or responsibility for conduct which resulted in significant losses, the Group shall be entitled to use any and all legal means available to claim the return of such amounts from the employee.

Malus and clawback provisions/arrangements for up to 100% of the total variable remuneration are in place both for the executive members of the BoD and the other MRTs in accordance with the existing legislative and regulatory framework.

11.9. Remuneration Disclosures

The tables below present per business area, aggregate quantitative information for 2022 on the remuneration of MRTs as at December 31st, 2022:

Table 51: EU REM1 – Remuneration awarded for the financial year

2022 (€ 000's)		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
FIXED REMUNERATION					
1	Number of identified staff	11	2	37	45
2	**Total fixed remuneration**	**1,610**	**877**	**8,800**	**4,691**
3	Of which: cash-based	1,610	877	8,800	4,691
EU-4a	Of which: shares or equivalent ownership interests				
5	Of which: share-linked instruments or equivalent non-cash instruments				
EU-5x	Of which: other instruments				
7	Of which: other forms				
VARIABLE REMUNERATION					
9	Number of identified staff				39
10	**Total variable remuneration**				**627**
11	Of which: cash-based				627
12	*Of which: deferred*				
EU-13a	Of which: shares or equivalent ownership interests				
EU-14a	*Of which: deferred*				
EU-13b	Of which: share-linked instruments or equivalent non-cash instruments				
EU-14b	*Of which: deferred*				
EU-14x	Of which: other instruments				
EU-14y	*Of which: deferred*				
15	Of which: other forms				
16	*Of which: deferred*				
17	**Total remuneration (2 + 10)**	**1,610**	**877**	**8,800**	**5,318**

Table 52: EU REM5 – Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile

	2022 (identified staff)	a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						Total
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset management	Corporate functions	Independent internal control functions	All other	
1	**Total number of identified staff**										**95**
2	Of which: members of the MB	11	2	13							
3	Of which: other senior management				6	11		15	5		
4	Of which: other identified staff				1	15		9	19	1	
5	**Total remuneration of identified staff**	**1,610**	**877**	**2,487**	**1,642**	**4,014**		**5,417**	**2,932**	**113**	
6	Of which: variable remuneration					325		94	208		
7	Of which: fixed remuneration	1,610	877	2,487	1,642	3,689		5,324	2,723	113	

For the year 2022:

- No special payments made to MRTs, and therefore the disclosure of template EU REM2 (Special payments to staff whose professional activities have a material impact on institutions' risk profile) does not apply.
- There was no deferred remuneration, and therefore the disclosure of template EU REM3 (Deferred remuneration) does not apply.
- There were no staff who have been remunerated € 1 mn or more, and therefore the disclosure of template EU REM4 (Remuneration of 1 mn EUR or more per year) does not apply.

12. Appendices

12.1. Appendix I: EU LI3 Differences in the scopes of consolidation

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)							
a	b	c	d	e	f	g	h
2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
Piraeus Bank S.A.	Full consolidation	x					Banking activities
Piraeus Leasing Single Member S.A.	Full consolidation	x					Financial Leasing
Sunshine Leases Single Member S.A.	Full consolidation	x					Financial Leasing
Piraeus Property Real Estate Management Single Member S.A.	Full consolidation	x					Property management
Dynamic Asset Operating Leasing S.A.	Full consolidation	x					Operating leasing
Geniki Single Member S.A. Financial & Consulting Services	Full consolidation	x					Financial & consulting services
Piraeus Securities S.A.	Full consolidation	x					Stock exchange services
Piraeus Factoring Single Member S.A.	Full consolidation	x					Corporate factoring
Piraeus Capital Management Single Member S.A.	Full consolidation	x					Management of venture capital fund
Piraeus Jeremie Technology Catalyst Management Single Member S.A.	Full consolidation	x					Management of venture capital fund
Piraeus Asset Management Single Member M.F.M.C. S.A.	Full consolidation	x					Mutual funds management
Geniki Information Single Member S.A.	Full consolidation	x					Assessment and collection of commercial debts
Achaia Clauss Estate S.A.	Full consolidation	x					Property management
Kosmopolis A' Shopping Centers Single Member S.A.	Full consolidation	x					Shopping center's management
ND Development Single Member S.A.	Full consolidation	x					Property management
New Up Dating Development Real Estate and Tourism Single Member S.A.	Full consolidation	x					Property, tourism & development company
Picar Single Member S.A.	Full consolidation	x					City Link areas management

