



NATIONAL BANK  
OF GREECE

# Pillar III Disclosures on a consolidated basis

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## June 2022

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## INTRODUCTION &amp; GENERAL INFORMATION

## 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.

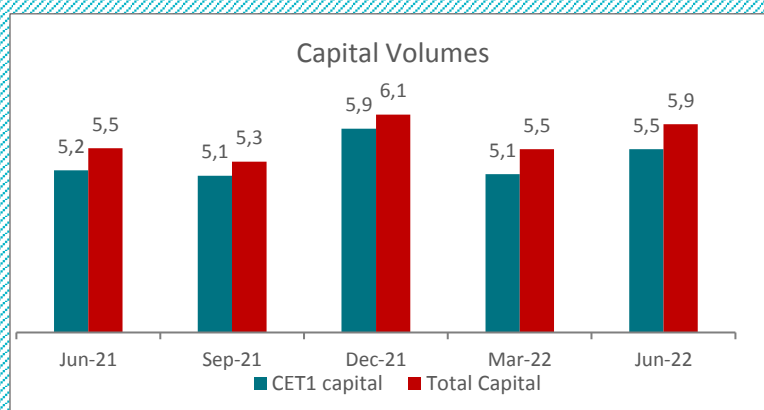
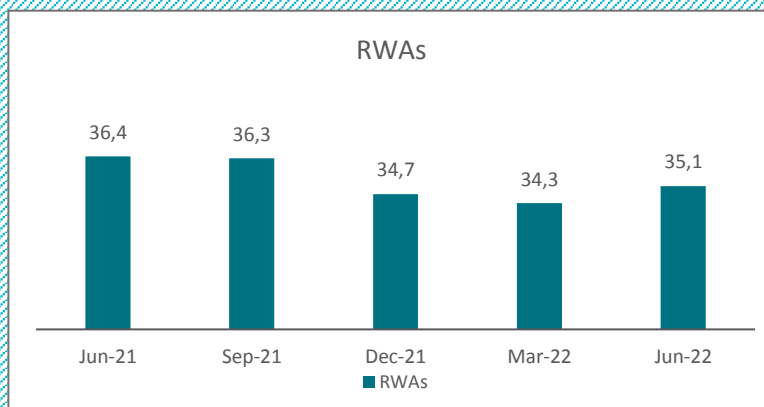
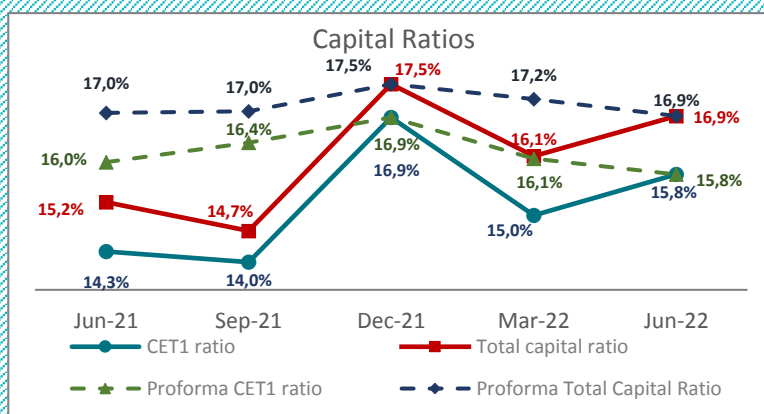
NBG Group offers a wide range of financial services, including retail and corporate banking, asset management, real estate

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

- 2Q22 CET1 and Total Capital ratio at 15.8% and 16.9% respectively, reflecting strong profitability absorbing loan-induced RWA expansion and maintaining capital buffers despite increased volatility in bond markets throughout 1H22.





## 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](http://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.

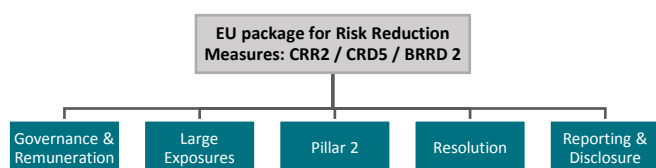
## REGULATORY FRAMEWORK &amp; RECENT DEVELOPMENTS

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. Furthermore, 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 19<sup>th</sup>, 2021 the above proposals on CRD 5 and BRRD 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 13<sup>th</sup>, 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 H1 '22

### Supervisory Priorities

On March 24<sup>th</sup>, 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.

However, despite the noticeable reduction in the volumes of loans within the scope of COVID-19 reporting and disclosure, given the ongoing COVID-19 pandemic and the uncertainty over its future development, the related credit risk still needs to be monitored. In particular, the need for such monitoring is evident as loans under support measures exhibit a deterioration in their credit outlook. To facilitate such monitoring by the competent authorities, especially in the jurisdictions where loans under moratoria and public guarantee schemes remain a concern, the EBA confirmed that the Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis adopted on 2 June 2020 continue to apply.

### Macroprudential Framework

On 29<sup>th</sup> 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;

## REGULATORY FRAMEWORK &amp; RECENT DEVELOPMENTS

- 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.

### 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 3 June 2022 (reporting framework 3.2, phase 2). The phase 3 of the same framework will be published in 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 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.

### EU-wide Stress Test

On July 21st, 2022 the EBA published its 2023 EU-wide stress test draft methodology, templates and template guidance, which will be discussed with the industry. The methodology covers all risk areas and builds on the one prepared for the 2021 EU wide stress test while some of its aspects have been improved based on the lessons learned. As a new feature, the projections on net fee and commission income (NFCI) will be based on a top-down model, following the EBA decision to move to a hybrid framework on a step-by-step approach. This is a first step of revising the EU-wide stress



## REGULATORY FRAMEWORK &amp; RECENT DEVELOPMENTS

test framework towards a hybrid (bottom-up and top-down) approach. Also, the sample coverage has been increased. An additional 26 banks have been added to the stress test sample compared to the 2021 exercise and further proportionality has been introduced into the methodology. The 2023 exercise will assess EU banks' resilience to an adverse economic shock. No single capital threshold has been set for the 2023 exercise as banks will be assessed against relevant supervisory capital ratios under a static balance sheet. The stress test results will be used as input into the Supervisory Review and Evaluation Process (SREP), under which decisions are made on appropriate bank capital resources and forward-looking capital plans.

The methodology includes additional proportionality features for certain banks, to foster efficiency, while maintaining relevance of results and transparency.

The final methodology will be published by the end of 2022. The EU-wide stress test will be launched in January 2023 and the results are expected to be published by the end of July 2023.

### Benchmarking Exercise

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.

### ESG Risks

On June 15th, 2022 the Basel Committee on Banking Supervision issued principles for the effective management and supervision of climate-related financial risks, aiming to promote a principles-based approach to improving both banks' risk management and supervisors' practices related to climate-related financial risks. The paper sets out 18 principles covering corporate governance, internal controls, risk assessment, management and reporting. They seek to achieve a balance in improving practices and providing a common baseline for internationally active banks and supervisors, while retaining sufficient flexibility given the degree of heterogeneity and evolving practices in this area. The principles benefited from a wide range of comments from diverse stakeholders following a consultation in November 2021 and are designed so they can be adapted to a diverse range of banking systems in a proportional manner, depending on the size, complexity and risk profile of the bank or banking sector. The Committee expects implementation of the principles as soon as possible and will monitor progress across member jurisdictions to promote a common understanding of supervisory expectations and support the development and harmonisation of strong practices across jurisdictions.

### 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.

In July 2022, the EBA submitted its responses to the consultations of the International Sustainability Standards Board (ISSB) and the European Financial Reporting Advisory Group (EFRAG) on sustainability-related disclosure standards, agreeing with the need to introduce international and European standards in response to the growing demand for relevant, reliable and comparable corporate data on sustainability-related matters, and the need for a close cooperation between the ISSB and EFRAG during the finalisation of their own consultations, so as to ensure consistency. The EBA also aims at ensuring consistency between the requirements applicable to institutions under the EFRAG framework and under the Pillar 3 framework. In specific, it has a strong interest in promoting transparency and enhancing public disclosures of environmental, social and governance (ESG) risks by corporates, as one of the main ways to address the data challenges that financial institutions face when they get relevant ESG information from their counterparties for risk management and disclosure purposes.

In its responses to both consultations the EBA focused on those aspects which may be more relevant for financial institutions' Pillar 3 disclosures and the data needs from their counterparties, as well as on the need to promote consistency with the requirements set out in the EBA's draft Implementing Technical Standards (ITS) on Pillar 3 ESG risks.

## REGULATORY FRAMEWORK &amp; RECENT DEVELOPMENTS

In particular, the EBA called on the ISSB and the EFRAG to closely cooperate with each other during the finalisation of their own consultations, so as to ensure greater comparability between EU companies and the companies outside EU which will be adopting the international standards. In light of the requirements set out in the draft ITS on Pillar 3 ESG risks, the EBA also stressed the importance of enhancing the disclosure of corporates' transition plans and of standardising the climate change-related metrics, so as to ensure the comparability and the quality of their disclosures.

The EBA has coordinated the responses with the European Securities and Markets Authority (ESMA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Central Bank/Single Supervisory Mechanism.

### NPLs

In May 2022, the EBA launched a public consultation on the draft Implementing Technical Standards (ITS) specifying the requirements for the information that sellers of non-performing loans (NPL) shall provide to prospective buyers, seeking to improve the functioning of NPL secondary markets. The objective of the draft ITS is to provide a common standard for the NPL transactions across the EU enabling cross-country comparison and thus reducing information asymmetries between the sellers and buyers of NPL. Common templates, including data fields with their definitions and characteristics set out in the draft ITS would facilitate the sales of NPL on secondary markets, increase efficiency of those markets and reduce entry barriers for small credit institutions and smaller investors wishing to conclude transactions.

### Deposit Guarantee Schemes

On July 29th, 2022 the EBA launched a public consultation on its draft revised Guidelines on deposit guarantee schemes (DGS) contributions. The revised Guidelines aim at enhancing the proportionality between the risk of a credit institution and its contributions to the DGS and at streamlining and simplifying the original Guidelines. The consultation runs until 31 October 2022.

The Guidelines on DGS contributions harmonise the methodology for the DGS to collect contributions from credit institutions in proportion to their riskiness. In its 2021-2022 review of the Guidelines, the EBA identified that those credit institutions that have become subject to a DGS intervention since 2015 were mostly categorised amongst the riskiest members of their DGS. Thus, the EBA concluded that the methodology set out in the Guidelines remains appropriate. Nonetheless, the EBA identified elements that should be improved. The most substantial proposals included in this Consultation Paper are to:

- set minimum thresholds for the majority of core risk indicators and adjust their minimum weights to better reflect the indicators' performance in measuring the risk to the DGSs;
- introduce an improved formula for determining the risk adjustment factor of each member institution that ensures a constant relationship between the riskiness of institutions and their DGS contributions.; and
- specify how to account for deposits where the DGS coverage is subject to uncertainty, including in relation to client funds, thus ensuring closer alignment between the amount of covered deposits of a credit institution and its contributions.

### Shadow Banking in Large Exposures

On May 23rd 2022, the EBA published its final draft Regulatory Technical Standards (RTS) specifying the criteria to identify shadow

banking entities for the purposes of reporting large exposures. The final draft RTS clarify that entities carrying out banking activities or services and which have been authorised and supervised in accordance with the EU prudential framework, shall not be considered as shadow banking entities. For those entities established in a third country, the final draft RTS differentiate between institutions and other entities.

- Institutions are not identified as shadow banking entities provided they are authorised and supervised by a supervisory authority that applies banking regulation and supervision based on at least the Basel core principles for effective banking supervision.
- Other entities are not identified as shadow banking entities provided they are subject to a regulatory regime recognised as equivalent to the one applied in the Union for such entities in accordance with the equivalence provisions of the relevant Union legal act.

### Recovery and resolution

On January 13, 2022 the EBA published its final Guidelines for institutions and resolution authorities on improving banks' resolvability. These Guidelines represent a significant step in complementing the EU legal framework in the field of resolution based on international standards and leveraging on EU best practices. On the same day, the EBA launched its consultation paper on Guidelines for institutions and resolution authorities on transferability of parts of or a whole bank in the context of resolution to complement the resolvability assessment for transfer strategies. The **resolvability Guidelines**, taking stock of the best practices developed so far by EU resolution authorities on resolvability topics, set-out requirements to improve resolvability in the areas of operational continuity in resolution, access to financial market infrastructure, funding and liquidity in resolution, bail-in execution, business reorganisation and communication. These Guidelines are addressed to both authorities and institutions in the EU so as to ensure consistent progress on resolvability for all institutions and facilitate resolvability work for cross-border groups and its monitoring in resolution colleges. Institutions and authorities should comply with these Guidelines in full by 1 January 2024.

