NATIONAL BANK
OF GREECE

Pillar III Disclosures on a consolidated basis

March 2022

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1 INTRODUCTION & GENERAL INFORMATION

National Bank of Greece (the "Bank" or "NBG") is a financial institution subject to Greek and EU banking legislation. It was founded in 1841 and operated both as a commercial bank and as the official state currency issuer until 1928, when Bank of Greece was established. NBG has been listed on the Athens Stock Exchange since 1880.

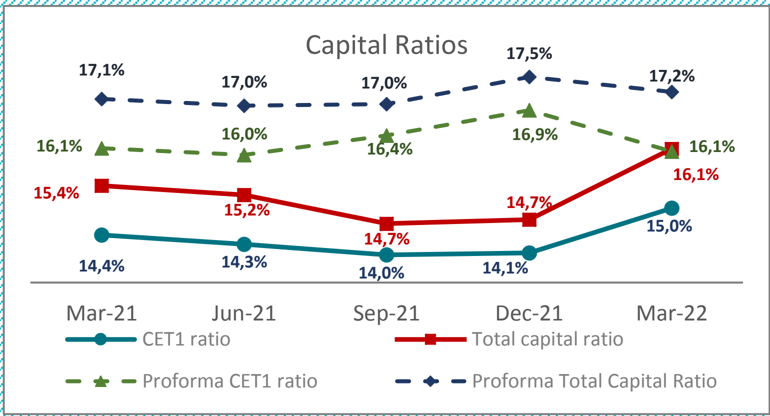
The Bank focuses on complying fully with the regulatory requirements and ensures that these requirements are strictly and consistently met in all countries where NBG Group (the "Group") operates.

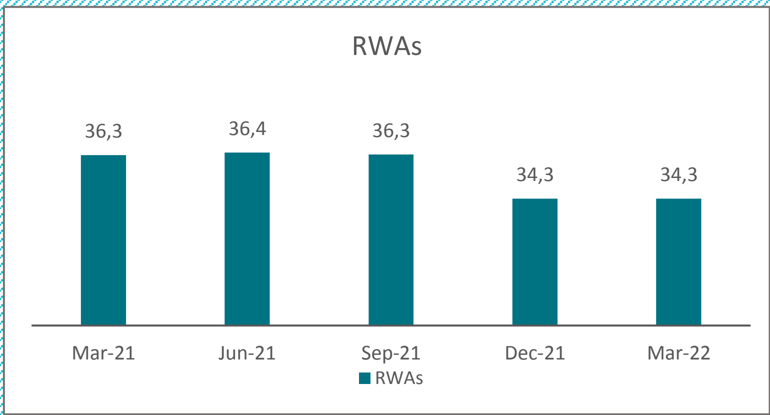
NBG Group offers a wide range of financial services, including retail and corporate banking, asset management, real estate management, financial, investment and insurance services. The Group operates in Greece, the United Kingdom, South-eastern Europe (including Cyprus and Malta) and Egypt.

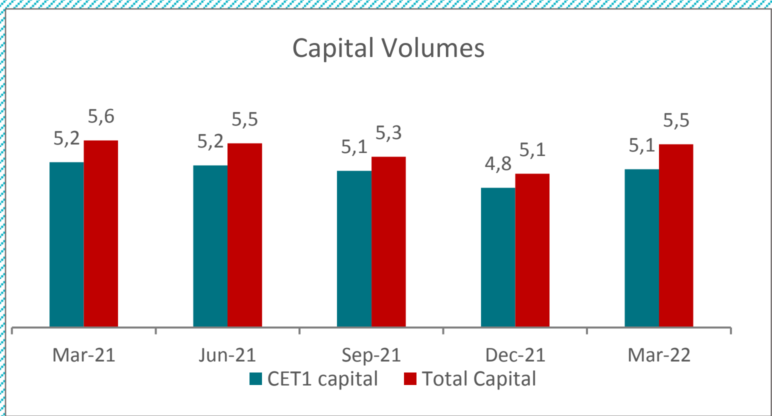
The Bank, as an international organization operating in a rapidly growing and changing environment, acknowledges its Group's exposure to banking risks and the need for these risks to be managed effectively. Risk management forms an integral part of the Group's commitment to pursue sound returns for its shareholders, maintaining the right balance between risks and reward in the Group's day-to-day operations, in its balance sheet and in the Group's capital structure management.

Highlights

- CET1 ratio and Total Capital ratio at 15.0% and 16.1% respectively, increased compared to the respected figures as of December 2021, mainly due to the recognition of YE2021 profits and the NIC completion. Nevertheless, proforma CET1 ratio and Total Capital ratio at 16.1% and 17.2% respectively, dropped qoq mostly due to the IFRS9 transitional arrangements in 2022.







1.1 Pillar III Disclosure Policy

Pillar III complements the minimum regulatory capital requirements (Pillar I) and the Internal Capital and Liquidity Adequacy Assessment Processes (ICAAP/ILAAP, i.e. Pillar II). NBG is committed to publicly disclose information in compliance with EU Regulation 575/2013 of the European Parliament and of the Council, as well as all applicable additional EU Regulations and EBA Guidelines, and to have adequate internal processes and systems in place to meet these disclosure requirements.

The Bank has established a Pillar III Disclosures Policy that describes the scope, the principles and the content of public disclosures under Pillar III. Moreover, the Policy defines the relevant disclosures' governance, including the assessment of the appropriateness of the disclosures, their verification and frequency. Disclosures on a consolidated basis provide (inter alia) information on capital structure, capital adequacy, risk profile, and the processes in place for assessing and managing risks.

The Bank is firmly committed to best practices regarding public disclosures and recognizes that Pillar III provides an additional layer of market information and transparency, hence contributing to financial stability. Additional information for investors and other stakeholders (regarding e.g. the members of the management body, the Corporate Governance Code etc) is to be found in the Bank's website www.nbg.gr.

The objectives of the Pillar III Disclosures are:

- To provide investors and other stakeholders with the appropriate, complete, accurate and timely information that they reasonably need to make investment decisions and informed judgements of NBG Group;
- To foster and facilitate compliance with all applicable legal and regulatory requirements.

The Pillar III Disclosures Policy:

- Formulates the disclosure framework, including frequency, location, monitoring and verification process for disclosures;
- Defines the authorities and responsibilities for the management of the Pillar III process;
- Articulates the principles for identifying information that is material, confidential and proprietary;
- Raises awareness of the Bank's approach to disclosure among the Board of Directors, Senior Management and Employees.

2 REGULATORY FRAMEWORK & RECENT DEVELOPMENTS

2.1 Regulatory Framework

2.1.1 The Main Pillars

Several steps have been made towards the European Banking Union (mandatory for all euro area States). The following are the Banking Union's constituent elements:

A. The ***Single Supervisory Mechanism*** that places the ECB as the central prudential supervisor of financial institutions in the euro area. Since November 2014 NBG Group's supervision is assigned directly to the ECB, as NBG is classified as one of the significant banking groups of the Eurozone;

B. The ***Single Resolution Mechanism ("SRM")*** that implements the EU-wide Bank Recovery and Resolution Directive (BRRD – *see next paragraph*) in the euro area. The centralized decision-making is built around the Single Resolution Board ("SRB") and the relevant National Resolution Authorities;

C. The ***Single Rulebook***, a single set of harmonized prudential rules for institutions throughout the EU. Its three basic legal documents are:

   - **CRD IV:** Directive 2013/36/EU of the European Parliament and Council *"on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms"*, transposed into Greek legislation by virtue of Law 4261/2014;
   - **CRR** (Capital Requirements Regulation): Regulation (EU) No. 575/2013 of the European Parliament and Council *"on prudential requirements for credit institutions and investment firms"*, which is legally binding and directly applicable in all Member States; and
   - **BRRD**: Directive 2014/59/EU of the European Parliament and Council *"establishing a framework for the recovery and resolution of credit institutions and investment firms"*, transposed into Greek legislation by virtue of article 2 of Law 4335/2015.

   These documents are complemented by numerous Implementing Technical Standards (ITS), Regulatory Technical Standards (RTS), Guidelines (GL) and Recommendations issued by the European Banking Authority, which specify particular aspects of the CRD IV, the CRR and the BRRD and aim at ensuring harmonization in specific areas. EBA's Technical Standards have to be endorsed by the European Commission (EC) and become EU Regulations in order to be legally binding and directly applicable in all Member States.
   The CRD IV and the CRR constitute the "Basel III" regulatory framework in the EU.