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a	b	c	d	e	f	g	h
2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
P.H. Development	Full consolidation	x					Property management
General Construction and Development Co. S.A.	Full consolidation	x					Property development/ holding company
Entropia Ktimatiki S.A.	Full consolidation	x					Property management
Komotini Real Estate Development Single Member S.A.	Full consolidation	x					Property management
Piraeus Development Single Member S.A.	Full consolidation	x					Property management
Piraeus Real Estate Single Member S.A.	Full consolidation	x					Construction company
Pleiades Estate Single Member S.A.	Full consolidation	x					Property management
Piraeus Agency Solutions Single Member S.A.	Full consolidation	x					Insurance agency
Mille Fin S.A.	Full consolidation	x					Trading of boat vehicles, cars, and equipment
Multicollection S.A.	Full consolidation	x					Assessment and collection of commercial debts
Piraeus Direct Solutions Single Member S.A.	Full consolidation	x					Financial – telecommunication & IT services
Centre of Sustainable Entrepreneurship Excelixi Single Member S.A.	Full consolidation	x					Consulting Services – Hotel – Training & Seminars
PROSPECT M.C.P.Y.	Full consolidation	x					Yachting management
Ianos Properties Single Member S.A.	Full consolidation	x					Property management
Lykourgos Properties Single Member S.A.	Full consolidation	x					Property management
Thesis Hermes Single Member S.A.	Full consolidation	x					Property management
Thesis Agra Single Member S.A.	Full consolidation	x					Property management
Thesis Cargo Single Member S.A.	Full consolidation	x					Property management
Thesis Schisto Single Member S.A.	Full consolidation	x					Property management
Thesis Stone Single Member S.A.	Full consolidation	x					Property management
Trastor Real Estate Investment Company	Full consolidation	x					Real estate investment property
Sinoris Single Member S.A.	Full consolidation	x					Property management

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)							
a	b	c	d	e	f	g	h
2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
Iolcus Investments Alternative Investments Funds Managers S.A.	Full consolidation	x					Alternative investments funds management
Shnappi S.A.	Full consolidation	x					Digital banking products and services
Neoris Single Member S.A.	Full consolidation	x					Property management
Aleva Single Member S.A.	Full consolidation	x					Property management
Arpis Single Member S.A.	Full consolidation	x					Property management
Tirana Leasing Sh.A.	Full consolidation	x					Finance leases
Cielo Consultancy Sh.P.K.	Full consolidation	x					Property management
Beta Asset Management EOOD	Full consolidation	x					Rent and management of real estate
Bulfina E.A.D.	Full consolidation	x					Property management
Bulfinace E.A.D.	Full consolidation	x					Property management
Delta Asset Management EOOD	Full consolidation	x					Real estate development
Varna Asset Management EOOD	Full consolidation	x					Real estate development
Asset Management Bulgaria EOOD	Full consolidation	x					Travel – rental services and property management
Besticar Bulgaria EOOD	Full consolidation	x					Receivable's collection
Besticar EOOD	Full consolidation	x					Receivable's collection
Emerald Investments EOOD	Full consolidation	x					Property management
Piraeus Nedvizhimi Imoti EOOD	Full consolidation	x					Property management
Ekaterina Project EOOD	Full consolidation	x					Property management
Botstile EOOD	Full consolidation	x					Property management
Euroinvestment & Finance Public Ltd	Full consolidation	x					Asset management, real estate operations
R.E. Anodus Two Ltd	Full consolidation	x					Holding and investment company
Tellurion Ltd	Full consolidation	x					Holding company
Tellurion Two Ltd	Full consolidation	x					Holding company

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)							
a	b	c	d	e	f	g	h
2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
Trieris Two Real Estate LTD	Full consolidation	x					Holding, Investment and Real Estate Portfolio Management
R.E. Anodus Ltd	Full consolidation	x					Consultancy services for real estate development and investments
Lakkos Mikelli Real Estate Ltd	Full consolidation	x					Property management
Philoktimatiki Public Ltd	Full consolidation	x					Land and property development
Sunholdings Properties Company Ltd	Full consolidation	x					Land and property development
Philoktimatiki Ergoliptiki Ltd	Full consolidation	x					Construction company
JSC Piraeus Bank ICB	Full consolidation	x					Banking activities
Akinita Ukraine LLC	Full consolidation	x					Real estate development
Sinitem LLC	Full consolidation	x					Sale and purchase of real estate
Solum Enterprise LLC	Full consolidation	x					Property management
Solum Limited Liability Company	Full consolidation	x					Property management
Piraeus Leasing Romania S.A.	Full consolidation	x					Monitoring and collection services for loans disbursed by the company
Daphne Real Estate Consultancy SRL	Full consolidation	x					Real estate development
Proiect Season Residence SRL	Full consolidation	x					Real estate development
R.E. Anodus SRL	Full consolidation	x					Real estate development
Piraeus Rent Doo Beograd	Full consolidation	x					Operating leases
Piraeus Real Estate Egypt LLC	Full consolidation	x					Property management
Trieris Real Estate Management Ltd	Full consolidation	x					Management of real estate companies
Piraeus Group Capital Ltd	Full consolidation	x					Debt securities’ issuance
Piraeus Group Finance PLC	Full consolidation	x					Debt securities’ issuance
Praxis I Finance PLC	Full consolidation	x					SPV for securitization of consumer loans
Piraeus SNF DAC	Full consolidation	x					SPV for securitization of corporate, mortgage and consumer loans