In March 2022, the SRB announced an update on the CRR discretion on leverage and MREL calibration, stressing out 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. The SRB will communicate these notional targets to institutions affected by the relief measure in the context of the 2021 resolution planning cycle, and will use them to monitor the institutions' build-up of MREL resources towards the final MREL targets.

In June 2022, the SRB published an updated MREL policy. The policy takes into account new regulatory developments, such as the end of the supervisory leverage relief measures of the European Central Bank, as well as changes to the Capital Requirement Regulation (CRR) recently agreed by the EU co-legislators on the indirect holding of internal MREL (iMREL) and the MREL calibration for banks with a multiple point-of-entry resolution strategy. The policy has also further enlarged the coverage of entities under internal MREL and made the subordination policy more dynamic, taking into account evolving balance sheets prior to resolution.

### 3 NBG's TRANSFORMATION PROGRAM

Following a clear mandate from NBG's Board of Directors, NBG launched a rigorous Transformation Program in the second half of 2018, committing to the delivery of aspiring financial and operational targets. Through 4 years of implementation, the Transformation Program has enabled the delivery of impressive results in terms of core profitability – fully in line with the Bank's financial and business targets – and tangible improvements to NBG's business and operating model.

NBG's Transformation Program has been designed across Workstreams, each led by a senior executive of the Bank. While Workstreams broadly coincide with the accountable executives' functional areas, cross-functional collaboration is strongly encouraged and enabled by specific cross-functional initiatives. In 2022, Transformation Workstreams were as follows:

- **Healthy Balance Sheet** relating to the reduction of NPEs and resolution of legacy balance sheet issues, including real estate assets.
- **Efficiency & Agility:** relating to the sustainable containment of (personnel and non-personnel) costs, as well as enhanced productivity through material further improvements in the Bank's business and operating model.
- **Best Bank for our Clients:** relating to Retail and Corporate business strategy, client service and coverage model, improved palette of commercial tools and systems, enhanced product offerings with cross-selling focus, digital channels, and branch network transformation, as well as the use of analytics in commercial actions.
- **Technology & Processes:** relating to the underlying technological platforms of the Bank, as well as to the reengineering and centralisation of core processes towards an efficient and agile operating model.
- **People, Organization & Culture:** relating to the redesign of the overall Human Resources framework, including a leaner organizational structure and a unified, comprehensive, and rigorous Performance Management System.
- **Environment, Society & Governance (ESG):** relating to the incorporation of ESG considerations in NBG's strategy and processes, and to the revamp of NBG's brand image.

The Program was initially structured into six-month Seasons. This setup helped gain the necessary pace in the early years and ensured that the Bank remained focused. As of 2022, recognizing the increased maturity and ownership of the involved stakeholders, the Program transitioned to an annual planning cycle, aligned with the budget, IT planning and performance management cycles of the Bank.

The Bank maintains its agility as new Initiatives can be added to the Transformation Program, while existing ones are adjusted or removed throughout the year, in line with Business developments and strategic priorities.

#### Transformation Program priorities for 2022

During 2022, the Bank is pursuing the following strategic priorities:

- Completing the clean-up of NPEs, while retaining best-in-class capital ratios; revision of Troubled Assets operating model following completion of NPE clean-up.
- Further enhancing efficiency and productivity through continuous improvements in the Bank's business and operating model; reducing areas of high external spend such as real estate, factoring in a more flexible working model.
- Boosting revenue generation through an increased focus on cross-selling and fee generation opportunities in Retail banking and through deepening large client relationships and broadening the SME client base in Corporate banking;
  - In the case of Retail banking, this will be achieved through segment-focused relationship managers (primarily for Small Business and Premium), a stronger focus on fee-generating products (e.g., investment products and cards) and sales enhancement through third party partnerships (e.g., with retailers).
  - In the case of Corporate banking, this will be achieved through an increase in relationship managers' capacity and time spent on sales, enhanced service levels, and a drive to increase sales of ancillary products and fees through the Bank's Corporate Transaction Banking (CTB) unit. As a core part of our strategy, we have developed an offering to support Greek businesses in capturing opportunities in the context of the Recovery & Resilience Facility (RRF).
  - Across customer segments, we have developed a best-in-class digital banking offering, aiming to onboard, engage and sell banking products and services to individuals and businesses.
- Implementing the new Core Banking System (CBS) to enable revenue generation and cost efficiencies in the medium term, enhancing digital and data infrastructure, as well as migrating to a cloud-enabled environment; rolling out the required infrastructure to transition to a paperless Bank; Increasing the level of centralisation and optimizing core processes through simplification, centralization, and automation levers.
- Continuing to modernise HR processes and practices to attract, mobilise and incentivise our people; continuing flagship leadership programs for high potential talent, coupled with "on demand" learning and targeted curricula for priority roles; rolling out a comprehensive program to enhance the Bank's corporate culture and desired behaviours in line with our core values.
- Embedding a holistic ESG framework across the organization, addressing climate-related and environmental risks, while at the same time capturing the emerging opportunities; delivering impact in society in areas of high priority, including, among others, diversity and inclusion, culture and creativity, and digital literacy.

### **COVID-19 Statement and Impact on Transformation Program**

NBG moved fast since February 2020 in terms of addressing the impact of the COVID-19 pandemic. Our immediate priorities included securing the health and safety of our employees and customers, while immediately readjusting the Transformation Program in response to COVID-19. This included introducing new initiatives on Work from Home (WFH) operating model, resources' redeployment to speed up digital efforts and relief measures to support our customers. We have also adapted key customer-facing processes to allow for remote functionality, while introducing appropriate internal controls and operational risk mitigation actions.



## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4 REGULATORY OWN FUNDS & PRUDENTIAL REQUIREMENTS

### 4.1 Key metrics

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

Table 1: EU KM1 – Key metrics template

		€ mio					
Key Metrics		Q2 22	Q1 22	Q1 22*	Q4 21	Q3 21	Q2 21
<b>Available own funds (amounts)</b>							
1	Common Equity Tier 1 (CET1) capital	5,524	5,126	5,522	5,853	5,102	5,191
2	Tier 1 capital	5,524	5,126	5,522	5,853	5,102	5,191
3	Total capital	5,923	5,525	5,921	6,077	5,326	5,540
<b>Risk-weighted exposure amounts</b>							
4	Total risk-weighted exposure amounts	35,077	34,287	34,377	34,708	36,346	36,433
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>							
5	Common Equity Tier 1 ratio (%)	15.75%	14.95%	16.06%	16.86%	14.04%	14.25%
6	Tier 1 ratio (%)	15.75%	14.95%	16.06%	16.86%	14.04%	14.25%
7	Total capital ratio (%)	16.88%	16.11%	17.22%	17.51%	14.65%	15.21%
<b>Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)</b>							
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%
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%
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%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
<b>Combined buffer requirement (as a percentage of risk-weighted exposure amount)</b>							
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
EU 10a	Other Systemically Important Institution buffer	0.75%	0.75%	0.75%	0.50%	0.50%	0.50%
11	Combined buffer requirement (%)	3.25%	3.25%	3.25%	3.00%	3.00%	3.00%
EU 11a	Overall capital requirements (%)	14.25%	14.25%	14.25%	14.00%	14.00%	14.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	5.88%	5.11%	6.22%	6.51%	3.65%	4.21%
<b>Leverage Ratio</b>							
13	Total exposure measure	80,056	79,618	79,654	79,919	78,047	80,246
14	Leverage ratio (%)	6.90%	6.44%	6.93%	7.32%	6.54%	6.47%
<b>Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)</b>							
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%
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%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)</b>							
EU 14d	Leverage ratio buffer requirement (%)	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%
<b>Liquidity Coverage Ratio</b>							
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	22,642	21,999	21,999	21,203	19,960	18,511
16	Total net cash outflows (adjusted value)	8,892	8,648	8,648	8,389	8,089	7,910
17	Liquidity coverage ratio (%)	254.70%	254.69%	254.69%	252.85%	246.46%	234.03%
<b>Net Stable Funding Ratio<sup>1</sup></b>							
18	Total available stable funding	57,686	61,896	62,292	62,349	61,033	60,685
19	Total required stable funding	40,715	45,528	45,528	45,746	45,117	45,235
20	NSFR ratio (%)	141.68%	135.95%	136.82%	136.49%	135.28%	134.16%

<sup>1</sup> NSFR calculation since Q2 2021 is updated as per CRR2 (effective from 30 June 2021).

\* including profit for the period

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.2 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

The table below presents the reconciliation between the balance sheet prepared for statutory and regulatory scope of consolidation. References in this table link to the corresponding references in table

“EU CC1 – Transitional Own Funds”, identifying balances relating to own funds calculation.

**Table 2: EU CC2- Reconciliation of regulatory own funds to balance sheet in the audited financial statements**

		30 June 2022		31 December 2021	
€ mio	Ref	Balance Sheet as in published financial statements	Under regulatory scope of consolidation	Balance Sheet as in published financial statements	Under regulatory scope of consolidation
ASSETS					
Cash and balances with central banks		15,261	15,261	15,827	15,827
Due from banks		2,711	2,711	3,639	3,639
Financial assets at fair value through profit or loss		312	312	314	314
Derivative financial instruments		2,417	2,417	4,331	4,331
Loans and advances to customers	f	34,362	34,362	30,439	30,614
Investment securities	d	13,900	13,900	14,937	14,937
Investment property		74	74	80	80
Investments in subsidiaries		0	0	0	0
Equity method investments	d	20	20	18	18
Goodwill, software and other intangible assets	c	390	390	353	353
Property and equipment		1,602	1,602	1,655	1,655
Deferred tax assets (DTAs)		4,825	4,825	4,912	4,912
of which: DTAs that rely on future profitability and arise from temporary differences	e	854	854	792	792
of which: DTAs that rely on future profitability and do not arise from temporary differences	e	2	2	3	3
of which: DTAs that do not rely on future profitability		3,969	3,969	4,116	4,116
Current income tax advance		244	244	289	289
Other assets		2,721	2,721	2,671	2,677
Non-current assets held for sale		607	607	4,493	926
of which: Equity method investments	d		0	0	317
Total assets		79,446	79,446	83,958	80,572
LIABILITIES					
Due to banks		13,580	13,580	14,731	14,731
Derivative financial instruments		2,026	2,026	3,014	3,014
Due to customers		54,292	54,292	53,493	53,515
Debt securities in issue		933	933	912	912
Other borrowed funds		63	63	79	79
Deferred tax liabilities		14	14	15	15
Retirement benefit obligations		265	265	271	272
Current income tax liabilities		5	5	4	4
Other liabilities		2,315	2,315	2,250	2,250
Liabilities associated with non-current assets held for sale		25	25	3,417	9
Total liabilities		73,518	73,518	78,186	74,801
SHAREHOLDERS' EQUITY					
Share capital		915	915	915	915
Share premium account		13,866	13,866	13,866	13,866
Less: treasury shares		0	0	0	0
Reserves and retained earnings		(8,875)	(8,875)	(9,031)	(9,031)
Equity attributable to NBG shareholders	a	5,906	5,906	5,750	5,750
Non-controlling interests	b	22	22	22	21
Total equity		5,928	5,928	5,772	5,771
Total equity and liabilities		79,446	79,446	83,958	80,572

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.3 Structure of own funds

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 Q2 2022 CET1 and Total Capital increased to €5,524 million and €5,922 million respectively, mainly due to the recognition of the H1.2022 profits in Q2.2022.