D. ***Deposit Guarantee Schemes***: Directive 2014/49/EU of the European Parliament and Council "on deposit guarantee schemes" (DGSD), transposed into Greek legislation by virtue of Law 4370/2016. A common European Deposit Insurance Scheme (EDIS) is intended to be a pillar of the Banking Union. The EC put forward a relevant proposal in November 2015. However, a common system for deposit protection has not yet been established. Work has started on a roadmap for beginning political negotiations. In December 2018, the European Council stated that it will establish a High-level working group with a mandate to work on next steps. The High-level group should report back by June 2019. On 8 August 2019, EBA published its opinion on the implementation of the Deposit Guarantee Schemes Directive (DGSD) in the EU. The opinion proposes changes in relation to the current provisions on transfers of DGS contributions between DGSs, DGSs' cooperation with various stakeholders, the current list of exclusions from eligibility, current provisions on eligibility, depositor information, the approach to third country branches' DGS membership, the implications of the recent review of the three European Supervisory Authorities (ESAs), and cross-references to other EU regulations and EU directives. The opinion proposed no changes, for example, to the current coverage level of EUR 100,000, provisions on home-host cooperation, cooperation agreements, or the cooperation between the EBA and the European Systemic Risk Board (ESRB).

2.1.2 EU package of Risk Reduction Measures: CRR2 / CRD5 / BRRD2 / SRMR2

On November 23rd, 2016, the EC presented a comprehensive package of reforms aimed at amending CRR, CRD IV, as well as the BRRD and the SRM. The package, known as "CRR2/CRD5", was submitted to the European Parliament and the Council for their consideration and adoption. The Banking Package includes prudential standards adopted by the Basel Committee on Banking Supervision and by the Financial Stability Board (FSB), while its main objective is to reduce risk in the EU banking system.

The Banking Package comprises two regulations and two directives, relating to:

- bank capital requirements (amendments to regulation 575/2013 and directive 2013/36/EU);
- the recovery and resolution of banks in difficulty (amendments to directive 2014/59/EU and regulation 806/2014).

The Banking Package strengthens bank capital requirements and reduces incentives for excessive risk taking, by including a binding leverage ratio, a binding net stable funding ratio and setting risk sensitive rules for trading in securities and derivatives. In addition, it contains measures to improve banks' lending capacity and facilitate a greater role for banks in the capital markets, such as:

- reducing the administrative burden for smaller and less complex banks, linked in particular to reporting and disclosure requirements;
- enhancing the capacity of banks to lend to SMEs and to fund infrastructure projects.

The banking package also contains a framework for the cooperation and information sharing among various authorities involved in the supervision and resolution of cross-border banking groups.

In 20th May 2019 the relevant legislation 2019/876 was published, and entered into force on 27 June 2019. Furtermore, Greek Law 4799/2021 brought into force Directive (EU) 2019/878 of the European Parliament and of the Council amending Directive 2013/36 / EU as regards excluded entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures, as well as Directive (EU) 2019/879 of the European Parliament and of the Council amending Directive 2014/59/EU on absorption capacity losses and recapitalization of credit institutions and investment firms and Directive 98/26/EC.

This marks a milestone in the completion of the Banking Union, in the finalization of the post-crisis regulatory agenda, and in the implementation of international standards. Building on the existing rules, this set of adopted measures addresses the remaining challenges to financial stability, while strengthening the global competitiveness of the EU banking sector. This package had already made subject of an agreement during the inter-institutional negotiations with the Council of the EU.
The main focus areas of Risk Reduction Measures Package are illustrated below:

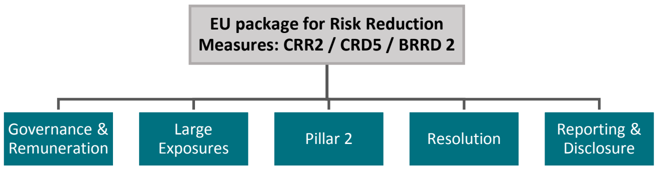


Figure 1: EU package of Risk Reduction Measures

The approved agreement on the package of reforms implements components of the Basel III framework, including the following key aspects:

- Proposal for CRR 2 covers the leverage ratio, the net stable funding ratio, requirements for own funds and eligible liabilities, the Standardized Approach for counterparty credit risk (SA-CCR), market risk and the fundamental review of the trading book (FRTB), exposures to central counterparties, exposures to collective investment undertakings, large exposures, reporting and disclosure requirements, and amends European Market Infrastructure Regulation (EMIR or EU Regulation No 648/2012).
- Proposal for CRD 5 is on exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers, and capital conservation measures.
- Proposal for SRMR 2 is about loss-absorbing and recapitalization capacity for credit institutions and investment firms.
- Proposal for BRRD 2 is on loss-absorbing and recapitalization capacity of credit institutions and investment firms and it amends Directive 98/26/EC, Directive 2002/47/EC, Directive 2012/30/EU, Directive 2011/35/EU, Directive 2005/56/EC, Directive 2004/25/EC, and Directive 2007/36/EC.

However, it excludes the package of Basel reforms that was agreed on 7 December 2017 by the Basel Committee on Banking Supervision (BCBS) often referred to as 'Basel IV'.

On May 19th, 2021 the above proposals on CRD 5 and BBRD 2 were transposed into Greek legislation by virtue of Law 4799/2021 published in Government Gazette 78/A/18.05.2021 amending L.4335/2015.

On January 13th, 2022 the European Central Bank acknowledged that the proposed regulation as regards the prudential treatment of global systemically important institution groups with a multiple point of entry resolution strategy and a methodology for the indirect subscription of instruments eligible for meeting the minimum requirement for own funds and eligible liabilities, consists of technical adjustments with the aim of operationalising substantive legislative decisions implemented by the latest amendments to Directive 2014/59/EU to ensure better alignment between the provisions of Regulation (EU) No 575/2013 and the provisions of the BRRD, following the entry into force of the revised framework on Total Loss-Absorbing Capacity (TLAC) and the minimum requirement for own funds and eligible liabilities and accepted the proposed amendments.

2.2 Recent Regulatory Developments Q1 2022

Supervisory Priorities

On March 24th, 2022 the ECB announced that pandemic collateral easing measures introduced in April 2020 will be gradually phased out in three steps between July 2022 and March 2024 to gradually restore Eurosystem's pre-pandemic risk tolerance and avoid collateral availability cliff effects and stated that it will continue to waive minimum credit quality requirement for GGBs, allowing NCBs to accept them as collateral in line with continued eligibility in PEPP.

On March 2022, the FSB published its 2022 work program which details the FSB's planned work and provides an indicative timeline of main publications for 2022. The FSB's work priorities reflect that financial challenges are global in nature and affect the financial system as a whole. These challenges include digitalisation, climate change and potentially also shifts in the macroeconomic and interest rate environment. The priority areas of work and new initiatives include:

- Supporting international cooperation and coordination on current financial stability issues.
- Enhancing the resilience of the non-bank financial intermediation (NBFI) sector, while preserving its benefits.
- Enhancing cross-border payments.
- Harnessing the benefits of digital innovation while containing its risks.
- Addressing financial risks from climate change.

Macroprudential Framework

On 29th April 2022, the EBA proposed a set of recommendations on the review of the macroprudential framework to simplify the procedures around some of the existing macroprudential tools and to increase harmonisation for others. The EBA's advice includes the following recommendations:

- to rebuild regulatory capital buffers to sufficient levels so that they can be released when needed again in the future;
- to undertake a comprehensive evaluation of the interaction of macroprudential measures with other capital requirements, such as leverage ratio, own funds and eligible liabilities (MREL) requirements;

- to maintain clear roles and responsibilities of the different authorities involved in microprudential and macroprudential policy as well as close coordination between them;
- to include a legal mandate in the Capital Requirements Directive (CRD) to develop methodologies covering both the identification of other systemically important institutions (O-SIIs) and the setting of buffer rates;
- to simplify the text of the CRD and the Capital Requirements Regulation (CRR) around governance procedures for some macroprudential measures;
- to perform further assessments on the ability of current macroprudential tools to address environmental, crypto assets and cyber security risks;
- to establish an oversight and monitoring system for non-bank lenders and enlarge the scope of the macroprudential framework to cover non-bank lenders.