EU LI3 – Outline of the differences in the scopes of consolidation (entity by entity)							
a	b	c	d	e	f	g	h
2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
Sunrise III NPL Finance DAC	Full consolidation	x					SPV for securitization of corporate loans
Magnus NPL Finance DAC	Full consolidation	x					SPV for securitization of corporate loans
Piraeus – TANEO Capital Fund	Equity method			x			Close end venture capital fund
PJ Tech Catalyst Fund	Equity method			x			Close end venture capital fund
APE Commercial Property Real Estate Tourist and Development S.A.	Equity method			x			Holding company
Marfin Investment Group Holdings S.A.	Equity method			x			Holding company
Omicron Cyclos Ena Symmetohiki S.A.	Equity method			x			Holding company
APE Fixed Assets Real Estate Tourist and Development S.A.	Equity method			x			Real estate, development/ tourist services
APE Investment Property S.A.	Equity method			x			Real estate, development/ tourist services
Olganos Real Estate S.A.	Equity method			x			Property management/electricity production from renewable energy resources
Pyrrichos S.A.	Equity method			x			Property management
Exodus S.A.	Equity method			x			Information technology & software
Evros Development Company S.A.	Equity method			x			European community programs management
Gaia S.A.	Equity method			x			Software services
Crete Scient & Tech. Park Manag. & Dev. Co. S.A.	Equity method			x			Scientific and technology park management
Intrum Hellas REO Solutions S.A.	Equity method			x			Real estate
Intrum Hellas Credit Servicing S.A.	Equity method			x			Credit and loan servicing
Teiresias S.A.	Equity method			x			Interbanking company of development, operation, and management of information systems
Piraeus Direct Services S.A.	Equity method			x			Support & e-commerce services, trade of time renewal cards
ANEK Lines S.A.	Equity method			x			Maritime transport - Coastal shipping
Perigenis Business Properties S.A.	Equity method			x			Property management

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2022	Method of accounting consolidation	Method of regulatory consolidation					Description of the entity
Name of the entity		Full consolidation	Proportional consolidation	Equity method	Deducted	Neither consolidated nor deducted	
Neuropublic S.A.	Equity method			x			Development and management of information systems
Abies S.A.	Equity method			x			Property management
ETVA Industrial Parks S.A.	Equity method			x			Development/ management of industrial areas
Euromedica Societe Anonyme for provision of medical services	Equity method			x			Hospital and health services
Trieris Real Estate Ltd	Equity method			x			Property management
Strix Holdings LP	Equity method			x			Holdings limited partnership
Strix Asset Management Ltd	Equity method			x			Asset management
Strix Holdings NC LP	Equity method			x			Holdings limited partnership
AEP Elaiona S.A.	Equity method			x			Property management
Peirga Kythnou P.C.	Equity method			x			Real estate
Sunrise III Real Estate Single Member S.A.	Equity method			x			Property management

12.2. Appendix II: Own Funds

EU CC1 – Composition of regulatory own funds			
2022 (€ 000's)		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES			
1	Capital instruments and the related share premium accounts	4,718,006	A
	of which: Instrument type 1 (Ordinary Shares)	1,162,842	A
	of which: Instrument type 2		
2	Retained earnings	(149,995)	B
3	Accumulated other comprehensive income (and other reserves)	435,641	B
EU-3a	Funds for general banking risk		
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1		
5	Minority interests (amount allowed in consolidated CET1)	3,853	C
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	949,497	B
6	**CET1 capital before regulatory adjustments**	**5,957,002**	
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS			
7	Additional value adjustments (negative amount)	(4,165)	
8	Intangible assets (net of related tax liability) (negative amount)	(217,271)	D/G
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(2,130)	E
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value		
12	Negative amounts resulting from the calculation of expected loss amounts		
13	Any increase in equity that results from securitized assets (negative amount)		
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing		
15	Defined-benefit pension fund assets (negative amount)		
16	Direct, indirect, and synthetic holdings by an institution of own CET1 instruments (negative amount)	(350)	F
17	Direct, indirect, and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	(9,517)	

EU CC1 – Composition of regulatory own funds			
2022 (€ 000's)		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
18	Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
19	Direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(58,100)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)		
EU-20c	of which: securitization positions (negative amount)	(58,100)	
EU-20d	of which: free deliveries (negative amount)		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(1,866,365)	E
22	Amount exceeding the 17,65% threshold (negative amount)	(98,532)	E/G
23	of which: direct, indirect, and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	(13,069)	G
25	of which: deferred tax assets arising from temporary differences	(85,462)	E
EU-25a	Losses for the current financial year (negative amount)		
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)		
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	363,662	
28	**Total regulatory adjustments to CET1**	**(1,892,768)**	
29	**CET1 capital**	**4,064,234**	
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS			
30	Capital instruments and the related share premium accounts	600,000	H
31	of which: classified as equity under applicable accounting standards	600,000	H
32	of which: classified as liabilities under applicable accounting standards		