Table 3: Own Funds Structure

Group's Own Funds Structure (€ mio)	Q2 22	Q1 22	Q1 22*
<b>Shareholders' Equity per balance sheet</b>	<b>5,906</b>	<b>5,815</b>	<b>5,815</b>
<b>Non-controlling interests</b>	<b>10</b>	<b>11</b>	<b>11</b>
<i>Non-controlling interests per balance sheet</i>	<i>22</i>	<i>21</i>	<i>21</i>
<i>Non-controlling interests not recognized in CET1</i>	<i>(12)</i>	<i>(10)</i>	<i>(10)</i>
<b>Regulatory Adjustments</b>	<b>184</b>	<b>(83)</b>	<b>277</b>
<i>Profit for the period not eligible</i>	<i>0</i>	<i>(360)</i>	
<i>IFRS9 transitional arrangements</i>	<i>368</i>	<i>368</i>	<i>368</i>
<i>Own credit risk</i>	<i>(86)</i>	<i>(62)</i>	<i>(62)</i>
<i>Prudent valuation adjustment</i>	<i>(9)</i>	<i>(10)</i>	<i>(10)</i>
<i>Cash flow hedging reserve</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Other adjustments</i>	<i>(89)</i>	<i>(19)</i>	<i>(19)</i>
<b>Deductions</b>	<b>(576)</b>	<b>(617)</b>	<b>(581)</b>
<i>Goodwill and other intangibles</i>	<i>(269)</i>	<i>(250)</i>	<i>(250)</i>
<i>Significant Investments</i>	<i>0</i>	<i>0</i>	<i>0</i>
<i>Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)</i>	<i>(2)</i>	<i>(1)</i>	<i>(1)</i>
<i>Deferred tax assets that rely on future profitability and arise from temporary differences</i>	<i>(305)</i>	<i>(366)</i>	<i>(330)</i>
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>5,524</b>	<b>5,126</b>	<b>5,522</b>
<b>Additional Tier 1 Capital (AT1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Tier 1 Capital</b>	<b>5,524</b>	<b>5,126</b>	<b>5,522</b>
<b>Capital instruments and subordinated loans eligible as Tier 2 Capital</b>	<b>399</b>	<b>399</b>	<b>399</b>
<b>Deductions</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>Subordinated loans of financial sector entities where the institution has a sign. Inv. in those entities</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Tier 2 Capital</b>	<b>399</b>	<b>399</b>	<b>399</b>
<b>Total Regulatory Capital</b>	<b>5,923</b>	<b>5,525</b>	<b>5,921</b>

\* including profit for the period

The main features of capital instruments issued by the Group are presented in the table below.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

Table 4: EU CCA - Capital Instruments main features

Capital instruments' main features template			€ mio
1	Issuer	National Bank of Greece, S. A. (Greece)	National Bank of Greece S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	GRS003003035	XS2028846363
2a	Public or private placement	Public	Public
3	Governing law(s) of the instrument	Greek	English law, save that subordination provisions applicable to the Notes and provisions on statutory loss absorption powers will be governed by, and construed in accordance with, the laws of the Hellenic Republic
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes
<i>Regulatory treatment</i>			
4	Transitional CRR rules	Common Equity Tier 1	Tier2
5	Post-transitional CRR rules	Common Equity Tier 1	Tier2
6	Eligible at solo/(sub-)consolidated/solo & (sub-)consolidated	Solo & Consolidated	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary Shares	Tier 2
8	Amount recognized in regulatory capital (currency in million, as of most recent reporting date)	915	400
9	Nominal amount of instrument	915 (914,715,153 shares @ €1.00 each)	400
9a	Issue price	-	100%
9b	Redemption price	-	100%
10	Accounting classification	Share Capital	Liability
11	Original date of issuance	Various	18/7/2019
12	Perpetual or dated	Perpetual	Dated
13	Original maturity date	-	18/7/2029
14	Issuer call subject to prior supervisory approval	N/A	Yes
15	Optional call date, contingent call dates, and redemption amount	N/A	18/7/2024
16	Subsequent call dates, if applicable	N/A	No. Call date is one-off
<i>Coupons / dividends</i>			
17	Fixed or floating dividend/coupon	N/A	Fixed Coupon
18	Coupon rate and any related index	N/A	8.25%. MS (-0.214%) + Reset Margin (+8.464%)
19	Existence of a dividend stopper	N/A	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	partially discretionary	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	partially discretionary	Mandatory
21	Existence of step up or other incentive to redeem	No	No
22	Noncumulative or cumulative	Non cumulative	Non-Cumulative
23	Convertible or non-convertible	Non convertible	Non-Convertible
24	If convertible, conversion trigger (s)	N/A	N/A
25	If convertible, fully or partially	N/A	N/A
26	If convertible, conversion rate	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A
30	Write-down features	No	No
31	If write-down, write-down trigger (s)	N/A	N/A
32	If write-down, full or partial	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A
34b	Ranking of the instrument in normal insolvency proceedings	1	3
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Additional Tier 1	The Notes constitute direct, unsecured and subordinated obligations of the Issuer and rank at all times (i) pari passu without any preference among themselves and pari passu with all other present and future subordinated and unsecured obligations of the relevant Issuer which rank or are expressed to rank pari passu with the Subordinated Notes, (ii) junior to present and future obligations of the relevant Issuer in respect of Unsubordinated Notes and Unsubordinated MREL Notes (and all other present and future obligations of the relevant Issuer which rank or are expressed to rank pari passu with Unsubordinated Notes and Unsubordinated MREL Notes) and Senior Non-Preferred Notes (and all other present and future obligations of the relevant Issuer which rank or are expressed to rank pari passu with Senior Non-Preferred Notes) and any other obligations of the relevant Issuer which rank or are expressed to rank senior to the Subordinated Notes, including (where the relevant Issuer is the Bank) deposits of the Bank and (iii) in priority to present and future subordinated and unsecured obligations of the relevant Issuer (A) which rank or are expressed to rank junior to the Subordinated Notes and (B) in respect of the share capital of such Issuer.
36	Non-compliant transitioned features	No	No
37	If yes, specify non-compliant features	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	<a href="https://www.nbg.gr/english/the-group/corporate-governance/regulations-principles/Documents/ARTICLES_OF_ASSOCIATION.pdf">https://www.nbg.gr/english/the-group/corporate-governance/regulations-principles/Documents/ARTICLES_OF_ASSOCIATION.pdf</a>	<a href="https://www.nbg.gr/en/the-group/investor-relations/dept-investors/globalmediumtermnoteprogramme">https://www.nbg.gr/en/the-group/investor-relations/dept-investors/globalmediumtermnoteprogramme</a>



## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.4 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 5: 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

		Q2 22	Q1 22	Q1 22*	Q4 21	Q3 21	Q2 21
€ mio							
<b>Available capital (amounts)</b>							
Common Equity Tier 1 (CET1) capital	5,524	5,126	5,522	5,853	5,102 <sup>1</sup>	5,191 <sup>2</sup>	
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,156	4,758	5,154	5,118	4,229 <sup>1</sup>	4,312 <sup>2</sup>	
Tier 1 capital	5,524	5,126	5,522	5,853	5,102	5,191	
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,156	4,758	5,154	5,118	4,229	4,312	
Total capital	5,923	5,525	5,921	6,077	5,326 <sup>1</sup>	5,540 <sup>2</sup>	
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,555	5,157	5,553	5,342	4,453 <sup>1</sup>	4,661 <sup>2</sup>	
<b>Risk-weighted assets (amounts)</b>							
Total risk-weighted assets	35,077	34,287	34,377	34,708	36,346	36,433	
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	34,911	34,121	34,211	34,377	35,877	35,958	
<b>Capital ratios</b>							
Common Equity Tier 1 (as percentage of risk exposure amount)	15.75%	14.95%	16.06%	16.86%	14.04% <sup>1</sup>	14.25% <sup>2</sup>	
Common Equity Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.77%	13.95%	15.07%	14.89%	11.79% <sup>1</sup>	11.99% <sup>2</sup>	
Tier 1 (as percentage of risk exposure amount)	15.75%	14.95%	16.06%	16.86%	14.04%	14.25%	
Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.77%	13.95%	15.07%	14.89%	11.79%	11.99%	
Total capital (as percentage of risk exposure amount)	16.88%	16.11%	17.22%	17.51%	14.65% <sup>1</sup>	15.21% <sup>2</sup>	
Total capital (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.91%	15.11%	16.23%	15.54%	12.41% <sup>1</sup>	12.96% <sup>2</sup>	
<b>Leverage ratio</b>							
Leverage ratio total exposure measure	80,056	79,618	79,654	79,919	78,047	80,246	
Leverage ratio	6.90%	6.44%	6.93%	7.32%	6.54%	6.47%	
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.45%	5.99%	6.48%	6.43%	5.45%	5.41%	

\* Including profits for the period

<sup>1</sup> 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.

<sup>2</sup> 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.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.5 DTC Law

Article 27A of Greek Law 4172/2013 ("DTC Law"), as currently in force, allows credit institutions, under certain conditions, and from 2017 onwards to convert deferred tax assets ("DTAs") arising from (a) private sector initiative ("PSI") losses, (b) accumulated provisions for credit losses recognized as at 30 June 2015, (c) losses from final write off or the disposal of loans and (d) accounting write offs, which will ultimately lead to final write offs and losses from disposals, to a receivable ("Tax Credit") from the Greek State. Items (c) and (d) above were added with Greek Law 4465/2017 enacted on 29 March 2017. The same Greek Law 4465/2017 provided that the total tax relating to cases (b) to (d) above cannot exceed the tax corresponding to accumulated provisions recorded up to 30 June 2015 less (a) any definitive and cleared Tax Credit, which arose in the case of accounting loss for a year according to the provisions of par.2 of article 27A of Greek Law 4172/2013, which relate to the above accumulated provisions, (b) the amount of tax corresponding to any subsequent specific tax provisions, which relate to the above accumulated provisions and (c) the amount of the tax corresponding to the annual amortization of the debit difference that corresponds to the above provisions and other losses in general arising due to credit risk.

The main condition for the conversion of DTAs to a Tax Credit is the existence of an accounting loss at Bank level of a respective year, starting from accounting year 2016 and onwards. The Tax Credits will be calculated as a ratio of IFRS accounting losses to net equity (excluding the year's losses) on a solo basis and such ratio will be applied to the remaining Eligible DTAs in a given year to calculate the Tax Credit that will be converted in that year, in respect of the prior tax year. The Tax Credit may be offset against income taxes payable. The non-offset part of the Tax Credit is immediately recognized as a receivable from the Greek State. The Bank is obliged to issue conversion rights to the Greek State for an amount of 100% of the Tax Credit in favour of the Greek State and will create a specific reserve for an equal amount. Common shareholders have pre-emption rights on these conversion rights. The reserve will be capitalized with the issuance of common shares in favour of the Greek State. This legislation allows credit institutions to treat such DTAs as not "relying on future profitability" according to CRD IV, and as a result such DTAs are not deducted from CET1, hence improving a credit institution's capital position.

Furthermore, Greek Law 4465/2017 amended article 27 "Carry forward losses" by introducing an amortization period of 20 years for losses due to loan write offs as part of a settlement or restructuring and losses that crystallize as a result of a disposal of loans. In addition, in 2021 Greek Law 4831 further amended article 27 of Greek Law 4172/2013 (please see Note 27 "Deferred tax assets and liabilities" of the Annual Financial Report for the year ended 31 December 2021).

On 7 November 2014, the Bank convened an extraordinary General Shareholders Meeting which resolved to include the Bank in the DTC Law. An exit by the Bank from the provisions of the DTC Law requires regulatory approval and a General Shareholders meeting resolution.

As of 30 June 2022, the amount of DTAs that were eligible for conversion to a receivable from the Greek State subject to the DTC Law was €3.9 billion (31 December 2021: €4.1 billion). The conditions for conversion rights were not met in the year ended 31 December 2021 and no conversion rights are deliverable in 2022.