Credit Risk

In April 2022, the EBA launched a survey for banks on their experiences with the application of the so-called infrastructure supporting factor in accordance with the Capital Requirement Regulation (CRR 2). Besides assessing the application of the supporting factor, the survey aims at providing valuable information on the materiality of infrastructure project loans across EU banks, irrespective of whether credit institutions specialise in infrastructure lending or not. Article 501a of the CRR 2 introduces a reduction by 25% of the own fund requirements for specific corporate exposures, the so-called infrastructure supporting factor. The eligible exposures must be to entities that were created specifically to finance or operate physical structures or facilities, systems and networks that provide or support essential public services. They must also meet additional conditions, which imply a certain minimum level of quality or maximum riskiness of the exposures. The original intention of CRR 2 was to have the supporting factor in place from 28 June 2021. However, in response to the COVID-19 pandemic, the application was frontloaded to 27 June 2020 in the so-called "quick-fix" CRR package.

Reporting & Disclosure

The EBA works on harmonizing and improving the reporting framework since its inception in 2011 with the first reporting framework to be published in 2013. Since then, the EBA reporting framework has evolved over the years with its latest release to have been published on 10 March 2022 (reporting framework 3.2, phase 1). The phase 2 and 3 of the same framework will be published in Q2 and Q3 of this year.

The EBA has also published an updated tool, which specifies the mapping between quantitative disclosure data points and the relevant supervisory reporting data points. This tool aims at facilitating institutions' compliance with disclosure requirements and improving the consistency and quality of the information disclosed. The updated mapping tool applies to the reporting framework 3.2 and the ITS on institutions' Pillar 3 public disclosures.

Capital

The Single Resolution Mechanism, following ECB's decision to not extend capital and leverage relief (Feb. 2022), stated that final MREL targets will be re-calibrated in the 2022 resolution planning cycle based on the leverage amount, including the central bank exposures temporarily excluded on the basis of the relief measure, to ensure adjustment of the MREL before the compliance date of 1 January 2024. In the meantime, the SRB will compute, where relevant, notional final MREL targets based on institutions' leverage amount including the central bank exposures.

Banks can make full use of their capital buffers or their P2G until the end of 2022. By 1 January 2023, as communicated by the ECB, banks are expected to be operating above the level of their P2G.

Own Funds and Eligible Liabilities

On April 2022, the EBA published an Opinion on the amendments proposed by the European Commission to the EBA final draft Regulatory Technical Standards (RTS), expressing its disagreement with two substantive changes proposed by the Commission and agrees with the other amendments, which are considered non-substantive. The European Commission's version of the RTS, compared to the final draft RTS submitted by the EBA in May 2021, includes two substantive changes related to: i) the provisions covering the notions of direct and indirect funding and ii) the prior permission process for certain types of liquidation entities.

Concerning the notions of direct and indirect funding, the EBA considers that the RTS already contain, from a supervisory perspective, the necessary principles or tools needed for capturing all cases of direct or indirect funding without any additional description. Further, the EBA considers that its final draft RTS designed a prior permission regime proportionate to the goals of the regulation and is of the opinion that no change is warranted.

Securitisations

On April 14th 2022, the EBA published its final draft Regulatory Technical Standards (RTS) specifying the requirements for originators, sponsors and original lenders related to risk retention as laid down in the Securitisation Regulation and as amended by the Capital Markets Recovery Package (CMRP), in order to provide clarity on the risk retention requirements ensuring a better alignment of interests and reducing the risk of moral hazard, thus contributing further to the development of a sound, safe and robust securitisation market in the EU. In specific, the minimum retention requirement of 5% of the material net economic interest in the securitisation is essential to ensure that the sell-side parties have "skin in the game" addressing the fundamental issue of the possible misalignment of interest between the originators, sponsors and original lenders and investors. The modifications due to the CMRP focus on the modalities of risk retention in non-performing exposure (NPE) securitisations and the impact of fees payable to retainers on the risk retention requirement. These changes aim to facilitate the securitisation of non-performing exposures and are part of EBA's broader work on supporting the functioning of the secondary markets for NPE. In addition, the RTS provide further clarity on the application of the risk retention requirement to resecuritisations, as well as the treatment of synthetic excess spread as a possible form of compliance.

On May 2nd 2022, the European Supervisory Authorities (EBA, EIOPA and ESMA) published a Consultation Paper seeking input on draft Regulatory Technical Standards (RTS) on the content, methodologies and presentation of information in respect of the sustainability indicators for Simple, Transparent and Standardised (STS) securitisations, aiming to facilitate disclosure by the originators of the principal adverse impacts of assets financed by STS securitisations on environmental, social and governance-related factors, supplement the single rulebook under the Securitisation Regulation as amended by the Capital Markets Recovery Package (CMRP), and draw upon the ESAs' work in respect of sustainability-related disclosures in the financial services under the Sustainable Finance Disclosure Regulation (SFRD).

On May 3rd 2022, the EBA published its final draft Implementing Technical Standards (ITS) to amend the Implementing Regulation on the mapping of credit assessments of External Credit Assessment Institutions (ECAIs) for securitisation positions. The changes reflect the relevant amendments introduced by the new Securitisation Framework, as well as the mappings for three ECAIs that extended their credit assessments to cover securitisations. The Implementing Regulation is part of the EU Single Rulebook for banking aimed at creating a safe and sound regulatory framework consistently applicable across the European Union (EU). The amendments to the Capital Requirements Regulation (CRR) brought in by the new Securitisation Framework have made it necessary to update the mapping tables of ECAIs credit assessments for securitisation positions. Following the amendments to Chapter 5 of the CRR, a hierarchy of approaches was set out to calculate capital requirements for positions in a securitisation, whereby institutions using the Securitisation External Ratings Based Approach (SEC-ERBA) shall calculate risk-weighted exposure amounts based on credit quality steps (CQSs) set out in the CRR. The amended Regulation reflects 18 CQSs for long-term external credit assessments, which ensures enhanced granularity and risk sensitivity with respect to the approaches previously considered in the Regulation. The EBA also published individual draft mapping reports illustrating how the methodology was applied to produce the mappings.

Market Risk

In March 2022, the EBA published its final draft Regulatory Technical Standards (RTS) on probabilities of default (PDs) and losses given default (LGDs) for default risk model for institutions using the new Internal Model Approach (IMA) under the Fundamental Review of the Trading Book (FRTB). Institutions using the IMA to compute own funds requirements for market risk are required to compute additional own funds requirement using an internal default risk model for their positions in traded debt and equity instruments included in IMA trading desks. These draft RTS clarify the requirements to be met for estimating PDs and LGDs under the default risk model. The draft RTS specify that an internal methodology used to calculate PDs and LGDs under the default risk model should meet all requirements applicable to the corresponding Internal ratings-based (IRB) approach. In addition, the draft RTS include the possibility for institutions to produce conservative 'fallback' PD and LGD values to be used only where needed. Finally, these RTS specify the requirements that external sources are to fulfil for their use under the default risk model, ensuring that the methodology employed to derive the PDs and LGDs from these sources is conceptually sound.

On March 2022, the European Securities and Markets Authority (ESMA) announced a series of updates in relation to the recognition of central counterparties established in third countries (TC-CCPs) under EMIR (Regulation (EU) 648/2012). The updates include the review of recognitions of TC-CCPs that were already previously recognised, the conclusion of revised Memoranda of Understanding (MoUs) with relevant third country authorities, as well as the first-time recognition of the National Securities Clearing Corporation (NSCC).

Benchmarking Exercise

On March 23rd 2022, the EBA published an updated list of institutions, which have a reporting obligation for the purpose of the 2022 EU supervisory benchmarking exercise. The EBA will be conducting the 2022 benchmarking exercise on a sample of 115 banks from 16 countries across the EU and the European Economic Area. The EBA runs this exercise leveraging on established data collection procedures and formats of regular supervisory reporting and assists Competent Authorities in assessing the quality of internal approaches used to calculate risk weighted exposure amounts. Concerning the Greek banks, NBG as well as Alpha Services and Holdings and Eurobank Ergasias Services and Holdings are included in the sample.

Further on, in May 2022, the EBA published an update to its Implementing Technical Standards (ITS) which specify the data collection for the supervisory benchmarking exercise of 2023 in relation to the internal approaches used in market and credit risk and IFRS9 accounting, which include all benchmarking portfolios and metrics that will be used for the 2023 exercise. The exercise covers approved internal ratings-based (IRB) approaches used for own funds requirements calculation of credit and market risk, as well as internal models used for IFRS9. For market risk, in order to keep the exercise informative, the data collection is extended to include the collection of new instruments and portfolios, in particular those recently applied by the industry. These new instruments are also accompanied by a more logical use of instruments references numbering in Annex V. For credit risk minor changes were made to the benchmark portfolios and no changes to the data fields for reporting purposes. Minor clarifications are provided in the instructions in Annex IV on how to deal with changes in the definition of default. No changes have been made to the IFRS 9 templates.