EU CC1 – Composition of regulatory own funds			
2022 (€ 000's)		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR		
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1		
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1		
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties		
35	of which: instruments issued by subsidiaries subject to phase out		
36	**AT1 capital before regulatory adjustments**	**600,000**	
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS			
37	Direct, indirect, and synthetic holdings by an institution of own AT1 instruments (negative amount)		
38	Direct, indirect, and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
39	Direct, indirect, and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
40	Direct, indirect, and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)		
42a	Other regulatory adjustments to AT1 capital		
43	**Total regulatory adjustments to AT1 capital**		
44	**AT1 capital**	**600,000**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**4,664,234**	
TIER 2 (T2) CAPITAL: INSTRUMENTS			
46	Capital instruments and the related share premium accounts	893,074	I
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR		
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2		
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2		

EU CC1 – Composition of regulatory own funds			
		a	b
2022 (€ 000's)		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties		
49	of which: instruments issued by subsidiaries subject to phase out		
50	Credit risk adjustments		
51	**T2 capital before regulatory adjustment**	**893,074**	
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS			
52	Direct, indirect, and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)		
53	Direct, indirect, and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)		
54	Direct, indirect, and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)		
55	Direct, indirect, and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)		
EU-56b	Other regulatory adjustments to T2 capital		
57	**Total regulatory adjustments to T2 capital**		
58	**T2 capital**	**893,074**	
59	**Total capital (TC = T1 + T2)**	**5,557,308**	
60	**Total Risk exposure amount**	**31,178,188**	
CAPITAL RATIOS AND BUFFERS			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.04%	
62	Tier 1 (as a percentage of total risk exposure amount)	14.96%	
63	Total capital (as a percentage of total risk exposure amount)	17.82%	

EU CC1 – Composition of regulatory own funds			
2022 (€ 000's)		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.45%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.01%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.75%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%	
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**6.71%**	
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	89,491	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	73,345	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	493,665	
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)		
77	Cap on inclusion of credit risk adjustments in T2 under standardized approach		
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)		
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach		
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2014 AND 1 JAN 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements		
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)		

EU CC1 – Composition of regulatory own funds			
2022 (€ 000's)		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
82	Current cap on AT1 instruments subject to phase out arrangements		
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)		
84	Current cap on T2 instruments subject to phase out arrangements		
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)		

Note: The references-column identify balance sheet components in Table 05: "EU CC2: reconciliation of regulatory own funds to balance sheet in the audited financial statements" which is used in the calculation of regulatory own funds. CET1 capital as of December 31st, 2022, includes 2022 year-end profits following regulatory approval, in accordance with ECB Decision (EU) 2015/656.

12.3. Appendix III: Leverage Ratio

EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures			
	(€ 000's)	a	b
		Applicable amount	
		2022	2021
1	Total assets as per published financial statements	75,660,637	79,789,500
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))		(14,699,290)
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustments for derivative financial instruments	(1,394,089)	997,589
9	Adjustment for securities financing transactions (SFTs)	33,658	55,530
10	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	2,270,816	1,746,089
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	(1,747,970)	(2,271,016)
13	**Leverage ratio total exposure measure**	**74,823,052**	**65,618,403**

EU LR2 – LRCom: Leverage ratio common disclosure		a	b
(€ 000's)		CRR leverage ratio exposures	
		2022	2021
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	73,784,292	64,478,946
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(12,181)	(757,648)
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(1,735,790)	(1,513,368)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	**72,036,322**	**62,207,929**
DERIVATIVE EXPOSURES			
8	Replacement cost associated with SA-CCR derivatives transactions (i.e. net of eligible cash variation margin)	128,794	878,287
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	307,563	710,329
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivatives exposures	**436,358**	**1,588,616**
SECURITIES FINANCING TRANSACTION (SFT) EXPOSURES			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	52,299	51,488
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	33,658	55,531
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		

EU LR2 – LRCom: Leverage ratio common disclosure			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		2022	2021
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures	**85,957**	**107,019**
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposures at gross notional amount	13,579,261	10,592,204
20	(Adjustments for conversion to credit equivalent amounts)	(11,314,846)	(8,877,365)
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	Off-balance sheet exposures	2,264,415	1,714,838
EXCLUDED EXPOSURES			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))		
EU-22c	(Excluded exposures of public development banks - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted exposures)		
CAPITAL AND TOTAL EXPOSURE MEASURE			
23	Tier 1 capital	4,664,234	4,181,735
24	Leverage ratio total exposure measure	74,823,052	65,618,403
LEVERAGE RATIO			
25	Leverage ratio	6.23%	6.37%
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	6.23%	6.37%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.23%	5.21%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.67%