## 4.6 Transitional own funds disclosure template

The table below provides information regarding the amounts and nature of specific items on own funds during the IFRS9 transitional period, in accordance with Annex IV of the Commission Implementing Regulation (EU) No 1423/2013.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

Table 6: EU CC1 - Transitional Own Funds 30.06.2022

Transitional own funds disclosure template as of 30.06.2022		€ mio	ref
<b>Common Equity Tier 1 capital: Instruments and Reserves</b>			
1	Capital instruments and the related share premium accounts	14,781	a
	<i>of which: ordinary shares</i>	14,781	
2	Retained earnings	(14,366)	a
3	Accumulated other comprehensive income and other reserves	5,476	a
EU-3a	Funds for general banking risk	15	a
5	Minority Interests (amount allowed in consolidated CET1)	10	b
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>5,916</b>	
<b>Common Equity Tier 1 capital: Regulatory Adjustments</b>			
7	Additional Value Adjustments	(9)	
8	Intangible assets (net of related tax liability)	(269)	c
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(2)	e
11	Fair value reserves related to gain or losses on cash flow hedges	-	
16	Direct and indirect holdings by an institution of own CET1 instruments	-	
19	CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold)	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold)	(305)	e
22	Amount exceeding the 17.65% threshold	-	
24	<i>Of which: CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	-	d
25	<i>Of which: deferred tax assets arising from temporary differences</i>	-	e
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments)	193	
28	<b>Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>(392)</b>	
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>5,524</b>	
<b>Additional Tier 1 (AT1) capital</b>			
36	Additional Tier 1 (AT1) capital before regulatory adjustments		
<b>Additional Tier 1 (AT1) capital: regulatory adjustments</b>			
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>	
44	Additional Tier 1 (AT1) capital	-	
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b>	<b>5,524</b>	
<b>Tier 2 (T2) capital</b>			
46	Capital instruments and the related share premium accounts	399	
51	<b>Tier 2 capital (T2) capital before regulatory adjustments</b>	<b>399</b>	
<b>Tier 2 (T2) capital: Regulatory adjustments</b>			
55	Direct and indirect 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		f
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>		
58	<b>Tier 2 (T2) capital</b>	<b>399</b>	
59	<b>Total capital (TC = T1 + T2)</b>	<b>5,923</b>	
60	<b>Total risk exposure amount</b>	<b>35,077</b>	
<b>Capital Adequacy Ratios</b>			<b>%</b>
61	<b>Common Equity Tier 1</b>	<b>15.75%</b>	
62	<b>Tier 1</b>	<b>15.75%</b>	
63	<b>Total capital</b>	<b>16.88%</b>	
64	Institution CET1 overall capital requirement	9.44%	
65	<i>of which: capital conservation buffer requirement</i>	2.5%	
66	<i>of which: countercyclical capital buffer requirement</i>	0.0%	
67	<i>of which: systemic risk buffer requirement</i>	0.0%	
EU-67a	<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	0.75%	
EU-67b	<i>of which: additional own funds requirements to address the risks other than the risk of excessive leverage</i>	1.69%	
68	<b>Common Equity Tier 1 available after meeting the minimum capital requirements</b>	<b>5.88%</b>	
<b>Amounts below the thresholds for deduction (before risk weighting)</b>			
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)	279	
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)	24	d
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) are met)	549	e

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

Table 6: EU CC1 - Transitional Own Funds 31.12.2021

## Transitional own funds disclosure template as of 31.12.2021

€ mio ref

Common Equity Tier 1 capital: Instruments and Reserves		
1	Capital instruments and the related share premium accounts	14,781 a
	<i>of which: ordinary shares</i>	14,781
2	Retained earnings	(14,672) a
3	Accumulated other comprehensive income and other reserves	5,626 a
EU-3a	Funds for general banking risk	15 a
5	Minority Interests (amount allowed in consolidated CET1)	10 b
6	<b>Common Equity Tier 1 (CET1) capital before regulatory adjustments</b>	<b>5,760</b>
Common Equity Tier 1 capital: Regulatory Adjustments		
7	Additional Value Adjustments	(11)
8	Intangible assets (net of related tax liability)	(228) c
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences	(3) e
11	Fair value reserves related to gain or losses on cash flow hedges	19
16	Direct and indirect holdings by an institution of own CET1 instruments	(1)
19	CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold)	(242) e
22	Amount exceeding the 17.65% threshold	(118)
24	<i>Of which: CET1 instruments of financial sector entities where the institution has a significant investment in those entities</i>	(45) d
25	<i>Of which: deferred tax assets arising from temporary differences</i>	(73) e
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments)	677
28	<b>Total regulatory adjustments to Common equity Tier 1 (CET1)</b>	<b>93</b>
29	<b>Common Equity Tier 1 (CET1) capital</b>	<b>5,853</b>
Additional Tier 1 (AT1) capital		
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-
Additional Tier 1 (AT1) capital: regulatory adjustments		
43	<b>Total regulatory adjustments to Additional Tier 1 (AT1) capital</b>	<b>-</b>
44	Additional Tier 1 (AT1) capital	-
45	<b>Tier 1 capital (T1 = CET1 + AT1 )</b>	<b>5,853</b>
Tier 2 (T2) capital		
46	Capital instruments and the related share premium accounts	399
51	<b>Tier 2 capital (T2) capital before regulatory adjustments</b>	<b>399</b>
Tier 2 (T2) capital: Regulatory adjustments		
55	Direct and indirect 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	(175) f
57	<b>Total regulatory adjustments to Tier 2 (T2) capital</b>	<b>(175)</b>
58	<b>Tier 2 (T2) capital</b>	<b>224</b>
59	<b>Total capital (TC = T1 + T2)</b>	<b>6,077</b>
60	<b>Total risk exposure amount</b>	<b>34,708</b>
Capital Adequacy Ratios		
61	<b>Common Equity Tier 1</b>	<b>16.86%</b>
62	<b>Tier 1</b>	<b>16.86%</b>
63	<b>Total capital</b>	<b>17.51%</b>
64	Institution CET1 overall capital requirement	9.2%
65	<i>of which: capital conservation buffer requirement</i>	2.5%
66	<i>of which: countercyclical capital buffer requirement</i>	0.0%
67	<i>of which: systemic risk buffer requirement</i>	0.0%
EU-67a	<i>of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer</i>	0.5%
EU-67b	<i>of which: additional own funds requirements to address the risks other than the risk of excessive leverage</i>	1.7%
68	<b>Common Equity Tier 1 available after meeting the minimum capital requirements</b>	<b>6.51%</b>
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)	53
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)	294 d
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) are met)	477 e



## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.7 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 30.06.2022 and 31.03.2022, 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 86.3% Credit (including Counterparty Credit Risk), 5.7% Market and 8.0% Operational RWAs, respectively.

On a quarterly basis total RWAs (€35.1Bn) increased by €0.7Bn. Concerning Credit RWAs, rise by €0.75Bn stems mainly from new disbursements in Corporate portfolio (+€0.5Bn) as well as increase in Fls portfolio (+€0.1Bn) due to bonds acquisition. Market Risk RWAs decreased by €0.03Bn stemming from Internal Model (VaR).

Table 7: EU OV1 - Overview of RWAs

Overview of RWAs		RWAs		Minimum Capital Requirements
		30.06.22	31.03.22	30.06.22
1	<b>Credit risk (excluding CCR)</b>	<b>29,910</b>	<b>29,076</b>	<b>2,393</b>
2	<i>Of which the standardised approach</i>	29,910	29,076	2,393
3	<i>Of which the foundation IRB (FIRB) approach</i>			
4	<i>Of which: slotting approach</i>			
EU 4a	<i>Of which: equities under the simple riskweighted approach</i>			
5	<i>Of which the advanced IRB (AIRB) approach</i>			
6	<b>Counterparty credit risk – CCR</b>	<b>468</b>	<b>503</b>	<b>37</b>
7	<i>Of which the standardised approach</i>	265	278	21
8	<i>Of which internal model method (IMM)</i>	0	0	0
EU 8a	<i>Of which exposures to a CCP</i>	8	8	1
EU 8b	<i>Of which credit valuation adjustment-CVA</i>	190	212	15
9	<i>Of which other CCR</i>	5	6	0
15	<b>Settlement risk</b>	<b>0</b>	<b>0</b>	
16	<b>Securitisation exposures in the non-trading book (after the cap)</b>	<b>77</b>	<b>73</b>	<b>6</b>
17	<i>Of which SEC-IRBA approach</i>			
18	<i>Of which SEC-ERBA (including IAA)</i>			
19	<i>Of which SEC-SA approach</i>	77	73	6
EU 19a	<i>Of which 1250%/ deduction</i>			
20	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>1,796</b>	<b>1,808</b>	<b>144</b>
21	<i>Of which the standardised approach</i>	521	531	42
22	<i>Of which IMA</i>	1,276	1,278	102
EU 22a	<b>Large exposures</b>			
23	<b>Operational risk</b>	<b>2,826</b>	<b>2,826</b>	<b>226</b>
EU 23a	<i>Of which basic indicator approach</i>			
EU 23b	<i>Of which standardised approach</i>	2,826	2,826	226
EU 23c	<i>Of which advanced measurement approach</i>			
24	<b>Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)</b>	<b>1,431</b>	<b>1,341</b>	<b>114</b>
29	<b>Total</b>	<b>35,077</b>	<b>34,287</b>	<b>2,806</b>

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.8 Overall Capital Requirement (OCR)

According to the ECB decision it is required for National Bank of Greece to maintain, on a consolidated basis, a total SREP capital requirement of 11%.

The TSCR of 11% includes:

- the minimum Pillar I own funds requirement of 8% to be maintained at all times in accordance with Article 92(1) of Regulation (EU) No 575/2013; and
- an additional Pillar II own funds requirement of 3% to be maintained at all times in accordance with Article 16(2)(a) of Regulation (EU) No 1024/2013, to be covered at least by CET1 capital by 56.25% and by Tier 1 capital by 75%..

In addition to the TSCR, the Group is also subject to the Overall Capital Requirement (OCR). The OCR consists of the TSCR and the combined buffer requirement as defined in point (6) of Article 128 of Directive 2013/36/EU.

The combined buffer requirement is defined as the sum of:

- the Capital Conservation Buffer;
- the institution specific Countercyclical Capital Buffer (CCyB);
- the systemic risk; and
- the systemically important institutions buffer, as applicable.

The Capital Conservation Buffer stands at 2.5% for all banks in the EU.

The systemic risk is 0% and the systemically important institutions buffer for 2022 is 0.75% for all four systemically important banks in Greece, due to the imposition of such an O-SII buffer by the Bank of Greece and will be phased in to 1% until 2023.

The CCyB is implemented as an extension of the capital conservation buffer and has the primary objective of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. It is calculated as the weighted average of the buffers in effect in the jurisdictions to which a bank has significant credit exposures.

Bank of Greece defined its methodology for determining the CCyB and set the CCyB at 0% for Greece throughout 2018-2021 according to its quarterly decisions, as well as the first half of 2022. CCyB is also currently 0% in all other countries in which NBG Group has significant exposures.

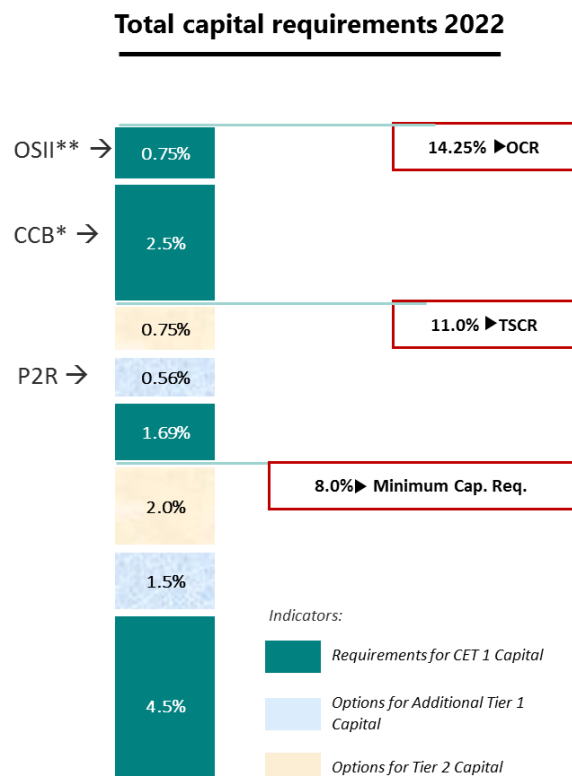
**Thus, the institution specific Countercyclical Capital Buffer for NBG Group is currently 0%, as depicted in the following table.**

**Table 8: EU CCyB2** - Amount of institution-specific countercyclical capital buffer

	a
Total risk exposure amount	35,077
Institution specific countercyclical capital buffer rate	0
Institution specific countercyclical capital buffer requirement	0

NBG's total capital requirement for 2022, taking into account the short term waiver of Capital Conservation and OSII buffers, has been set to 11.75%.

The stacking order of the various own funds requirements for 2022 is shown in the figure below.



P2R: Pillar 2 Requirement, G-SII, O-SII: Global/Other Systemically Important Institutions

\*Waiver for suspension of Capital Conservation Buffer

\*\*Waiver for suspension of the phase-in of the OSII (+0.25%) for 2022

**Figure 2: Stacking order of own funds requirements**

On June 30, 2022, NBG Group's CET1 capital ratio and Total capital ratio stood at 15.8% and 16.9% respectively, well above the required capital requirement of 6.94% for CET1 Capital and of 11.75% for Total Capital.