Country Equivalence

In February 2022, the EBA updated the questionnaires used for the assessment of regulatory and supervisory frameworks of third countries, to reflect certain provisions recently introduced by the revised prudential regulation in the EU. The methodology used for this type of assessment provides an initial screening, focusing on the most relevant requirements and principles and identifying similar laws in place, and allows for a granular and more detailed investigation of third country frameworks by identifying and mapping similar rules and provisions to the CRR and analyzing the divergences.

ESG Risks

In February 2022, the European Securities and Markets Authority (ESMA) published a Call for Evidence on Environmental, Social and Governance (ESG) ratings, in order to gather information on the market structure for ESG rating providers in the European Union (EU) and to develop a picture of the size, structure, resourcing, revenues and product offerings of the different ESG rating providers operating in the EU. The ESMA also published an article assessing the implementation of its Guidelines on the disclosure of environmental, social, and governance (ESG) factors in credit rating agency (CRA) press releases, concluding that the overall level of disclosures has increased since the introduction of the Guidelines, but that a high level of divergence across CRAs means there is still room for further improvement. ESMA, to support the EU's efforts in improving the financial sector's resilience and contribution to sustainability, has started developing a climate risk stress testing framework tailored to the specificities of CCPs. The call for evidence seeks stakeholders' views on:

- a proposed classification of climate risks relevant to CCPs;
- the methodology to build an EU-wide climate risk stress testing framework for CCPs;
- how to best calibrate this stress test; and
- the current development of climate risk assessments by CCPs.

In April 2022, the EC launched a targeted consultation on environmental, social, and governance (ESG) ratings and sustainability factors in credit ratings following the renewed sustainable finance strategy adopted in July 2021. Both credit ratings and ESG ratings are opinions provided by specialised entities and used by financial institutions and professional investors. ESG ratings generally assess the impact of environmental, social, and governance factors on a company and a company's impact on the outside world. Credit ratings assess the creditworthiness of companies or financial instruments by providing an opinion on the risk of default of a company. This consultation will provide a better insight on the functioning of the market for ESG ratings, as well as better understand how credit rating agencies (CRAs) incorporate ESG risks in their creditworthiness assessment.

On May 2nd, 2022, the European Commission published a Discussion Paper on the role of environmental risks in the prudential framework for credit institutions and investment firms, to explore whether and how environmental risks are to be incorporated into the Pillar 1 prudential framework. It launched the discussion on the potential incorporation of a forward-looking perspective in the prudential framework and stressed the importance of collecting relevant and reliable information on environmental risks and their impact on institutions' financial losses. Environmental risks are changing the risk picture for the financial sector and will become even more prominent going forward, affecting all traditional risk categories, such as credit, market and operational risks. While the Discussion Paper focuses on Pillar 1 own funds requirements, it highlights the need for a holistic regulatory approach and should be seen as part of the EBA's broader work in the area of ESG risks, which includes transparency, risk management, Pillar 2 supervision and macroprudential capital buffers. The Paper also highlights interlinkages with the accounting framework.

ESG Disclosures

Following a public consultation period initiated in March 2021, the EBA published on 24 January 2022 binding standards on Pillar 3 disclosures on ESG risks**.** The final draft ITS put forward comparable disclosures to show how climate change may exacerbate other risks within institutions' balance sheets, how institutions are mitigating those risks, and their ratios, including the GAR, on exposures financing taxonomy-aligned activities, such as those consistent with the Paris agreement goals. Disclosure of information on ESG risks is a vital tool to promote market discipline, allowing stakeholders to assess banks' ESG related risks and sustainable finance strategy. The EBA ESG Pillar 3 package will help to address shortcomings of institutions' current ESG disclosures at EU level by setting mandatory and consistent disclosure requirements, including granular templates, tables and associated instructions. It will also help establish best practices at an international level. In line with the requirements laid down in the Capital Requirements Regulation (CRR), the draft ITS set out comparable quantitative disclosures on climate-change related transition and physical risks, including information on exposures towards carbon related assets and assets subject to chronic and acute climate change events. They also include quantitative disclosures on institutions' mitigating actions supporting their counterparties in the transition to a carbon neutral economy and in the adaptation to climate change. In addition, they include KPIs on institutions' assets financing activities that are environmentally sustainable according to the EU taxonomy (GAR and BTAR), such as those consistent with the European Green Deal and the Paris agreement goals. Finally, the final draft ITS provide qualitative information on how institutions are embedding ESG considerations in their governance, business model, strategy and risk management framework. The EBA has integrated proportionality measures that should facilitate institutions' disclosures, including transitional periods and the use of estimates. The first partial disclosure will take place in 2023 for the disclosure reference date as of the end of December 2022 and will contain only but a part of the information required due to the phase-in of the guidelines.

3 REGULATORY OWN FUNDS & PRUDENTIAL REQUIREMENTS

3.1 Key metrics

The following table presents an overview of Group's prudential regulatory metrics.

Table 1: EU KM1 – Key metrics template

€ mio

	Key Metrics	Q1 22	Q1 22*	Q4 21	Q4 21*	Q3 21	Q2 21	Q1 21
	Available own funds (amounts)							
1	Common Equity Tier 1 (CET1) capital	5,126	5,522	4,833	5,853	5,102	5,191	5,240
2	Tier 1 capital	5,126	5,522	4,833	5,853	5,102	5,191	5,240
3	Total capital	5,525	5,921	5,057	6,077	5,326	5,540	5,589
	Risk-weighted exposure amounts							
4	Total risk-weighted exposure amounts	34,287	34,377	34,326	34,708	36,346	36,433	36,322
	Capital ratios (as a percentage of risk-weighted exposure amount)							
5	Common Equity Tier 1 ratio (%)	14,95%	16,06%	14,08%	16,86%	14.04%	14.25%	14.43%
6	Tier 1 ratio (%)	14,95%	16,06%	14,08%	16,86%	14.04%	14.25%	14.43%
7	Total capital ratio (%)	16,11%	17,22%	14,73%	17,51%	14.65%	15.21%	15.39%
	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%	3,00%	3,00%	3,00%
EU 7b	*of which: to be made up of CET1 capital (percentage points)*	1,69%	1,69%	1,69%	1,69%	1,69%	1,69%	1,69%
EU 7c	*of which: to be made up of Tier 1 capital (percentage points)*	2,25%	2,25%	2,25%	2,25%	2,25%	2,25%	2,25%
EU 7d	Total SREP own funds requirements (%)	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%	11,00%
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)							
8	Capital conservation buffer (%)	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%	2,50%
EU 10a	Other Systemically Important Institution buffer	0,75%	0,75%	0,50%	0,50%	0,50%	0,50%	0,50%
11	Combined buffer requirement (%)	3,25%	3,25%	3,00%	3,00%	3,00%	3,00%	3,00%
EU 11a	Overall capital requirements (%)	14,25%	14,25%	14,00%	14,00%	14,00%	14,00%	14,00%
12	CET1 available after meeting the total SREP own funds requirements (%)	5,11%	6,22%	3,73%	6,51%	3,65%	4,21%	4,39%
	Leverage Ratio							
13	Total exposure measure	79,618	79,654	79,766	79,919	78,047	80,246	73,354
14	Leverage ratio (%)	6,44%	6,93%	6,06%	7,32%	6,54%	6,47%	7.14%
	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%	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%	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%
	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%	0,00%	0,00%
EU 14e	Overall leverage ratio requirements (%)	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%	3,00%
	Liquidity Coverage Ratio							
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	21,999	21,999	21,203	21,203	19,960	18,511	16,909
16	Total net cash outflows (adjusted value)	8,648	8,648	8,389	8,389	8,089	7,910	7,846
17	Liquidity coverage ratio (%)	254.69%	254.69%	252.85%	252.85%	246.46%	234.03%	215.50%
	Net Stable Funding Ratio[1]							
18	Total available stable funding	61,896	61,896	61,572	61,572	61,033	60,685	59,223
19	Total required stable funding	45,528	45,528	45,746	45,746	45,117	45,235	48,232
20	NSFR ratio (%)	135.95%	135.95%	134.59%	134.59%	135.28%	134.16%	122.79%

1 NSFR calculation since Q2 2021 is updated as per CRR2 (effective from 30 June 2021).
** including profit for the period*

3.2 Structure of own funds

Regulatory capital, according to CRR rules falls into two categories: Tier 1 and Tier 2 capital. Tier 1 capital is further divided into Common Equity Tier 1 (CET1) capital and Additional Tier 1 capital.
CET1 capital includes the Bank's ordinary shareholders' equity, share premium, reserves and retained earnings and minority interest allowed in consolidated CET1.
The following items are deducted from the above:

- positive or negative adjustments in the fair value of financial derivatives used for cash flow hedging;
- fair value gains and losses arising from the institution's own credit risk related to derivative liabilities;
- prudent valuation adjustment calculated according to article 105 of Regulation (EU) No 575/2013;
- goodwill and intangibles;
- deferred tax assets not arising from temporary differences;
- deferred tax assets arising from temporary differences; and significant investments that exceed 10%/17.65% of CET1 filter.