EU LR2 – LRCom: Leverage ratio common disclosure			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		2022	2021
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital (percentage points)		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.67%
CHOICE ON TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
DISCLOSURE OF MEAN VALUES			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	85,335	52,593
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	52,299	51,488
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	74,856,088	65,619,507
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	74,856,088	80,318,797
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.23%	6.37%
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.23%	5.21%

EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		2022	2021
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	**73,823,458**	**63,772,786**
EU-2	Trading book exposures	548,008	906,211
EU-3	Banking book exposures, of which:	73,275,450	62,866,575
EU-4	Covered bonds	2,046	26,199
EU-5	Exposures treated as sovereigns	25,283,765	16,471,294
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	633,203	900,189
EU-7	Institutions	1,252,582	874,422
EU-8	Secured by mortgages of immovable properties	9,815,724	11,025,068
EU-9	Retail exposures	2,808,325	2,796,925
EU-10	Corporate	10,160,254	9,923,259
EU-11	Exposures in default	1,710,059	3,559,298
EU-12	Other exposures (e.g. equity, securitizations, and other non-credit obligation assets)	21,609,492	17,289,920

12.4. Appendix IV: Capital Instruments' Main Features Templates

EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments				
2022		a	b	c
		Instrument 1	Instrument 2	Instrument 3
1	Issuer	Piraeus Financial Holdings S.A.	Piraeus Financial Holdings S.A.	Piraeus Financial Holdings S.A.
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	XS2354777265	XS2018638648	XS2121408996
2a	Public or private placement	Private	Private	Private
3	Governing law(s) of the instrument	English & Greek	English & Greek	English & Greek
3a	Contractual recognition of write down and conversion powers of resolution authorities	Yes	Yes	Yes
REGULATORY TREATMENT				
4	Current treatment taking into account, where applicable, transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
5	Post-transitional CRR rules	Additional Tier 1	Tier 2	Tier 2
6	Eligible at solo/(sub-) consolidated / solo & (sub-) consolidated	Consolidated	Consolidated	Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Additional Tier 1	Tier 2	Tier 2
8	Amount recognized in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 600 mn	EUR 398 mn	EUR 495 mn
9	Nominal amount of instrument	EUR 600 mn	EUR 400 mn	EUR 500 mn
EU-9a	Issue price	100 per cent	100 per cent	100 per cent
EU-9b	Redemption price	100 per cent of notional amount	100 per cent of notional amount	100 per cent of notional amount
10	Accounting classification	Shareholders' equity	Liability - amortized cost	Liability - amortized cost
11	Original date of issuance	16-Ιουν-21	26-Ιουν-19	19-Φεβ-20
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	26-Ιουν-29	19-Φεβ-30
14	Issuer call subject to prior supervisory approval	Yes	Yes	Yes
15	Optional call date, contingent call dates and redemption amount	At any time from (and including) 16 Dec. 2026 @ 100 per cent	26-Jun-2024 @ 100 per cent	19-Feb-2025 @ 100 per cent
16	Subsequent call dates, if applicable	Each interest payment date following the 16 Dec 2026 @ 100 per cent	N/A	N/A
COUPONS / DIVIDENDS				
17	Fixed or floating dividend/coupon	Fixed	Fixed	Fixed

EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments				
2022		a	b	c
		Instrument 1	Instrument 2	Instrument 3
18	Coupon rate and any related index	Initial interest rate for fixed coupon period is 8.75 per cent per annum (semi-annual coupon payments). Rate of interest for reset period is (i) Margin of 9.195 per cent per annum *plus* (ii) the 5-year Mid Swap Rate, converted to a semi-annual rate.	9.75 per cent per annum; First margin 9.952 per cent per annum; The reset index is the 5-year mid swap rate	5.50 per cent per annum; First margin 5.774 per cent per annum; The reset index is the 5-year mid swap rate
19	Existence of a dividend stopper	Yes	No	No
EU-20a	Fully discretionary, partially discretionary, or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory
EU-20b	Fully discretionary, partially discretionary, or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Noncumulative	Noncumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible	Nonconvertible	Nonconvertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory, or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	Yes	No	No
31	If write-down, write-down trigger(s)	A Write- Down will occur if the consolidated Common Equity Tier 1 Ratio falls below 5.125 per cent	N/A	N/A
32	If write-down, full or partial	Fully or Partially	N/A	N/A
33	If write-down, permanent or temporary	Temporary	N/A	N/A