The table below presents figures of credit and market exposures relevant for the calculation of the Countercyclical Capital Buffer for 30.06.2022 broken down by country.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

**Table 9: EU CCyB1** - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer 30.06.2022

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General Credit Exposures		Relevant Credit exposures – Market Risk		Securitisation exposures	Total exposure value	Total exposure value			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
	Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models	Exposure value for non-trading book		Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
Breakdown by country													
Greece	87,110		28		7	87,145	1,550	2	6	1,559	19,483	84.18%	0.00%
North Macedonia	1,449					1,449	74			74	929	4.02%	0.00%
Marshall Islands*	1,270					1,270	101			101	1,268	5.48%	0.00%
Liberia*	916					916	73			73	916	3.96%	0.00%
Great Britain	417					417	44			44	549	2.38%	0.00%
Total	91,162		28		7	91,197	1,843	2	6	1,852	23,145		

\* Exposures to Marshall Islands are related to ocean shipping. The same applies for Other Countries that include exposures to Liberia.

## 4.9 MREL Requirements

Under the Directive 2014/59 (Bank Recovery and Resolution Directive or (“BRRD”), as amended by Directive 2019/879 (BRRD II), banks in the European Union are required to maintain a Minimum Requirement for own funds and Eligible Liabilities (“MREL”), which ensures sufficient loss-absorbing capacity in resolution. MREL includes a risk- and a leverage-based dimension. MREL is therefore expressed as two ratios that both have to be met: (i) as a percentage of Total Risk Exposure Amount (“TREA”), (the “MREL-TREA”); and (ii) as a percentage of the Leverage Ratio Exposure (“LRE”), (the “MREL-LRE”).

Instruments qualifying for MREL are own funds (Common Equity Tier 1, Additional Tier 1 and Tier 2), as well as certain eligible liabilities (mainly senior unsecured bonds). Regulation (EU) No 806/2014 of the European Parliament and of the Council, as amended by Regulation (EU) No 877/2019 of the European Parliament and of the Council allows the Single Resolution Board (“SRB”) to set in addition to the MREL requirement, a “subordination” requirement, within MREL, against which only subordinated liabilities and own funds count.

On 24 January 2022, the Bank as being identified by the SRB as the Single Point of Entry (“SPE”) of the Group and the only entity required to maintain an MREL capacity, received from the Bank of Greece the SRB’s decision that should meet by 31 December 2025 an MREL target of 23.29% of TREA and 5.87% of LRE on a consolidated basis. In addition, as per the MREL decision the Bank should also meet by 1 January 2022 an interim binding target of 14.79% of TREA and 5.85% of LRE on a consolidated basis. To the above requirements the capital buffer requirement (“CBR”) must be added, which from 1 January 2022 stands at 3.25% and is expected to increase to 3.50% until 31 December 2025. The Bank maintains the MREL capacity required to meet both the LRE requirements and the 1 January 2022 interim binding target of 18.04 % of TREA (including CBR). As of 30 June 2022, the Bank’s MREL ratio at consolidated level stands at 18.92% of TREA.

Finally, according to the abovementioned SRB’s decision, for 2022 no subordination requirement is set for the Bank.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 4.10 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 30.06.2022 and 31.03.2022 (amounts in € mio):

Table 10: Leverage ratio

Leverage Ratio	Q2 22	Q1 22	Q1 22*	Q4 21
Tier I	5,524	5,126	5,522	5,853
Total Exposure Measure	80,056	79,618	79,654	79,919
Leverage Ratio	6.90%	6.44%	6.93%	7.32%

\* including profit for the period

During the second quarter of 2022, the Group's leverage ratio, according to the transitional definition of Tier I and the EU Regulation 62/2015, increased by 0.5%, mainly due to the increase of the Tier 1 capital by €0.4Bn qoq, still exceeding the proposed minimum threshold of 3%. Total leverage exposures slightly increased by €0.41Bn attributed mainly to new disbursements in Corporate portfolio.

The following tables include the detailed disclosures on the Group's leverage ratio with reference date 30.06.2022 (amounts in € mio):

Table 11: EU LR1, LRSum – Summary reconciliation of accounting assets and leverage ratio exposures as of 30.06.2022 and 31.12.2021

€ mio	Applicable amount Q2 22	Applicable amount Q4 21
1 Total assets as per published financial statements	79,446	83,957
2 Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		(3,385)
3 (Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)		
4 (Adjustment for temporary exemption of exposures to central bank (if applicable))		
5 (Adjustment for fiduciary assets recognised 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 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	(1,101)	(1,024)
9 Adjustment for securities financing transactions (SFTs)	312	65
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	2,433	2,101
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	(1,034)	(1,795)
13 Leverage ratio Total exposure measure	80,056	79,919

Table 12: EU LR3, LRSpI – Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures) as of 30.06.2022 compared to 31.12.2021

CRR leverage ratio exposures	Q2 22	€ mio Q4 21
<b>Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:</b>	<b>72,645</b>	<b>73,988</b>
EU-1		
EU-2 Trading book exposures	496	628
EU-3 Banking book exposures, of which:	72,148	73,360
EU-4 Covered bonds	-	-
EU-5 Exposures treated as sovereigns / central banks	38,916	41,059
EU-6 Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	841	776
EU-7 Institutions	1,776	1,451
EU-8 Secured by mortgages of immovable properties	9,297	9,128
EU-9 Retail exposures	2,958	2,972
EU-10 Corporate	12,648	12,009
EU-11 Exposures in default	1,440	1,603
EU-12 Other exposures (eg equity, securitisations, and other non-credit obligation assets)	4,272	4,362

## 5 CREDIT RISK

### 5.1 Definitions and general information

The Group has aligned the definition of default for financial reporting purposes, with the non performing exposures (NPE) definition used for regulatory purposes, as per EBA Implementing Technical Standards on Supervisory reporting on forbearance and non-performing exposures, as adopted by the Commission Implementing Regulation (EU) 2015/227 of 9 January 2015 amending Implementing Regulation (EU) No 680/2014 laying down implementing technical standards with regard to supervisory reporting of institutions according to Regulation (EU) No 575/2013 of the European Parliament and of the Council ("EBA ITS"). Following the financial crisis, the EBA established tighter standards around the definition of default (CRR Article 178) to achieve greater alignment across banks and jurisdictions being applied from 1 January 2021. The definition of default for financial reporting purposes is consistent with the one used for internal credit risk management purposes. The Group has also aligned the definition of default for financial reporting purposes, with the non performing exposures (NPE) definition used.

A debt security is considered as credit impaired under an objective approach, and classified into Stage 3, when at least one payment of capital or interest is overdue by the issuer, based on the contractual terms of the instrument, irrespective of the days past due. In addition, a debt security is assessed as credit impaired if there is at least one external credit rating on the security or the issuer (if no external rating on the security is available) corresponding to Default or Selective Default.

### 5.2 Impairment - Expected credit losses

ECL are recognised for all financial assets measured at amortised cost, debt financial assets measured at FVTOCI, lease receivables, financial guarantees and certain loan commitments. ECL represent the difference between contractual cash flows and those that the Group expects to receive, discounted at the at the financial asset's EIR. For loan commitments and other credit facilities in scope of ECL, the expected cash shortfalls are determined by considering expected future draw downs.

#### Recognition of expected credit losses

At initial recognition, an impairment allowance is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 1. For instruments with a remaining maturity of less than 12 months, ECL are determined for this shorter period.

In the event of a significant increase in credit risk ("SICR"), an ECL allowance is required, reflecting lifetime cash shortfalls that would result from all possible default events over the expected life of the financial instrument ("lifetime ECL"), weighted by the risk of a default occurring. Instruments in this category are referred to as instruments in Stage 2.

Lifetime ECL are always recognised on financial assets for which there is objective evidence of impairment, that is they are considered to be in default or otherwise credit-impaired. Such instruments are referred to as instruments in Stage 3.

#### Write-off

A write-off is made when the Group does not have a reasonable expectation to recover all or part of a financial asset. Write-offs reduce the principal amount of a claim and are charged against previously established allowances for credit losses. Recoveries, in part or in full, of amounts previously written off are generally credited to "credit provisions and other impairment charges". Write-offs and partial write-offs represent derecognition or partial derecognition events.

#### Measurement of expected credit losses

The Group assesses on a forward-looking basis the ECL associated with all financial assets subject to impairment under IFRS 9. The Group recognises an ECL allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. The Group uses three macroeconomic scenarios and estimates the ECL that would arise under each scenario. A weighting is allocated to each scenario, such that the weighted probabilities of all three scenarios are equal to one. The distribution of possible ECL may be non-linear, hence three distinct calculations are performed, where the associated ECLs are multiplied by the weighting allocated to the respective scenario. The sum of the three weighted ECL calculations represents the probability-weighted ECL.
- The time value of money.
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

For the purposes of measuring ECL, the estimate of expected cash shortfalls reflects the cash proceeds expected from collateral liquidation (if any) and other credit enhancements that are part of the contractual terms and are not recognised separately by the Group. The estimate of expected cash shortfalls on a collateralised loan exposure reflects the assumptions used regarding the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, irrespective of whether the foreclosure is probable.

The ECL calculations are based on Exposure at Default ("EAD"), Probability of Default ("PD"), Loss given default ("LGD") and Discount Rate.

The PD and LGD are determined for three different scenarios whereas EAD projections are treated as scenario independent.

The ECL is determined by projecting the PD, LGD and EAD for each time step between future cash flow dates and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival, if appropriate. This effectively calculates an ECL for each future period, which is then discounted back to the reporting date and summed.

#### Forward looking economic inputs

Forward looking information (FLI) is incorporated in the ECL measurement of collectively assessed loans and debt securities through the PD and LGD models. The expected recoveries (cash flow recoveries or liquidation of collateral) used in the ECL measurement



of wholesale lending exposures individually assessed, takes into account FLI based on the Bank's forecasts of the relevant macroeconomic factors.

The Group applies three scenarios, i.e. baseline, optimistic, adverse, developed by the Bank's Economic Analysis Division ("EADN"). The macroeconomic scenarios used for measuring ECL are the same with the ones used for evaluating SICR.

#### Significant increase of credit risk

A financial asset is classified as Stage 2 when a SICR since initial recognition has occurred and the financial asset does not meet the definition for Stage 3. At each reporting date, the Group performs the SICR assessment comparing the risk of a default occurring over the remaining expected lifetime of the exposure with the expected risk of a default as estimated at origination.

The Group's process to assess SICR is multi-factor and has three main components:

- **a quantitative element**, i.e. reflecting a quantitative comparison of PD or credit rating at the reporting date versus the respective metric at initial recognition;
- **a qualitative element**, i.e. all Forborne Performing Exposures (FPE), in accordance with EBA ITS, internal watch list for corporate obligors; and
- **"backstop" indicators**. The Group applies on all lending exposures the IFRS 9 presumption that a SICR has occurred when the financial asset is more than 30 days past due. In addition, for accounts not pertaining to the low credit risk segment, the Bank also applies the EBA backstop indicator of the threefold increase in PD as a rule for Stage 2 allocation.

#### COVID-19 outbreak

In the first quarter of 2020, the World Health Organization declared the outbreak of COVID-19 a pandemic. COVID-19 has caused a significant global economic downturn which has adversely affected, and is expected to continue to adversely affect, the Group's business and results of operations. The future impacts of the COVID-19 pandemic on the Greek and/or global economy and the Group's business, results of operations and financial condition remain uncertain.

Due to COVID-19 pandemic, authorities implement numerous measures attempting to contain its spread and impact, such as travel bans and restrictions, quarantines, shelter in place orders, and limitations on business activity, including closures. These measures severely restrict economic activity, businesses, market participants, our counterparties and customers, as well as the Greek and/or global economy for a prolonged period of time. These restrictions took place in March 2020, while in May 2020 the restrictions were slowly eased. However, worsened epidemic trends in October-November 2020 led to a reintroduction of protective restrictions on economic and social activity at a national level starting on 7 November 2020 up to early May 2021. This poses significant downside risks to Gross Domestic Product ("GDP") growth in 2021 and could amplify the recessionary hit on households and businesses. These risks are partly offset by a set of measures provided in 2020 and continued in 2021.

The Group also evaluated its assets, including intangibles and equity investments, for potential impairment, and assessed fair values of financial instruments that are carried at fair value. Based upon our assessment as of 30 June 2022, no significant impairments have been recorded and there have been no significant changes in fair values nor in the fair value hierarchy classifications.

### 5.3 Maturity classification of Credit exposures

The table below presents the remaining maturity of Loans and advances and Debt securities, net of provisions, broken down by maturity buckets for 30.06.2022 and 31.12.2021.