Tier 2 capital includes the issuance of a Tier 2 note, totalling €399 million.

NBG Group's regulatory capital structure is presented in the following table. In Q1 2022 CET1 and Total Capital increased to €5,126 million and €5,525 million respectively, mainly due to the recognition of the YE2021 profits in Q1.2022 and the NIC completion, partially counterbalanced by the IFRS9 transitional arrangements for 2022.

Table 2: Own Funds Structure

Group's Own Funds Structure *(€ mio)*	*Q1 22*	*Q1 22**	*Q4 21*	*Q4 21**
Shareholders' Equity per balance sheet	**5,815**	**5,815**	5,750	5,750
Non-controlling interests	**11**	**11**	10	10
Non-controlling interests per balance sheet	*21*	*21*	*21*	*21*
Non-controlling interests not recognized in CET1	*(10)*	*(10)*	*(11)*	*(11)*
Regulatory Adjustments	**(83)**	**277**	(183)	684
Profit for the period	(360)		(867)	
IFRS9 transitional arrangements	*368*	*368*	*735*	*735*
Own credit risk	*(62)*	*(62)*	*(39)*	*(39)*
Prudent valuation adjustment	*(10)*	*(10)*	*(11)*	*(11)*
Cash flow hedging reserve	*0*	*0*	*19*	*19*
Other	*(19)*	*(19)*	*(20)*	*(20)*
Deductions	**(617)**	**(581)**	(744)	(591)
Goodwill and intangibles	*(250)*	*(250)*	*(228)*	*(228)*
Significant Investments	*0*	*0*	*(78)*	*(45)*
Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)	*(1)*	*(1)*	*(3)*	*(3)*
Deferred tax assets that rely on future profitability and arise from temporary differences	*(366)*	*(330)*	*(435)*	*(315)*
Common Equity Tier 1 Capital (CET1)	**5,126**	**5,522**	4,833	5,853
Additional Tier 1 Capital (AT1)	**0**	**0**	0	0
Total Tier 1 Capital	**5,126**	**5,522**	4,833	5,853
Capital instruments and subordinated loans eligible as Tier 2 Capital	**399**	**399**	399	399
Deductions	**0**	**0**	(175)	(175)
Subordinated loans of financial sector entities where the institution has a sign. Inv. in those entities	*0*	*0*	*(175)*	*(175)*
Tier 2 Capital	**399**	**399**	224	224
Total Regulatory Capital	**5,525**	**5,921**	5,057	6,077

** including profit for the period*

3.3 IFRS 9 impact on own funds

On 12 December 2017 the European Parliament and the Council of the European Union adopted Regulation (EU) 2017/2395 (the "Regulation"), which amended Regulation 575/2013 with Article 473a, allowing credit institutions to gradually apply the impact of the application of IFRS 9 to own funds.

In particular, upon adoption of IFRS 9, credit institutions are allowed to include in the Common Equity Tier 1 capital (CET1), a portion of the increased ECL provisions over a 5-year transitional period starting in 2018. The portion of ECL provisions that can be included in CET1 should decrease over time down to zero to ensure the full implementation of IFRS 9, after the end of the transitional period.

In addition, in accordance with paragraph (4) of the Regulation, if the ECL provisions for Stages 1 and 2 incurred after the first adoption of IFRS 9 are increased, credit institutions are allowed to include the increase in the transitional arrangements.

The percentages of recognition in CET1 of the increased ECL provisions during the 5-year transition period are as follows:

- 0.95 during the period from 01/01/2018-31/12/2018
- 0.85 during the period from 01/01/2019-31/12/2019
- 0.70 during the period from 01/01/2020-31/12/2020
- 0.50 during the period from 01/01/2021-31/12/2021
- 0.25 during the period from 01/01/2022-31/12/2022

The Group has decided to apply the transitional arrangements set out in Article 1 of the aforementioned Regulation, including the provisions of paragraph (4), during the transitional period.

According to the amendments of IFRS9 transitional arrangements due to CRR II "quickfix", transitional period is extended in order to mitigate the impact on own funds from the potential sudden increase in ECL allowance. More specifically, the reference date for any increase in ECL allowance (the "dynamic component"), is moved to 1 January 2020 and the CET1 add-back percentages for the new ECL provisions recognized in 2020 are set to:

- 1.00 during the period from 01/01/2020 – 31/12/2021
- 0.75 during the period from 01/01/2022 – 31/12/2022
- 0.50 during the period from 01/01/2023 – 31/12/2023
- 0.25 during the period from 01/01/2024 – 31/12/2024.

Furthermore, the calculation of the RWAs according to the reduction of the ECL provisions by the scaling factor (sf) is replaced by the application of a standard risk weight of 100% to the amounts added back to CET1 capital.

The table below presents a comparison of own funds, capital ratios and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs.

Table 3: IFRS 9 impact

Comparison of own funds, capital ratios and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

€ mio

	Q1 22	Q1 22*	Q4 21	Q4 21*	Q3 21	Q2 21	Q1 21
Available capital (amounts)							
Common Equity Tier 1 (CET1) capital	5,126	5,522	4,833	5,853	5,102[1]	5,191[2]	5,240[3]
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,758	5,154	4,098	5,118	4,229[1]	4,312[2]	4,387[3]
Tier 1 capital	5,126	5,522	4,833	5,853	5,102	5,191	5,240
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	4,758	5,154	4,098	5,118	4,229	4,312	4,387
Total capital	5,525	5,921	5,057	6,077	5,326[1]	5,540[2]	5,589[3]
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,157	5,553	4,322	5,342	4,453[1]	4,661[2]	4,735[3]
Risk-weighted assets (amounts)							
Total risk-weighted assets	34,287	34,377	34,326	34,708	36,346	36,433	36,322
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	34,121	34,211	33,995	34,377	35,877	35,958	35,875
Capital ratios							
Common Equity Tier 1 (as percentage of risk exposure amount)	14,95%	16,06%	14.08%	16.86%	14.04%[1]	14.25%[2]	14.43%[3]
Common Equity Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,95%	15,07%	12.06%	14.89%	11.79%[1]	11.99%[2]	12.23%[3]
Tier 1 (as percentage of risk exposure amount)	14,95%	16,06%	14.08%	16.86%	14.04%	14.25%	14.43%
Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	13,95%	15,07%	12.06%	14.89%	11.79%	11.99%	12.23%
Total capital (as percentage of risk exposure amount)	16,11%	17,22%	14.73%	17.51%	14.65%[1]	15.21%[2]	15.39%[3]
Total capital (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15,11%	16,23%	12.71%	15.54%	12.41%[1]	12.96%[2]	13.20%[3]
Leverage ratio							
Leverage ratio total exposure measure	79,618	79,654	79,766	79,919	78,047	80,246	73,354
Leverage ratio	6,44%	6,93%	6.06%	7.32%	6.54%	6.47%	7.14%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,99%	6,48%	5.16%	6.43%	5.45%	5.41%	6.02%

** Including profits for the period*

1 including profits for the period, CET1 capital and Total Capital are 6,005mio and 6,229mio respectively, resulting to CET1 and Total Capital ratios of 16.37% and 16.98% respectively. Moreover, without the application of IFRS 9 or analogous ECLs transitional arrangements, CET1 and Total Capital stand at 5,132mio and 5,356mio respectively, resulting to 14.17% and 14.79% CET1 and Total Capital ratios.

2 including profits for the period, CET1 capital and Total Capital are 5,868mio and 6,217mio respectively, resulting to CET1 and Total Capital ratios of 15.99% and 16.95% respectively. Moreover, without the application of IFRS 9 or analogous ECLs transitional arrangements, CET1 and Total Capital stand at 4,989mio and 5,338mio respectively, resulting to 13.78% and 14.74% CET1 and Total Capital ratios.

3 including profits for the period, CET1 capital and Total Capital are 5,895mio and 6,244mio respectively, resulting to CET1 and Total Capital ratios of 16.12% and 17.08% respectively. Moreover, without the application of IFRS 9 or analogous ECLs transitional arrangements, CET1 and Total Capital stand at 5,042mio and 5,391mio respectively, resulting to 13.96% and 14.92% CET1 and Total Capital ratios.