EU CCA – Main features of regulatory own funds instruments and eligible liabilities instruments				
2022		a	b	c
		Instrument 1	Instrument 2	Instrument 3
34	If temporary write-down, description of write-up mechanism	To the extent permitted by the Regulatory Capital Requirements and subject to the Maximum Distributable Amount the issuer may at its sole and full discretion, unless previously redeemed, repurchased or cancelled, reinstate the Current Nominal Amount of each Note, up to a maximum of its original nominal amount, on a pro rata basis with the other Notes and with any Written Down Additional Tier 1 Instruments, such that the Maximum Write-Up Amount is not exceeded.	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	Contractual	Contractual	Contractual
EU-34b	Ranking of the instrument in normal insolvency proceedings	2 - Additional Tier 1 instruments	3 - Tier 2 instruments	3 - Tier 2 instruments
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The Notes rank beneath Senior Creditors of the issuer, including subordinated creditors of the issuer, whose claims are expressed to rank in priority to the claims of the Notes and holders of Tier 2 instruments issued by the issuer	The claims of the Noteholders will be subordinated to the claims of Senior Creditors of the Issuer	The claims of the Noteholders will be subordinated to the claims of Senior Creditors of the Issuer
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	Prospectus XS2354777265	Terms XS2018638648	Terms XS2121408996

12.5. Appendix V: Net Stable Funding Ratio Historical Tables

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
		a	b	c	d	e
Sep 2022 (€ 000's)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	6,325,602				
2	Own funds	6,325,602			892,597	7,218,199
3	Other capital instruments					
4	Retail deposits		43,213,180	956,181	526,365	41,952,201
5	Stable deposits		32,800,721	667,510	64,487	31,859,306
6	Less stable deposits		10,412,459	288,671	461,877	10,092,895
7	Wholesale funding:		11,651,145	8,492,270	8,325,198	17,078,755
8	Operational deposits		1,193,841			596,921
9	Other wholesale funding		10,457,303	8,492,270	8,325,198	16,481,834
10	Interdependent liabilities					
11	Other liabilities:	679,075	1,442,859		151,597	151,597
12	NSFR derivative liabilities	679,075				
13	All other liabilities and capital instruments not included in the above categories		1,442,859		151,597	151,597
14	**Total available stable funding (ASF)**					**66,400,752**
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					5,718,133
EU-15a	Assets encumbered for more than 12m in cover pool		382,595			325,206
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		3,638,466	2,065,030	30,018,931	29,213,156
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut				68,009	68,009
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		191,754	66,143		52,247
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		3,230,048	1,853,768	24,221,079	24,111,329
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		956,656	694,301	2,685,917	3,006,409
22	Performing residential mortgages, of which:		181,726	144,183	4,871,568	4,234,100

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
Sep 2022 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		181,726	144,183	4,871,568	4,234,100
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		34,938	936	858,275	747,471
25	Interdependent assets					
26	Other assets:		679,075		15,761,979	15,718,977
27	Physical traded commodities				8,089	6,875
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				504,944	429,202
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted		679,075			33,954
31	All other assets not included in the above categories				15,248,946	15,248,946
32	Off-balance sheet items		12,724,822			436,292
33	**Total RSF**					**51,411,764**
34	**Net Stable Funding Ratio (%)**					**129%**

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
		a	b	c	d	e
Jun 2022 (€ 000's)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	6,195,558				
2	Own funds	6,195,558			892,455	7,088,013
3	Other capital instruments					
4	Retail deposits		42,402,177	1,043,212	519,096	41,272,601
5	Stable deposits		32,333,897	719,213	60,696	31,461,150
6	Less stable deposits		10,068,280	323,999	458,400	9,811,451
7	Wholesale funding:		11,784,820	6,594,684	10,089,035	17,945,409
8	Operational deposits		1,024,450			512,225
9	Other wholesale funding		10,760,370	6,594,684	10,089,035	17,433,184
10	Interdependent liabilities					
11	Other liabilities:	774,539	1,418,883		157,899	157,899
12	NSFR derivative liabilities	774,539				
13	All other liabilities and capital instruments not included in the above categories		1,418,883		157,899	157,899
14	**Total available stable funding (ASF)**					**66,463,922**
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					6,210,028
EU-15a	Assets encumbered for more than 12m in cover pool		382,595			325,206
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		3,579,536	2,078,599	29,251,180	28,692,761
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		60,323			
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		163,593	66,245		49,482
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		3,145,352	1,805,548	23,450,901	23,465,752
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		979,116	617,073	3,036,226	3,232,204
22	Performing residential mortgages, of which:		199,632	170,803	4,935,499	4,419,144
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		199,632	170,803	4,935,499	4,419,144