**Table 13: EU CR1 A – Maturity of exposures 30.06.2022**

Exposure Class	a	b	c	d	e	f
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and Advances	904	5352	12,828	17,659		36,743
Debt Securities		2,326	557	10,933		13,816
<b>Total</b>	<b>904</b>	<b>7,678</b>	<b>13,385</b>	<b>28,592</b>		<b>50,559</b>

**Table 13: EU CR1 A – Maturity of exposures 31.12.2021**

Exposure Class	a	b	c	d	e	f
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
Loans and Advances	769	4,665	11,833	16,699		33,966
Debt Securities		1,740	544	12,584		14,868
<b>Total</b>	<b>769</b>	<b>6,406</b>	<b>12,377</b>	<b>29,283</b>		<b>48,834</b>

## 5.4 Covid-19 Reporting

The EBA has confirmed that the Guidelines on the reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis adopted on 2 June 2020 continue to apply, given the ongoing COVID-19 pandemic and the uncertainty over its future development, and the need to monitor the related credit risk.

The Group, since the beginning of the COVID-19 outbreak, has been evaluating its assets, including intangibles and equity investments, for potential impairment, and assessing fair values of financial instruments that are carried at fair value. Based on our assessment as of 30 June 2022, no significant impairments have been recorded for the Group and the Bank, and there have been no significant changes in fair values and in fair value hierarchy classifications as a result of the COVID-19.

**Extension of moratoria**, offered to NBG's customers within the context of EBA guidelines, government and sector initiatives, for capital or instalment payments for:

- performing Small Businesses;
- businesses with performing exposures as at 30 September 2020 and not included, so far, in moratoria for capital or instalment payments that have been proven to be affected by the COVID-19 pandemic, were eligible to apply for their inclusion in a relevant program by 31 March 2021 and for a maximum duration of up to nine months from the date of inclusion in the moratorium;
- businesses affected by the COVID-19 pandemic and have already been included in moratoria for capital or instalment payments, were eligible to apply by 31 March 2021 for an extension of their instalment suspension program, provided that their total participation in the program does not exceed the period of nine months.

It should be noted that ex moratoria client performance remains better than expected (defaults <4% as of February 2022), despite the gradual conclusion of supportive measures.

**Table 14 :** Information on loans and advances subject to legislative and non-legislative moratoria 30.06.2022

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk											Gross carrying amount
	Performing		Non performing		Performing		Non performing		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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)
1	Loans and advances subject to moratorium	0	0	0	0											
2	Households of which: Collateralised by residential immovable property	0	0	0	0											
3	of which: Non-financial corporations	0	0	0	0											
4	of which: Small and Medium-sized Enterprises	0	0	0	0											
5	of which: Collateralised by commercial immovable property	0	0	0	0											
6																

## CREDIT RISK

Table 14 : Information on loans and advances subject to legislative and non-legislative moratoria 31.12.2021

	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount				Accumulated impairment, accumulated negative changes in fair value due to credit risk											Gross carrying amount
	Performing		Non performing		Performing		Non performing		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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)	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: Instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)
1	Loans and advances subject to moratorium	27	27	3	22											
2	of which: Households															
3	of which: Collateralised by residential immovable property															
4	of which: Non-financial corporations	27	27	3	22											
5	of which: Small and Medium-sized Enterprises	23	23	3	18											
6	of which: Collateralised by commercial immovable property	6	6		6											

Table 15 : Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria 30.06.2022

		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	118,083	3,133							
2	Loans and advances subject to moratorium (granted)	108,892	2,796	316	2,796					
3	of which: Households		1,187	252	1,187					
4	of which: Collateralised by residential immovable property		981	92	981					
5	of which: Non-financial corporations		1,583	64	1,583					
6	of which: Small and Medium-sized Enterprises		482	29	482					
7	of which: Collateralised by commercial immovable property		851	0	851					

## CREDIT RISK

**Table 15 : Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria 31.12.2021**

	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	> 12 months	
1	Loans and advances for which moratorium was offered	128,516	3,395						
2	Loans and advances subject to moratorium (granted)	118,618	3,031	389	3,004	27			
3	of which: Households		1,278	297	1,278				
4	of which: Collateralised by residential immovable property		1,033	102	1,033				
5	of which: Non-financial corporations		1,727	91	1,700	27			
6	of which: Small and Medium-sized Enterprises		548	48	525	23			
7	of which: Collateralised by commercial immovable property		906	14	900	6			

**Table 16 : Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis 30.06.2022**

	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	<b>Newly originated loans and advances subject to public guarantee schemes</b>	<b>1,073</b>	<b>859</b>	<b>5</b>
2	of which: Households			
3	of which: Collateralised by residential immovable property			
4	of which: Non-financial corporations	1,055	844	5
5	of which: Small and Medium-sized Enterprises	618		5
6	of which: Collateralised by commercial immovable property	1		

**Table 16 : Information on newly originated loans and advances provided under newly applicable public guarantee schemes introduced in response to COVID-19 crisis 31.12.2021**

	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	<b>Newly originated loans and advances subject to public guarantee schemes</b>	<b>1,223</b>	<b>978</b>	<b>3</b>
2	of which: Households			
3	of which: Collateralised by residential immovable property			
4	of which: Non-financial corporations	1,202	961	3
5	of which: Small and Medium-sized Enterprises	697		3
6	of which: Collateralised by commercial immovable property	1		

## 5.5 Non-performing and forborne exposures

The Bank continues to operate in a challenging economic environment as a result of the Greek financial crisis. Against this backdrop, the Bank is executing a well-developed strategy that aims to reduce its NPE ratio and maximize collections from the Bank's troubled assets portfolio. This strategy includes a set of detailed operational targets and Key Performance Indicators as well as a time-bound action plan for their implementation with a view to significantly reducing NPE stocks.

The strategy establishes realistic but sufficiently ambitious targets, and NBG assesses its effectiveness and adequacy on a regular basis. The strategy is both consistent with, and linked to, the Bank's business plan and the current ICAAP.

### 5.5.1 Disposal of NPE portfolios

#### Completed in 2021

##### Project "Frontier"

On 17 December 2021, the Bank completed the Frontier transaction, which involves the securitization of a portfolio of NPE with a total gross book value of c. €6 billion as of 30 June 2020, following fulfillment of all conditions' precedent, including receipt of all necessary approvals. The portfolio consisted of secured Large Corporate, Small and Medium Enterprises ("SMEs"), Small Business Lending ("SBL"), Mortgages and Consumer Loans.

NBG retained 100.0% of the Senior Notes, which are guaranteed from the State under the Hellenic Asset Protection Scheme ("HAPS" – see below), selling 95.0% of the Mezzanine and Junior Notes to the consortium consisting of affiliates of Bain Capital Credit ("Bain Capital"), Fortress Investment Group and doValue Greece.

The Bank has also serviced the portfolio on behalf of the noteholders for the period between 17 December 2021 and 4 February 2022, when the migration of the portfolio to the long-term servicer (doValue Greece) took place.

Project "Frontier" represents a landmark transaction for the Bank. Specifically, the transaction (i) received two credit ratings, (ii) was not associated with a hive-down and (iii) is serviced by a servicer not arising from a carve out from the bank itself.

##### Hellenic Republic Asset Protection Scheme

In December 2019, the Greek parliament voted for the creation of an Asset Protection Scheme ("APS") (Greek Law 4649/2019) also known as the "Hercules Scheme". The Hercules Scheme will support banks on deleveraging NPEs through securitization, with the aim of obtaining greater market stability. The participation in the Hercules Scheme is voluntary and open to all Greek banks and it does not constitute state aid as guarantees are priced on market terms.

Under the Hercules Scheme, the Hellenic Republic will provide guarantees up to €12.0 billion on the senior bonds of securitizations of NPEs. The Hercules Scheme will become effective only when the originator has sold at least 50% plus one of junior tranches (and mezzanine if any) and the notes are of such amount that allows the derecognition and the Significant Risk Transfer ("SRT") of the securitized receivables.

Moreover, in July 2021, following the approval from the Directorate General for the Competition of the European Commission (the "DG Competition") on 9 April 2021 and based on the Greek Law

4818/2021, the "Hercules" Scheme (named also as "Hercules II") was extended by 18 months, with no material changes in terms.

##### Project "Icon"

On 12 February 2021, NBG announced that it has completed the disposal of a non-performing, predominantly secured, corporate loan portfolio (Project "Icon") with total principal amount as at 30 June 2019 of c. €1.6 billion (€0.6 billion of allocated collateral value) to Bain Capital. The transaction was implemented in the context of NBG's NPE deleveraging strategy and in accordance with the Operational Targets submitted to the SSM..

##### Project "Danube"

On 20 May 2021, the Bank completed the disposal of a Romanian-risk corporate NPE portfolio (Project "Danube") with a total gross book value of c. €174 million (€102 million of allocated collateral value) to Bain Capital. The transaction was being implemented in the context of NBG's NPE deleveraging strategy and in accordance with the Operational Targets submitted to the SSM..

#### Initiated in 2021

##### Project "Frontier II"

In 25 November 2021, the Bank decided the disposal of a portfolio of Greek NPEs in the form of a rated securitization that will utilize the provisions of HAPS. The Project "Frontier II" is accounting for c. €900 million, in terms of gross book value as of 31 December 2021. The portfolio consists of secured Large Corporate, SME, SBL, Mortgage Loans and Consumer Loans.

On 29 June 2022, the Bank announced the submission of the application under Hercules II, for the securitisation of Project Frontier II. The application relates to the provision of a guarantee by the Greek State on the senior notes of an amount up to €460 million.

Subsequently, on 29 July 2022, the Bank announced that it has entered into a definitive agreement with funds managed by Bracebridge Capital, LLC, for the sale of 95% of the Mezzanine and Junior notes. NBG will retain the 100% of the Senior notes and 5% of the Mezzanine and Junior notes. The transaction is expected to be completed within 2H.22, subject to required approvals. The transaction is being implemented in the context of the Bank's NPE deleveraging strategy and is in line with the targets submitted to the SSM..

##### Project "Pronto"

In December 2021, the Bank decided the disposal of the non-performing leasing exposures including: the sale of Probank Leasing S.A. shares, the sale of Bank's leasing portfolio (ex-FBB) and Sale of NBG Leasing S.A. lease portfolio. The gross book value of the Bank's and NBG Leasing's leasing portfolios, at the same date, amounted to €52 million. The closing of the transaction is expected to be completed by the end of 4Q.22..

##### Project "Solar"

In December 2021, the Bank decided to launch the divestment of the secured portfolio of SMEs (Project "Solar") with a gross book value c. €170 million as of 31 December 2021, through a joint securitization process under HAPS, while in parallel continues to explore divestment through alternative routes. The divestment is expected to be concluded within the 4Q.22.



## CREDIT RISK

The tables below present Non performing and Forborne figures excluding held for sale assets.