3.4 Capital requirements under Pillar I

The next table presents the risk exposure amounts (or Risk Weighted Assets - RWAs) and the capital requirements at Group level under Pillar I as of 31.12.2021 and 30.09.2021, according to the CRR/CRD IV regulatory framework. The capital requirements under Pillar I are equal to 8% of the risk exposure amounts.

Total RWAs are broken down in 85.9% Credit (including Counterparty Credit Risk), 5.9% Market and 8.2% Operational RWAs, respectively.

On a quarterly basis total RWAs (€34.3Bn, proforma €34.4Bn) slightly decreased by €0.4Bn. Concerning Credit RWAs, decrease by €0.5Bn in Equities portfolio stems mainly from NIC completion, partially counterbalanced by increase in FIs portfolio due to bonds acquisition. Market Risk RWAs increased by €0.15Bn stemming from Internal Model (VaR).

Table 4: EU OV1 - Overview of RWAs

	Overview of RWAs	RWAs		Minimum Capital Requirements
		31.03.22	31.12.21	31.03.22
1	**Credit risk (excluding CCR)**	**29,076**	**29,249**	**2,326**
2	*Of which the standardised approach*	29,076	29,249	2,326
3	*Of which the foundation IRB (FIRB) approach*			
4	*Of which: slotting approach*			
EU 4a	*Of which: equities under the simple riskweighted approach*			
5	*Of which the advanced IRB (AIRB) approach*			
6	**Counterparty credit risk – CCR**	**503**	**528**	**40**
7	*Of which the standardised approach*	278	292	22
8	*Of which internal model method (IMM)*	0	0	0
EU 8a	*Of which exposures to a CCP*	8	9	1
EU 8b	*Of which credit valuation adjustment-CVA*	212	207	17
9	*Of which other CCR*	6	20	0
15	**Settlement risk**	**0**	**0**	
16	**Securitisation exposures in the non-trading book (after the cap)**	**73**	**73**	**6**
17	*Of which SEC-IRBA approach*			
18	*Of which SEC-ERBA (including IAA)*			
19	*Of which SEC-SA approach*	73	73	6
EU 19a	*Of which 1250%/ deduction*			
20	**Position, foreign exchange and commodities risks (Market risk)**	**1,808**	**1,650**	**145**
21	*Of which the standardised approach*	531	498	42
22	*Of which IMA*	1,278	1,152	102
EU 22a	**Large exposures**			
23	**Operational risk**	**2,826**	**2,826**	**226**
EU 23a	*Of which basic indicator approach*			
EU 23b	*Of which standardised approach*	2,826	2,826	226
EU 23c	*Of which advanced measurement approach*			
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	**1,341**	**1,544**	**107**
29	**Total**	**34,287**	**34,326**	**2,743**

3.5 Leverage Ratio

Leverage ratio is calculated in accordance with the methodology set out in article 429 of the regulation (EU) No 575/2013 of the European Parliament and of the Council, as amended by European Commission delegated Regulation 62/2015 of 10 October 2014. It is defined as an institution's capital measure divided by that institution's total leverage exposure measure and is expressed as a percentage. The Group submits to the competent authority the leverage ratio on a quarterly basis. The following table includes the summary of the Group's leverage ratio with reference dates 31.03.2022 and 31.12.2021 (amounts in € mio):

Table 5: Leverage ratio

Leverage Ratio	Q1 22	Q1 22*	Q4 21	Q4 21*
Tier I	5,126	5,522	4,833	5,853
Total Exposure Measure	79,618	79,654	79,766	79,919
Leverage Ratio	**6.44%**	**6.93%**	**6.06%**	**7.32%**

** including profit for the period*

As of 31 March 2022, Group leverage ratio, according to the transitional definition of Tier I and the EU Regulation 62/2015, slighty increased to 6.44% (vs 6.06% as of 31 December 2021) exceeding the proposed minimum threshold of 3% driven by Tier I capital increase by €0.3Bn qoq mainly due to the recognition of the YE2021 profits in Q1.2022 and the NIC completion, partially counterbalanced by the IFRS9 transitional arrangements for 2022. Moreover, slight decrease by €0.15Bn qoq was encountered to total leverage exposures.

Respectively, proforma Group leverage ratio, has dropped to 6.93% (vs 7.32% as of 31 December 2021) due to proforma Tier I capital reduction by €0.33Bn qoq as a result of IFRS9 transitional arrangements for 2022 along with total leverage exposures drop by €0.26Bn.

4 MARKET RISK

The Market Risk RWAs, based on the Internal Model Approach (IMA), icreased by 11% in Q1.2022, due to the higher VaR/sVaR multiplier. More specifically, the surge in volatility, that started in late 2021 and continued in 2022, triggered by inflation pressures and the reshaping of the yield curves, resulted in an additional clustering of over-shootings in the back-testing process during the 1st quarter of the year, which in turn led to the increase of the capital multiplier (from 3.5 to 4.0), as well as of the IMA RWAs.

Table 6: EU MR2-B – RWA flow statements of market risk exposures under the IMA (€ mio) 31.03.2022

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	**RWAs as of December 31, 2021**	**248**	**904**				**1,152**	**92**
1a	*Regulatory adjustment*	*150*	*669*				*819*	*66*
1b	*RWAs at the previous quarter-end (end of the day)*	*98*	*235*				*333*	*27*
2	Movement in risk levels	(17)	(10)					
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other	12	5					
8a	*RWAs at the end of the reporting period (end of the day)*	*93*	*250*				*343*	*27*
8b	*Regulatory adjustment*	*239*	*695*				*934*	*75*
8	**RWAs as of March 31, 2022**	**332**	**945**				**1,278**	**102**

***Table 6: EU MR2-B** – RWA flow statements of market risk exposures under the IMA (€ mio) 31.12.2021*

		VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	**RWAs as of September 30, 2021**	**245**	**745**				**990**	**79**
1a	*Regulatory adjustment*	*184*	*483*				*666*	*53*
1b	*RWAs at the previous quarter-end (end of the day)*	*61*	*262*				*324*	*26*
2	Movement in risk levels	41	(34)					
3	Model updates/changes							
4	Methodology and policy							
5	Acquisitions and disposals							
6	Foreign exchange movements							
7	Other	(4)	6					
8a	*RWAs at the end of the reporting period (end of the day)*	*98*	*235*				*333*	*27*
8b	*Regulatory adjustment*	*150*	*669*				*819*	*66*
8	**RWAs as of December 31, 2021**	**248**	**904**				**1,152**	**92**

5 LIQUIDITY RISK

Liquidity Risk is defined as the risk arising from the institution's inability to meet its liabilities when they come due without incurring unacceptable losses.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayments (term liquidity risk) or unexpectedly high outflows (withdrawal/call risk). Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets at appropriate maturities and rates, and the risk of being unable to liquidate a position in a timely manner and on reasonable terms.

The Bank's executive and senior management has the responsibility to implement the liquidity risk strategy approved by the Board Risk Committee (BRC) and to develop the policies, methodologies and procedures for identifying, measuring, monitoring and controlling liquidity risk, consistent with the nature and complexity of the relevant activities. The Bank's executive and senior management is informed about current liquidity risk exposures, on a daily basis, ensuring that the Group's liquidity risk profile stays within the approved levels.

In addition, top management receives, on a daily basis, a liquidity report which presents a detailed analysis of the Group's funding sources, the liquidity buffer, the cost of funding and other liquidity metrics related to the Risk Appetite Framework (RAF), the Recovery Plan (RP) and the Contingency Funding Plan. Moreover, the Asset Liability Committee (ALCO) monitors the gap in maturities between assets and liabilities, as well as the Bank's funding requirements, based on various assumptions, including conditions that might have an adverse impact on the Bank's ability to liquidate investments and trading positions and its ability to access the capital markets.

Since liquidity risk management seeks to ensure that the respective risk of the Group is measured properly and is maintained within acceptable levels then, even under adverse conditions, the Group must have access to funds necessary to cover customer needs, maturing liabilities and other capital needs, while simultaneously maintaining the appropriate liquidity buffer to ensure the above.

Liquidity Developments in Q1 2022

During the first quarter of 2022, NBG's liquidity position remained robust despite the prolonged geopolitical uncertainty and the increasing inflationary pressures.

Moreover, LCR and NSFR, as well as the Bank's liquidity buffer continue to stand at the highest historical levels, while cost of funding has remained stable to below zero, the lowest historical cost.