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
		a	b	c	d	e
Jun 2022 (€ 000's)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		10,636	36,002	864,781	758,383
25	Interdependent assets					
26	Other assets:		774,539		15,936,435	15,898,125
27	Physical traded commodities				6,535	5,555
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				507,042	430,986
29	NSFR derivative assets					
30	NSFR derivative liabilities before deduction of variation margin posted		774,539			38,727
31	All other assets not included in the above categories				15,422,858	15,422,858
32	Off-balance sheet items		12,045,427			404,631
33	**Total RSF**					**51,530,751**
34	**Net Stable Funding Ratio (%)**					**129%**

EU LIQ2 – Net Stable Funding Ratio (NSFR)		a	b	c	d	e
Mar 2022 (€ 000's)		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	6,189,020				
2	Own funds	6,189,020			891,762	7,080,782
3	Other capital instruments					
4	Retail deposits		41,696,808	1,119,401	481,827	40,663,780
5	Stable deposits		32,124,684	822,614	53,981	31,353,914
6	Less stable deposits		9,572,125	296,787	427,846	9,309,866
7	Wholesale funding:		10,346,598	908,598	16,047,871	20,779,829
8	Operational deposits		970,408			485,204
9	Other wholesale funding		9,376,190	908,598	16,047,871	20,294,625
10	Interdependent liabilities					
11	Other liabilities:	352,846	1,316,895		144,405	144,405
12	NSFR derivative liabilities	352,846				
13	All other liabilities and capital instruments not included in the above categories		1,316,895		144,405	144,405
14	**Total available stable funding (ASF)**					**68,668,797**
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					10,467,490
EU-15a	Assets encumbered for more than 12m in cover pool		356,807			303,286
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		3,241,615	2,169,778	28,345,198	27,695,500
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		51,434			
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		160,166	1,776	64,345	81,250
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,823,330	1,958,277	22,462,916	22,424,858
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		919,194	628,727	2,756,748	3,011,234
22	Performing residential mortgages, of which:		196,077	177,725	4,938,431	4,420,508

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
Mar 2022 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		196,077	177,725	4,938,431	4,420,508
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		10,608	32,000	879,506	768,884
25	Interdependent assets					
26	Other assets:		369,306		15,629,889	15,661,911
27	Physical traded commodities				9,878	8,396
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				4,000	3,400
29	NSFR derivative assets		16,461			16,461
30	NSFR derivative liabilities before deduction of variation margin posted		352,846			17,642
31	All other assets not included in the above categories				15,616,011	15,616,011
32	Off-balance sheet items		10,664,695			363,059
33	**Total RSF**					**54,491,246**
34	**Net Stable Funding Ratio (%)**					**126.02%**

12.6. Appendix VI: Breakdown of the Countercyclical Capital Buffer

EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

(€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitization exposures: Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total			
010	BREAKDOWN BY COUNTRY													
001	Romania	161,087					161,087	11,730			11,730	146,630	0.70%	0.50%
002	United Kingdom	170,921					170,921	9,152			9,152	114,406	0.55%	1.00%
020	**Total**	**332,008**					**332,008**	**20,883**			**20,883**	**261,036**		

EU CCyB2 – Amount of institution-specific countercyclical capital buffer

	(€ 000's)	a
1	Total risk exposure amount	31,178,188
2	Institution specific countercyclical capital buffer rate	0.01%
3	Institution specific countercyclical capital buffer requirement	2,806

12.7. Appendix VII: Piraeus Group's participation in International Sustainability Initiatives and Harmonization with International Standards

UN Global Compact

Piraeus Group is a UN Global Compact signatory, actively promoting its ten principles since 2004, in the areas of human and labor rights, environment, and anti-corruption.

United in the Business of a Better World

Piraeus Group is a signatory to the UN Declaration "United in the Business of a Better World", a common statement from business leaders for cooperation beyond borders, where all public and private bodies prove their responsible operation with transparency.

Women's Empowerment Principles

Piraeus Group is the first bank in Greece to sign the Women's Empowerment Principles of the UN Global Compact and UN Women Principles and is committed to strengthening and promoting gender equality in the workplace.

Caring for Climate

Piraeus Group is a signatory to the United Nations Global Compact Statement "Caring for Climate: the Business Leadership Platform," which provides a framework for businesses to advance practical solutions and raise public awareness on Climate Change issues.

UNEP FI

Piraeus Group is a member of the United Nations Environment Program Finance Initiative (UNEP FI) since 2007, serves on the banking Board, and is committed to environmental protection, social responsibility, and sustainable development in its business decisions.

Principles for Responsible Banking (UNEP FI)

Piraeus Group has signed the Principles for Responsible Banking (PRB) and was the only Greek bank that participated in their development. The PRB aim to align banks' operations with the UN Sustainable Development Goals and the Paris Climate Agreement.

The Group also participates in various UNEP FI working groups, such as the Impact Assessment, the EU Taxonomy (in cooperation with EBF) and the Financial Health & Inclusion, which aim to develop measuring tools and assessment criteria for ESG actions.