Table 17: EU CQ1 - Credit quality of forborne exposures 30.06.2022

	a	b	c	d	e	f	g	h
	Gross carrying amount/ nominal amount of exposures with forbearance measures				Accumulated impairment		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	2,235	1,022	1,022	1,021	(118)	(477)	2,339	482
020 Central Banks								
030 General Governments	20	6	6	6	(2)	(4)	20	2
040 Credit Institutions								
050 Other Financial Corporations	2	13	13	13	(0)	(5)	9	7
060 Non-Financial Corporations	306	664	664	664	(32)	(349)	460	261
070 Households	1,907	338	338	338	(84)	(119)	1,850	211
080 Debt Securities								
090 Loan Commitments given								
100 Total	2,235	1,022	1,022	1,021	(118)	(477)	2,339	482

Table 17: EU CQ1 - Credit quality of forborne exposures 31.12.2021

	a	b	c	d	e	f	g	h
	Gross carrying amount/ nominal amount of exposures with forbearance measures				Accumulated impairment		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	2,446	1,157	1,157	1,100	(120)	(496)	2,601	570
020 Central Banks								
030 General Governments	5	21	21	21		(7)	19	14
040 Credit Institutions								
050 Other Financial Corporations	3	13	13	13	(1)	(4)	10	8
060 Non-Financial Corporations	309	756	756	700	(37)	(365)	533	309
070 Households	2,129	367	367	367	(83)	(120)	2,039	239
080 Debt Securities								
090 Loan Commitments given								
100 Total	2,446	1,157	1,157	1,100	(120)	(496)	2,601	570

Table 18: EU CQ2 - Quality of forbearance 30.06.2022 and 31.12.2021

	a	a
	Gross carrying amount of forborne exposures 30.06.2022	Gross carrying amount of forborne exposures 31.12.2021
1 Loans and advances that have been forborne more than twice	1,055	1,114
2 Non-performing forborne loan and advances that failed to meet the non-performing exit criteria	976	1,086

## CREDIT RISK

Table 19: EU CR1 - Performing and non-performing exposures and related provisions 30.06.2022

	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-offs	Collaterals 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						
Cash balances at central banks and other demand deposits	14,918	14,918													
Loans and advances	36,278	31,186	4,676	2,097		2,072	(452)	(194)	(258)	(1,180)		(1,160)	(16)	19,214	752
Central Banks															
General	3,567	3,515	52	15		15	(9)	(6)	(3)	(13)	0	(13)	0	161	2
Governments	2,381	2,381													
Credit															
Institutions	3,493	3,089	3	18		18	(21)	(21)	(1)	(9)	0	(9)	0	2,874	7
Other Financial Corporations	17,351	15,527	1,808	1,440		1,415	(268)	(113)	(155)	(891)	0	(872)	(5)	8,771	452
Non-Financial Corporations	5,451	4,266	1,185	619		596	(160)	(40)	(121)	(375)	0	(358)	(5)	2,986	204
Of which SMEs															
Households	9,487	6,675	2,813	624		624	(154)	(54)	(100)	(266)	0	(266)	(11)	7,407	289
Debt Securities	13,904	12,478	1,411				(88)	(26)	(62)						
Central Banks															
General	12,912	11,518	1,394				(83)	(21)	(62)						
Governments	421	409					(2)	(2)							
Credit															
Institutions	305	301					(0)	(0)							
Other Financial Corporations	267	250	17				(3)	(3)							
Non-Financial Corporations															
Off-balance sheet exposures	15,861	14,644	1,217	170		170	(12)	(5)	(7)	(39)		(39)		39	
Central Banks															
General	286	285	1												
Governments	1	1													
Credit															
Institutions	526	525	1	1		1									
Other Financial Corporations	13,722	12,514	1,207	164		164	(11)	(4)	(7)	(39)		(39)		38	
Non-Financial Corporations	1,327	1,318	9	5		5	(1)	(1)	(0)	(0)		(0)		1	
Households															
Total	80,962	73,226	7,304	2,266	0	2,241	(552)	(225)	(327)	(1,219)	0	(1,200)	(16)	19,253	752

## CREDIT RISK

Table 19: EU CR1 - Performing and non-performing exposures and related provisions 31.12.2021

	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-offs	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					
Cash balances at central banks and other demand deposits	15,429	15,429													
Loans and advances	33,366	28,309	4,754	2,294	2,213	(476)	(206)	(270)	(1,217)		(1,181)	(232)	18,832	871	
Central Banks															
General Governments	504	491	12	30	30	(7)	(6)	(1)	(16)		(16)		142	14	
Credit Institutions	3,352	3,352													
Other Financial Corporations	3,670	3,377	5	18	18	(20)	(20)	(1)	(8)		(8)	(3)	3,188	8	
Non-Financial Corporations	16,135	14,418	1,703	1,524	1,443	(280)	(123)	(157)	(875)		(839)	(143)	7,985	500	
Of which SMEs	5,232	4,043	1,189	590	567	(159)	(37)	(121)	(347)		(330)	(36)	2,830	202	
Households	9,706	6,671	3,034	721	721	(169)	(58)	(111)	(318)		(318)	(86)	7,517	349	
Debt Securities	14,948	13,300	1,631			(81)	(22)	(59)							
Central Banks															
General Governments	14,465	12,874	1,590			(76)	(19)	(58)							
Credit Institutions	242	230				(1)	(1)								
Other Financial Corporations	4														
Non-Financial Corporations	237	196	41			(3)	(2)	(1)							
Off-balance sheet exposures	13,072	12,281	791	139	139	(7)	(2)	(5)	(48)		(48)		19		
Central Banks															
General Governments	336	336	1												
Credit Institutions	2	2													
Other Financial Corporations	222	222		2	2				(1)		(1)				
Non-Financial Corporations	11,219	10,461	759	134	134	(6)	(2)	(4)	(47)		(47)		18		
Households	1,293	1,262	32	4	4								1		
Total	76,815	69,319	7,177	2,433	2,352	(563)	(230)	(333)	(1,265)		(1,229)	(232)	18,851	871	

## CREDIT RISK

Table 20: EU CQ4 - Quality of non-performing exposures by geography 30.06.2022

	a	b	c	d	e	f	g
	Gross carrying amount/ nominal amount			Of which subject to impairment	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 defaulted				
1 On-balance-sheet exposures	52,279	2,097	2,097	51,822	(1,701)		(20)
2 Cyprus	638	58	58	638	(30)		
3 Germany	956			946			
4 Spain	2,228			2,228	(1)		
5 United Kingdom	730			730			
6 Greece	39,062	1,928	1,928	38,625	(1,579)		(20)
7 Italy	3,018			3,018	(3)		
8 Marshall Islands**	1,241			1,241			
9 North Macedonia	1,689	101	101	1,689	(74)		
10 Other countries**	2,717	10	10	2,707	(14)		
11 Off-balance-sheet-exposures	16,031	170	170			51	
12 Cyprus	504	1	1				
13 Germany							
14 Spain							
15 United Kingdom	26						
16 Greece	15,206	155	155			50	
17 Italy							
18 Marshall Islands							
19 North Macedonia	293	12	12			1	
20 Other countries	2	2	2			0	
21 Total	68,310	2,266	2,266	51,822	(1,701)	51	(20)

\* Accumulated impairment is not reported for off balance-sheet exposures

\*\* Exposures to Marshall Islands are related to ocean shipping. The same applies for Other Countries that include exposures to Liberia.

Table 20: EU CQ4 - Quality of non-performing exposures by geography 31.12.2021

	a	b	c	d	e	f	g
	Gross carrying amount/ nominal amount			Of which subject to impairment	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 defaulted				
1 On-balance-sheet exposures	50,608	2,294	2,294	50,208	(1,737)		(36)
2 Cyprus	577	58	58	576	(29)		
3 Germany	796			786			
4 Spain	2,765			2,765	(1)		
5 United Kingdom	1,158	1	1	1,158	(1)		
6 Greece	36,586	2,129	2,129	36,225	(1,610)		(36)
7 Italy	2,782			2,782	(1)		
8 Marshall Islands**	1,055			1,055			
9 North Macedonia	1,625	93	93	1,625	(66)		
10 Other countries**	3,263	14	14	3,236	(29)		
11 Off-balance-sheet-exposures	13,211	139	139			54	
12 Cyprus	397	4	4				
13 Germany							
14 Spain							
15 United Kingdom	30						
16 Greece	12,495	131	131			54	
17 Italy							
18 Marshall Islands							
19 North Macedonia	285						
20 Other countries	4	4	4				
21 Total	63,819	2,433	2,433	50,208	(1,737)	54	(36)

\* Accumulated impairment is not reported for off balance-sheet exposures

\*\* Exposures to Marshall Islands are related to ocean shipping. The same applies for Other Countries that include exposures to Liberia.

## CREDIT RISK

Table 21: EU CQ5 - Credit quality of loans and advances by industry 30.06.2022

		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing					
		of which defaulted					
1	Agriculture, forestry and fishing	281	46	46	281	(34)	
2	Mining and quarrying	18	3	3	17	(2)	(1)
3	Manufacturing	4,482	509	509	4,463	(406)	(15)
4	Electricity, gas, steam and air conditioning supply	1,550	8	8	1,550	(20)	
5	Water supply	50	1	1	50	(1)	
6	Construction	399	36	36	398	(32)	
7	Wholesale and retail trade	3,254	342	342	3,253	(281)	(2)
8	Transport and storage	4,149	71	71	4,132	(47)	(2)
9	Accommodation and food service activities	1,625	192	192	1,624	(140)	
10	Information and communication	359	33	33	359	(27)	
11	Real estate activities	1,551	123	123	1,551	(84)	
12	Financial and insurance activities	11	0	0	11	(0)	
13	Professional, scientific and technical activities	294	29	29	294	(26)	
14	Administrative and support service activities	147	3	3	147	(3)	
15	Public administration and defense, compulsory social security						
16	Education	25	1	1	25	(2)	
17	Human health services and social work activities	158	3	3	158	(6)	
18	Arts, entertainment and recreation	34	14	14	34	(6)	
19	Other services	405	25	25	405	(24)	
20	Total	18,790	1,440	1,440	18,750	(1,140)	(20)

Table 21: EU CQ5 - Credit quality of loans and advances by industry 31.12.2021

		a	b	c	d	e	f
		Gross carrying amount			Of which loans and advances subject to impairment	Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		of which non-performing					
		of which defaulted					
1	Agriculture, forestry and fishing	351	47	47	351	(34)	
2	Mining and quarrying	13	2	2	12	(2)	(1)
3	Manufacturing	4,291	512	512	4,271	(405)	(14)
4	Electricity, gas, steam and air conditioning supply	1,545	4	4	1,545	(15)	
5	Water supply	43	1	1	43	(1)	
6	Construction	555	38	38	555	(37)	
7	Wholesale and retail trade	3,071	347	347	3,069	(290)	(1)
8	Transport and storage	3,296	133	133	3,224	(59)	(20)
9	Accommodation and food service activities	1,424	224	224	1,423	(143)	
10	Information and communication	357	33	33	357	(23)	
11	Real estate activities	1,547	110	110	1,547	(53)	
12	Financial and insurance activities	43			43		
13	Professional, scientific and technical activities	302	30	30	302	(25)	
14	Administrative and support service activities	181	14	14	181	(13)	
15	Public administration and defense, compulsory social security						
16	Education	24	1	1	24	(2)	
17	Human health services and social work activities	168	3	3	168	(6)	
18	Arts, entertainment and recreation	135	14	14	135	(5)	
19	Other services	315	11	11	315	(6)	
20	Total	17,659	1,524	1,524	17,563	(1,118)	(36)



## CREDIT RISK

Table 22: EU CQ6 - Collateral valuation - loans and advances 30.06.2022

	a	b	c	d	e	f	g	h	i	j	k	l
Loans and advances												
	Performing			Non- performing								
					Unlikely to pay that are not past due or 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	
1 Gross carrying amount	38,375	36,278	168	2,097	940	1,157	94	149	120	720	40	34
2 Of which: secured	29,595	27,885	140	1,710	827	882	72	96	83	577	40	16
3 Of which: secured with immovable property	13,002	11,698	79	1,304	696	608	63	55	71	389	26	5
4 Of which: instruments with LTV higher than 60% and lower or equal to 80%	3,208	3,013		195	125	69						
5 Of which: instruments with LTV higher than 80% and lower or equal to 100%	1,709	1,549		160	107	53						
6 Of which: instruments with LTV higher than 100%	2,758	2,216		542	323	219						
7 Accumulated impairment for secured assets	(1,193)	(310)	(14)	(884)	(311)	(573)	(17)	(33)	(50)	(431)	(30)	(11)
8 Collateral												
9 Of which value capped at the value of exposure	15,143	14,483	109	659	452	207	49	42	22	83	9	2
10 Of which: Immovable property	10,807	10,246	84	561	376	185	46	40	20	68	8	2
11 Of which value above the cap	17,141	15,585	114	1,556	539	1,017	58	57	44	822	19	16
12 Of which: Immovable property	11,242	10,113	103	1,129	477	651	53	35	39	492	18	15
13 Financial guarantees received	4,823	4,731	9	92	25	67	4	12	1	51		
14 Accumulated partial write-off	(16)			(16)	(9)	(7)				(7)		

Table 22: EU CQ6 - Collateral valuation - loans and advances 31.12.2021

	a	b	c	d	e	f	g	h	i	j	k	l
Loans and advances												
	Performing			Non- performing								
					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	
1 Gross carrying amount	35,660	33,366	103	2,294	1,144	1,150	67	96	124	829	5	29
2 Of which: secured	27,004	25,207	73	1,797	910	887	28	77	80	687	5	11
3 Of which: secured with immovable property	13,153	11,683	31	1,470	812	659	22	64	71	496	1	5
4 Of which: instruments with LTV higher than 60% and lower or equal to 80%	3,114	2,899		215	139	76						
5 Of which: instruments with LTV higher than 80% and lower or equal to 100%	1,816	1,614		201	116	86						
6 Of which: instruments with LTV higher than 100%	3,442	2,774		668	418	250						
7 Accumulated impairment for secured assets	(1,182)	(328)	(5)	(854)	(290)	(564)	(7)	(33)	(50)	(463)	(4)	(9)
8 Collateral												
9 Of which value capped at the value of exposure	14,461	13,658	55	804	525	279	16	36	23	202	1	1
10 Of which: Immovable property	10,664	10,001	39	663	459	204	15	34	22	131		1
11 Of which value above the cap	15,843	14,319	46	1,524	628	896	24	37	43	753	39	
12 Of which: Immovable property	10,431	9,355	38	1,076	477	599	21	32	42	476	29	
13 Financial guarantees received	5,242	5,174	6	67	53	14	3	2	1	9		
14 Accumulated partial write-off	(232)	(4)		(228)	(115)	(114)				(113)		