Sources of liquidity

The Bank's principal sources of liquidity are its deposit base, Eurosystem funding currently via the TLTROs with ECB, repurchase agreements (repos) with major FIs and wholesale funding through the placement of the senior unsecured issuance, as well as the Tier II notes. ECB funding and repos with FIs are collateralized by high quality liquid assets, such as EU sovereign bonds, Greek government bonds and T-Bills, as well as by other assets, such as highly rated corporate loans and covered bonds issued by the Bank.

Following a remarkable year for the Bank's liquidity in 2021, the Bank's liquidity profile remained strong during the first quarter of 2022. On 31 March 2022, the Bank's customer deposits stood at €51.6 billion which constitutes a 10% increase compared to 31 March 2021, and the most stable deposit class, the savings deposits increased by €3.9 billion during the same period.

Additionally, both the LCR and the NSFR further improved during the first quarter of 2022. More specifically, the Bank's LCR remained significantly above the regulatory and internal limits, and on 31 March 2022 stood at 241.8% (Group 255.4%). Moreover, the Bank's NSFR reached its highest historical level on 31 March 2022 of 133.7% (Group 136%).

In addition, NBG's secured interbank transactions amounted to €1 billion, on 31 March 2022. Furthermore, NBG continued to benefit from ECB's temporary liquidity measures and the Bank's participation to the favourable ECB Funding remained at €11.6 billion, consisting exclusively of TLTROs. Loan-to-Deposit ratio stood at 56.0% and 57.2% as of 31 March 2022, on a domestic (Greece) and on a Group level, respectively.

The Bank's funding cost stood at the historically low level of -2 bps as of 31 March 2022 in line with the increase of low-cost savings deposits, as well as the favorable terms of the TLTROs.

Finally, the Bank's ample liquidity buffer, remained stable at €24.5 billion as at 31 March 2022, compared to the respective figure as of 31 December 2021.

The next tables present the key components of NBG's LCR and NSFR, as per the respective guidelines on LCR and NSFR disclosure (EBA/ITS/2020/04).

Strategies and processes in the management of the liquidity risk

NBG Group has established a robust liquidity risk management framework, which is primarily outlined in the Liquidity Risk Management Policy and is further augmented by the Contingency Funding Plan ("CFP") and the Asset Encumbrance Policy. The liquidity policy is designed with an aim to be aligned with NBG Group Risk Strategy and to meet all the requirements set by the European Commission, the European Central Bank and the Bank of Greece.

Moreover, via the Funding Plan, NBG Group explores its capacity to execute planned actions which affect funding, achieving, in the medium to long run, sustainable funding structures that support the planned growth in the Asset side.

Structure and organisation of the liquidity risk management function

NBG manages, monitors and measures liquidity risk through the Corporate Treasury and the Capital Markets and Structured Finance ("CMSF") that report to the Group Treasurer, and the Risk Management Unit (Financial & Liquidity Risk Management Division) that reports to the CRO.

Degree of centralisation of liquidity management and interaction between the group's units

NBG follows a centralized liquidity risk governance model and the body in charge of liquidity management is the Group Treasury, which is responsible for coordinating access to the capital markets in order to fulfill the liquidity needs of the Group.

Scope and nature of liquidity risk reporting and measurement systems

NBG has completed a pivotal infrastructure project, which was the in-house IT liquidity platform. This module enables NBG to fully automate, integrate and seamlessly produce the full set of internal and regulatory liquidity reporting, and stress testing, thus optimizing the monitoring and management of liquidity risk, which proved extremely useful during the pandemic crisis.

Furthermore, the database of the liquidity platform has been complemented with a large set of historical data, which has further enhanced historical analysis capabilities, targeting to support liquidity stress testing exercises.

Policies for hedging and mitigating the liquidity risk and strategies and processes for monitoring the continuing effectiveness of hedges and mitigants

In the Liquidity Risk Management Policy, it is analyzed how the Bank manages all Liquidity Risk types. Specifically, with regard to the managing of intraday liquidity, the Bank's dedicated unit of the Treasury Division (the MM Desk) closely monitors all intraday positions and ensures that any gap in the Central Bank's current account can be mitigated through the available counterbalancing capacity.

Outline of the bank`s contingency funding plans

The Contingency Funding Plan ("CFP") is a dedicated document of the Bank, which discusses its governance and corrective actions and measures to be taken in case of a liquidity emergency and which is periodically updated, if required, in order to ensure its effectiveness.

Based on the CFP, NBG monitors a set of relevant indicators and metrics that could potentially trigger the CFP activation discussion at the ALCO level.

Upon the activation of the CFP, the Group ALCO will prepare and approve (in co-operation with the subsidiary ALCO, in case of a liquidity crisis in a subsidiary) a crisis-specific Action Plan, which adheres to all local regulatory requirements. It should be noted that, given the liquidity contingency state of the Greek market over the previous years, the actions included in the CFP Action Plan have essentially been tested for their effectiveness in a real life environment and have been deemed as successful, since they have allowed NBG to continue to operate, despite the adverse circumstances encountered.

Use of stress testing

Liquidity stress tests allow the Bank to assess the potential impact of exceptional but plausible stress scenarios on its liquidity position. The results of the stress tests help the Bank to assess the adequacy of its liquidity buffer against potential adverse shocks. Stress testing is conducted on a regular basis, while the Bank has the ability to also perform it on an ad-hoc basis. Results are reviewed by senior management and reported to the BRC & ALCO, when deemed necessary. The short-term stress testing is carried out over both a 3-month and a 6-month time horizon, as “survival” over these tenors, is considered relevant by the Bank in the current liquidity context of the Greek market.

Additionally, other ad-hoc short-term stress test exercises, in order to examine specific extraordinary events, such as the one pertinent to the COVID-19 crisis, may be conducted, when deemed necessary. Furthermore, a long-term stress test over a 3-year horizon is conducted based on a baseline scenario (Business Plan) and an adverse macroeconomic scenario, designed by the Economic Analysis Unit.

Adequacy of liquidity risk management arrangements

In the context of the ILAAP & Liquidity SREP assessment of NBG, the Single Supervisory Mechanism ("SSM") stated:

"During monitoring of the COVID-19 crisis, NBG demonstrated its strong capability to produce daily analytically reporting leveraging on its IT liquidity-related infrastructure". This statement best proves the adequacy and efficiency of NBG's liquidity risk management systems.

Institution’s overall liquidity risk profile associated with the business strategy

The Bank's current liquidity state is quite strong, as it is outlined by the historically high level at which the Basel III regulatory liquidity metrics stand, well above their respective risk tolerance limits in the context of the Risk Appetite Framework. The overall risk profile of NBG also encompasses the maintenance of a very comfortable liquidity buffer, a steadily increasing deposit base and historically low cost of funding further supported by ECB’s accommodative policy. More specifically, the Group’s risk appetite, regarding its liquidity position, is summarized in the following statements, expressed in the current Risk Appetite Framework:

- “NBG aims to promote self-funded growth, through preserving a stable funding mix, mainly comprised of customer deposits at a sustainable rate.”
- “NBG targets to always preserve the LCR well above minimum regulatory level and also maintain an adequate liquidity buffer going forward.”
- “NBG aims to preserve the NSFR level above minimum regulatory levels and extend the average tenor of its liabilities in alignment to its Business Plan, in order to enhance its longer-term available funding.”

Customised measurement tools or metrics

In order to effectively monitor liquidity risk, the Bank has introduced a set of metrics along with specific related limits, in the current Risk Appetite Framework. Except for the RAF limits on Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), the Bank should also maintain its Liquidity Buffer, which stands at the highest historical level of €24.5 billion as of 31 March 2022, well above the risk tolerance limit of €6.5 billion.

Liquidity exposures and funding needs at the level of individual legal entities, foreign branches and subsidiaries

The Group’s subsidiaries maintain an adequate liquidity buffer, well above 10% of their total deposits, which ensures their funding self-sufficiency in case of a local crisis.