UNEP FI Positive Impact Initiative

Piraeus Group participates in the UNEP FI Positive Impact Initiative for promoting funding projects that have a positive impact on society, having signed the "Positive Impact Manifesto" for the transition to an inclusive green economy.

UNEP FI Declaration of Intent on Energy Efficiency

Piraeus Group has signed the Declaration of Intent on Energy Efficiency of UNEP FI, recognizing that the financial sector has the capability to direct capital flows towards activities and investments that promote energy efficiency.

UNEP FI Commitment to Financial Health and Inclusion

In December 2021, Piraeus Group signed the UNEP FI Commitment for Financial Health and Inclusion, aiming to drive positive outcomes for individuals, entrepreneurs, and the wider economy, leaving no one behind.

UNEP FI Leadership Council

The CEO of Piraeus Group is one of the 19 leaders of banks and insurance companies from around the world who participate in the UNEP FI "Leadership Council", an international advisory body created in 2021, aiming to shape the strategy of the financial sector so that the goals of sustainable development are met.

Science Based Targets initiative

Piraeus has signed its participation in the Science Based Targets initiative (SBTi). The SBTi suggests methodological tools for measuring carbon emissions and setting targets for their reduction, both from the Bank's operational and financing activities. Piraeus Group has submitted its targets to the SBTi and has published its commitments.

TCFD Recommendations

The recommendations for the disclosure of non-financial climate-related information were launched in 2017 by the Financial Stability Board task force and propose the voluntary disclosure of detailed information on climate change management in four pillars: Governance, Strategy, Risk Management, and Metrics and Targets. Piraeus has published its third, more detailed TCFD report in 2022.

Paris Pledge for Action

Piraeus Group is a signatory to the Business Coalition Statement on Climate in 2015, supporting the Paris Climate Agreement.

Sustainable Development Goals (SDGs)

Piraeus Group supports the United Nations Sustainable Development Goals (SDGs), pledging to make a substantial contribution to the global efforts for achieving them.

GRI Standards

Piraeus Group's Sustainability & Business Report follows the GRI Standards, and its content is externally assured. GRI Standards is a sustainability reporting framework with widespread global acceptance and company adoption.

Finance for Biodiversity Pledge

Piraeus Group is one of the 26 financial institutions that signed the global "Finance for Biodiversity Pledge" in order to set goals and strengthen the business activities that protect and enhance the natural environment, reversing the rate of biodiversity loss.

EU Business@Biodiversity Platform (EU B@B Platform)

Piraeus Group actively participates in the EU Business@Biodiversity Platform, a forum for ongoing strategic dialogue on the interconnection of business with biodiversity and natural capital.

CSR HELLAS

Since 2007, Piraeus Group is a full member of CSR Hellas (Hellenic Network for Corporate Social Responsibility) and participates in initiatives aiming to promote the corporate responsibility of Greek businesses.

Hellenic Bank Association – Sustainability Committee

Piraeus Group is a member of the Sustainable Development Committee of the Hellenic Bank Association and participates in working groups for promoting sustainability in the banking industry in Greece.

EMAS

Piraeus Group's Environmental Management System is certified under the European EMAS regulation (Eco-Management Audit Scheme) and ISO 14001:2015, for all the Bank's branches and administration buildings, since 2011.

Principles for Responsible Investment

Piraeus Asset Management is a signatory of the Principles for Responsible Investment, a global initiative for the adoption and implementation of Environmental, Social, and Governance (ESG) Principles.

Piraeus Group's Sustainability Performance

ESG Ratings: The corporate sustainability indices track the stock performance of the world's leading companies in terms of economic criteria and environmental, social, and governance (ESG) criteria, and promote the best performers in corporate sustainability.

ESG rating agencies systematically assess Piraeus Group's ESG performance, and thus guide the Group to improving its sustainability practices.

Piraeus Group's Sustainability Distinctions			
Sustainability index	**2022**	**2021**	**2020**
CDP	Management B	Management B	Leadership A
oekom Research	C – medium	C – medium	C – medium
ISS Corporate Solutions - Environmental & Social Quality Score	«1 - HIGHER DISCLOSURE», environmental and social pillar	«1 - HIGHER DISCLOSURE», environmental and social pillar	«1 - HIGHER DISCLOSURE», environmental and social pillar
ISS Governance Score	2/10	4/10	7/10
	(score 1 indicates low risk and score 10 indicates higher governance risk)		
FTSE4Good	✓	-	-
Bloomberg Gender Equality Index	✓	✓	-
MSCI ESG Research	A	BBB	BBB
Forum Ethibel	Member: Ethibel EXCELLENCE Investment Register & Ethibel Pioneer	Member: Ethibel EXCELLENCE Investment Register & Ethibel Pioneer	Member: Ethibel EXCELLENCE Investment Register & Ethibel Pioneer
Financial Times	Europe's Climate Leaders 2022	Europe's Climate Leaders 2021	N/A