Table 7: EU LIQ1 - Quantitative Information of Liquidity Coverage Ratio 2022

	€ mio	Total unweighted value	Total weighted value
	Quarter ending on	31.03.2022	31.03.2022
	Number of data points used in the calculation of averages	12	12
	HIGH-QUALITY LIQUID ASSETS		
1	**Total high-quality liquid assets**		**21.999**
	CASH-OUTFLOWS		
2	Retail deposits and deposits from small business customers, *of which:*	**33.051**	**1.924**
3	*Stable deposits*	*29.229*	*1.461*
4	*Less stable deposits*	*3.822*	*462*
5	Unsecured wholesale funding	**12.572**	**5.300**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*		
7	*Non-operational deposits (all counterparties)*	*12.572*	*5.300*
9	Secured wholesale funding		
10	Additional requirements	**1.125**	**1.125**
11	*Outflows related to derivative exposures and other collateral requirements*	*1.125*	*1.125*
13	*Credit and liquidity facilities*		
14	Other contractual funding obligations	**527**	**508**
15	Other contingent funding obligations	**9.882**	**565**
16	**TOTAL CASH OUTFLOWS**		**9.422**
	CASH-INFLOWS		
18	Inflows from fully performing exposures	711	578
19	Other cash inflows	200	197
20	**TOTAL CASH INFLOWS**	**911**	**774**
EU-20c	***Inflows Subject to 75% Cap***	911	774
21	**LIQUIDITY BUFFER**		**21.999**
22	**TOTAL NET CASH OUTFLOWS**		**8.648**
23	**LIQUIDITY COVERAGE RATIO (%)**		**254,7**

Table 7: EU LIQ1 - Quantitative Information of Liquidity Coverage Ratio 2021

	€ mio	Total unweighted value				Total weighted value			
	Quarter ending on	**31.03.21**	**30.06.21**	**30.09.21**	**31.12.21**	**31.03.21**	**30.06.21**	**30.09.21**	**31.12.21**
	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**					**16,909**	**18,511**	**19,960**	**21,203**
	CASH-OUTFLOWS								
2	Retail deposits and deposits from small business customers, *of which:*	**28,183**	**29,384**	**30,756**	**31,968**	**1,626**	**1,696**	**1,778**	**1,853**
3	*Stable deposits*	*25,101*	*26,159*	*27,340*	*28,363*	*1,255*	*1,308*	*1,367*	*1,418*
4	*Less stable deposits*	*3,082*	*3,226*	*3,416*	*3,606*	*371*	*388*	*411*	*435*
5	Unsecured wholesale funding	**10,759**	**11,153**	**11,576**	**12,060**	**4,531**	**4,694**	**4,893**	**5,085**
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*								
7	*Non-operational deposits (all counterparties)*	*10,759*	*11,153*	*11,576*	*12,060*	*4,531*	*4,694*	*4,893*	*5,085*
9	Secured wholesale funding								
10	Additional requirements	**1,154**	**1,155**	**1,156**	**1,156**	**1,154**	**1,155**	**1,156**	**1,156**
11	*Outflows related to derivative exposures and other collateral requirements*	*1,154*	*1,155*	*1,156*	*1,156*	*1,154*	*1,155*	*1,156*	*1,156*
13	*Credit and liquidity facilities*								
14	Other contractual funding obligations	**626**	**586**	**525**	**547**	**606**	**567**	**507**	**528**
15	Other contingent funding obligations	**8,769**	**8,675**	**8,878**	**9,186**	**498**	**493**	**506**	**525**
16	**TOTAL CASH OUTFLOWS**					**8,416**	**8,604**	**8,840**	**9,147**
	CASH-INFLOWS								
18	Inflows from fully performing exposures	561	644	686	686	433	499	539	556
19	Other cash inflows	140	199	215	205	137	196	212	202
20	**TOTAL CASH INFLOWS**	**701**	**843**	**901**	**891**	**570**	**694**	**751**	**759**
EU-20c	***Inflows Subject to 75% Cap***	701	843	901	891	570	694	751	759
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**16,909**	**18,511**	**19,960**	**21,203**
22	**TOTAL NET CASH OUTFLOWS**					**7,846**	**7,910**	**8,089**	**8,389**
23	**LIQUIDITY COVERAGE RATIO (%)**					**215.5**	**234.0**	**246.5**	**252.9**

Explanations on the main drivers of LCR results and the evolution of the contribution of inputs to the LCR's calculation over time

It is evident from the tables above that the Bank's LCR has been steadily increasing over the last two years, reflecting the continuous improvement of NBG's liquidity profile during this period. The key drivers for its significant improvement during the year of 2021, which continued during the first quarter of 2022, were the significant increase of stable retail deposits, as well as the introduction of the new Additional Credit Claims (ACC) framework by the Bank of Greece and ECB, based on which, a significant amount of additional credit claims were accepted as eligible collateral for Eurosystem funding operations, further expanding the Bank's ECB eligible collateral.

Explanations on the changes in the LCR over time

LCR level followed an upward trend over time, as unencumbered HQLAs significantly increased, in line with the growth of deposits, and the introduction of the Additional Credit Claims framework.

Explanations on the actual concentration of funding sources

NBG's high concentration on the stable long-term funding, through the cheaper TLTRO III ECB's refinancing operations, aims exclusively to maintain the Bank's funding cost at historically low levels.

High-level description of the composition of the institution`s liquidity buffer

The Bank's robust liquidity buffer is composed of cash mainly deposited with the Bank of Greece, collateral eligible for funding with the ECB and unencumbered tradable collateral that could be used for secured funding with Financial Institutions.

Derivative exposures and potential collateral calls

The Bank's derivatives portfolio is mostly used for hedging purposes. The risk associated with additional cash collateral, which the Bank could potentially post for margin calls, is captured in the LCR calculation through the input "Additional requirements" and it could also be comfortably mitigated by its robust liquidity buffer.

Currency mismatch in the LCR

The Currency mismatch risk of the Bank is low as the largest part of NBG's assets are denominated in EUR and therefore EUR is considered the only material currency for the LCR calculation.

There are no other items in the LCR calculation that are not captured in the LCR disclosure template but that the institution considers relevant for its liquidity profile.

List of abbreviations

Abbreviation	Definition	Abbreviation	Definition
AFS	Available for Sale	**GL**	Guidelines
A-IRB	Advanced Internal Ratings Based (Approach)	**IAS**	International Accounting Standards
AML	Anti-Money Laundering	**ICAAP / ILAAP**	Internal Capital / Liquidity Adequacy Assessment Process
ATHEX	Athens Exchange	**IFRS**	International Financial Reporting Standards
BAC	Board Audit Committee	**IMA**	Internal Model Approach
BCBS	Basel Committee on Banking Supervision	**IRB**	Internal Ratings Based (approach)
BoG	Bank of Greece	**ITS**	Implementing Technical Standards
BoS	Board of Supervisors (EBA)	**LR**	Leverage Ratio
bps	Basis Point	**ML**	Money Laundering
BRC	Board Risk Committee	**MREL**	Minimum Requirements for Own Funds & Eligible Liabilities
BRRD	Bank Recovery and Resolution Directive	**NBG**	National Bank Of Greece, S.A
CCR	Counterparty Credit Risk	**NCA**	National Competent Authority
CET1	Common Equity Tier 1	**NPE**	Non Performing Exposure
CRD	Capital Requirements Directive	**NPL**	Non Performing Loan
CRR	Capital Requirements Regulation	**NPV**	Net Present Value
CVA	Credit Valuation Adjustment	**OCR**	Overall Capital Requirement
DGSD	Deposit Guarantee Schemes Directive	**OR**	Operational Risk
dpd	days past due	**P2R**	Pillar 2 Requirement
DoD	Definition of Deafult	**PD**	Probability of Default
DTA	Deferred Tax Asset	**PE**	Performing Exposures
DTC	Deferred Tax Credit	**RTS**	Regulatory Technical Standards
EAD	Exposure at Default	**RWA**	Risk Weighted Assets
EBA	European Banking Authority	**SA**	Standardized Approach
EC	European Commission	**SEC**	Securities and Exchange Commission
ECAI	External Credit Assessment Institutions	**SFDR**	Sustainable Finance Disclosure Regulation
ECB	European Central Bank	**SPV**	Special Purpose Vehicle
ECL	Expected Credit Losses	**SR**	Securitization Repositories
EDIS	European Deposit Insurance Scheme	**SRB**	Single Resolution Board
EFSF	European Financial Stability Facility	**SREP**	Supervisory Review and Evaluation Process
EL	Expected Loss	**SRM**	Single Resolution Mechanism
ERBA	External Ratings Based Approach	**SSM**	Single Supervisory Mechanism
ESA	European Supervisory Authorities	**ST**	Stress Test
ESG	Environmental, Social & Governance	**STS**	Single, Transparent, Standardized (securitization)
ESM	European Stability Mechanism	**sVaR**	Stressed Value at Risk
ESMA	European Securities & Markets Authority	**TF**	Terrorist Financing
ESRB	European Systemic Risk Board	**TLAC**	Total Loss Absorbing Capacity
EU	European Union	**TLTRO**	Targeted Long-Term Refinancing Operations
FI	Financial Institution	**UTP**	Unlikeliness to Pay
F-IRB	Foundation internal ratings-based (approach)	**VaR**	Value at Risk
FRTB	Fundamental Review of the Trading Book	**WAM**	Weighted Average Maturity