## CREDIT RISK

**Table 23: EU CR2 - Changes in the stock of non-performing loans and advances 30.06.2022**

	a
	Gross carrying amount
1 Initial stock of non-performing loans and advances, Dec 31, 2021	2,294
2 Inflows to non-performing portfolios	343
3 Outflows from non-performing portfolios	(541)
4 Outflows due to write-offs	(64)
5 Outflow due to other situations	(476)
6 Final stock of non-performing loans and advances, Jun 30, 2022	2,097

**Table 23: EU CR2 - Changes in the stock of non-performing loans and advances 31.12.2021**

	a
	Gross carrying amount
1 Initial stock of non-performing loans and advances, Dec 31, 2020	4,473
2 Inflows to non-performing portfolios	876
3 Outflows from non-performing portfolios	(3,055)
4 Outflows due to write-offs	(474)
5 Outflow due to other situations	(2,581)
6 Final stock of non-performing loans and advances, Dec 31, 2021	2,294

**Table 24: EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries 30.06.2022**

	a	b
	Gross carrying amount	Related net accumulated recoveries
1 Initial stock of non-performing loans and advances, Dec 31, 2021	2,294	
2 Inflows to non performing portfolios	343	
3 Outflows from non-performing portfolios	(541)	
4 Outflow to performing portfolio	(221)	
5 Outflow due to loan repayment, partial or total	(96)	
6 Outflow due to collateral liquidations	(10)	8
7 Outflow due to taking possession of collateral	(1)	1
8 Outflow due to sale of instruments		
9 Outflow due to risk transfers		
10 Outflows due to write-offs	(64)	
11 Outflow due to Other Situations	(55)	
12 Outflow due to reclassification as held for sale	(95)	
13 Final stock of non-performing loans and advances, Jun 30, 2022	2,097	

**Table 24: EU CR2a - Changes in the stock of non-performing loans and advances and related net accumulated recoveries 31.12.2021**

	a	b
	Gross carrying amount	Related net accumulated recoveries
1 Initial stock of non-performing loans and advances, Dec 31, 2020	4,473	
2 Inflows to non-performing portfolios	876	
3 Outflows from non-performing portfolios	(3,055)	
4 Outflow to performing portfolio	(998)	
5 Outflow due to loan repayment, partial or total	(237)	
6 Outflow due to collateral liquidation	(29)	20
7 Outflow due to taking possession of collateral	(27)	14
8 Outflow due to sale of instruments	(36)	5
9 Outflow due to risk transfers		
10 Outflow due to write-off	(474)	
11 Outflow due to other situations	(37)	
12 Outflow due to reclassification as held for sale	(1,217)	
13 Final stock of non-performing loans and advances, Dec 31, 2021	2,294	

## CREDIT RISK

**Table 25: EU CQ7 - Collateral obtained by taking possession and execution processes 30.06.2022**

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property Plant and Equipment (PP&E)		
2	Other than Property Plant and Equipment	588	(104)
3	Residential immovable property	249	(25)
4	Commercial Immovable property	328	(70)
5	Movable property (auto, shipping, etc.)	1	(1)
6	Equity and debt instruments	8	(8)
7	Other	1	(1)
8	<b>Total</b>	<b>588</b>	<b>(104)</b>

**Table 25: EU CQ7 - Collateral obtained by taking possession and execution processes 31.12.2021**

		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
1	Property Plant and Equipment (PP&E)		
2	Other than Property Plant and Equipment	601	(106)
3	Residential immovable property	253	(26)
4	Commercial Immovable property	337	(70)
5	Movable property (auto, shipping, etc.)	2	(1)
6	Equity and debt instruments	8	(8)
7	Other	1	(1)
8	<b>Total</b>	<b>601</b>	<b>(106)</b>

**Table 26: EU CQ8 - Collateral obtained by taking possession and execution process - vintage breakdown 30.06.2022**

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
		Gross carrying amount	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Foreclosed ≤ 2 years		Foreclosed >2 years and ≤ 5 years		Foreclosed >5 years		of which non-current assets held-for-sale	
						Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes
1	Collateral obtained by taking possession classified as Property Plant and Equipment (PP&E)												
2	Collateral obtained by taking possession other than classified Property Plant and Equipment	669	(242)	588	(104)	160	(11)	272	(19)	156	(74)	376	(56)
3	Residential immovable property	335	(110)	249	(25)	74	(1)	139	(9)	36	(16)	196	(22)
4	Commercial Immovable Property	328	(126)	328	(70)	78	(2)	132	(9)	119	(58)	179	(34)
5	Movable property (auto, shipping, etc.)	2	(1)	1	(1)			1				1	
6	Equity and debt instruments	6	(6)	8	(8)	8	(8)						
7	Other			1	(1)			1					
8	<b>Total</b>	<b>669</b>	<b>(242)</b>	<b>588</b>	<b>(104)</b>	<b>160</b>	<b>(11)</b>	<b>272</b>	<b>(19)</b>	<b>156</b>	<b>(74)</b>	<b>376</b>	<b>(56)</b>

**Table 26: EU CQ8 - Collateral obtained by taking possession and execution process - vintage breakdown 31.12.2021**

		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
		Gross carrying amount	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Foreclosed ≤ 2 years		Foreclosed >2 years and ≤ 5 years		Foreclosed >5 years		of which non-current assets held-for-sale	
						Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes	Value at initial recogn.	Accum. neg. changes
1	Collateral obtained by taking possession classified as PP&E												
2	Collateral obtained by taking possession other than that classified as PP&E	691	(248)	601	(106)	175	(12)	264	(19)	163	(75)	386	(58)
3	Residential immovable property	344	(113)	253	(26)	83	(1)	132	(9)	38	(16)	207	(19)
4	Commercial immovable property	340	(129)	337	(70)	84	(2)	130	(10)	124	(58)	178	(39)
5	Movable property (auto, shipping etc.)	2	(1)	2	(1)			1				1	
6	Equity and debt instruments	6	(6)	8	(8)	8	(8)						
7	Other			1	(1)			1					
8	<b>Total</b>	<b>691</b>	<b>(248)</b>	<b>601</b>	<b>(106)</b>	<b>175</b>	<b>(12)</b>	<b>264</b>	<b>(19)</b>	<b>163</b>	<b>(75)</b>	<b>386</b>	<b>(58)</b>

## 5.6 Credit risk mitigation techniques

Since 2007, NBG uses a specialized Collateral Management system, both for corporate and retail exposures. The system aims to:

- Record Bank's collaterals;
- Establish a connection between loan contract and collateral;
- Assess qualitatively all collaterals;
- Monitor collaterals' market value and estimate coverage ratio;
- Provide information regarding each and every obligor's collaterals;
- Retrieve necessary data for the estimation of capital requirements per facility;
- Automatically monitor the obligor's entire credit risk position.

The Collateral Management system provides a large number of control elements, reducing operational risk, also keeping track of all securities offered to the Bank, both those that are currently active and those that matured.

The system calculates and/or keeps the following values per collateral:

- Value as of input day;
- Current market value (for traded securities, etc.);
- Guarantee value: this is lower than the Current market value by a fixed proportion which, in turn, is based on the collateral's liquidation feasibility;
- Market value, Tax value, Forced Sale value, Land and Buildings value and Construction Cost for all real estate collaterals.

In principle, NBG accepts the following credit risk mitigation types (funded and unfunded) for capital calculation purposes under the Standardised Approach:

- Guarantees from:
  - Legal entities, both from the Private and Public Sector
  - Central governments, Regional governments, local authorities and PSEs
  - Financial institutions
  - The Greek Government
  - the Hellenic Development Bank (HDB)
  - the European Investment Fund (EIF)
  - the European Investment Bank (EIB)
- Pledges of
  - Deposits
  - Equity, Mutual funds and Non-tangible securities (bonds, etc.)
  - Claims against Central Government, Public and Private Sector Entities
  - Letters of Guarantee
  - Claims on Insurance Contracts
- Liens
  - On Real Estate

Credit and Counterparty Risk exposures secured by CRR eligible credit risk mitigation instruments (collateral and guarantees) as of 30.06.2022 (in € mio), net of provisions, were as follows:

**Table 27 : EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 30.06.2022**

	a	b	c	d	e
	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
1 Total loans	8,341	28,402	26,866	1,536	
2 Total debt securities	13,816				
<b>3 Total exposures</b>	<b>22,158</b>	<b>28,402</b>	<b>26,866</b>	<b>1,536</b>	
4 Of which non-performing exposures	91	826	805	21	
5 Of which defaulted*					

\*According to the EBA Guidelines on definition of default (EBA/GL/2016/07), in force from 1 January 2021, default is fully aligned with the NPE definition.

**Table 27 : EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques 31.12.2021**

	a	b	c	d	e
	Exposures unsecured - Carrying amount	Exposures secured - Carrying amount	Of which: secured by collateral	Of which: secured by financial guarantees	Of which: secured by credit derivatives
1 Total loans	8,144	25,822	19,630	6,193	
2 Total debt securities	14,868				
<b>3 Total exposures</b>	<b>23,012</b>	<b>25,822</b>	<b>19,630</b>	<b>6,193</b>	
4 Of which non-performing exposures	133	944	746	198	
5 Of which defaulted*					

\*According to the EBA Guidelines on definition of default (EBA/GL/2016/07), in force from 1 January 2021, default is fully aligned with the NPE definition.

## 5.7 Portfolios under the Standardised Approach

External Credit Assessment Institutions (ECAI) used to risk weight exposures under the Standardised Approach are Standard & Poor's, Moody's Investors Service Ltd and Fitch Ratings Ltd. There is no process to transfer the issuer and issue credit assessments onto items not included in the trading book, as this is not applicable to NBG Group's portfolios.

The asset classes for which ECAI ratings are used are the following:

- Central Governments and Central Banks
- Regional Governments and Local Authorities
- Public Sector Entities
- Financial Institutions
- Corporate

The table on the right depicts the mapping of external credit assessments to the corresponding credit quality steps.

**Table 29: Mapping of Credit quality steps**

Fitch	Standard & Poor's	Moody's	Credit Quality Steps
From AA to AAA	From AA to AAA	From Aa1 to Aaa	1
From A to A+	From A to A+	From A1 to A3	2
From BBB to BBB+	From BBB to BBB+	From Baa1 to Baa3	3
From BB to BB+	From BB to BB+	From Ba1 to Ba3	4
From B to B+	From B to B+	From B1 to B3	5
From C to CCC+	From C to CCC+	From C1 to Caa3	6

The table below presents the Exposures (net of accounting provisions), before and after Credit Risk Mitigation (CRM), as of 30.06.2022, according to the supervisory exposure classes (amounts are in € mio):

**Table 28: EU CR4 - Standardised approach - Credit Risk Exposure and CRM effects 30.06.2022**

	a	b	c	d	e	f
Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs*	RWA density
Central governments or central banks	33,722	0	37,352	0	5,538	15%
Regional governments or local authorities	13	1	12	0	3	20%
Public sector entities	855	174	1,664	7	821	49%
Multilateral development banks	100	0	343	0	0	0%
International organisations	64	0	64	0	0	0%
Institutions	2,430	424	2,447	89	658	26%
Corporates	13,626	15,168	12,279	906	12,362	94%
Retail	3,481	1,850	2,874	13	1,971	68%
Secured by mortgages on immovable property	9,297	93	9,297	37	3,390	36%
Exposures in default	1,521	86	1,387	9	1,452	104%
Exposures associated with particularly high risk	475	19	474	4	717	150%
Covered bonds						
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings						
Equity	112	0	112	0	148	132%
Other items	3,551	0	3,551	0	2,850	80%
<b>Total</b>	<b>69,246</b>	<b>17,816</b>	<b>71,856</b>	<b>1,064</b>	<b>29,910</b>	<b>41%</b>

\*Counterparty Credit Risk RWAs are not included



## CREDIT RISK

Table 28: EU CR4 - Standardised approach - Credit Risk Exposure and CRM effects 31.12.2021

Exposure classes	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs*	RWA density
Central governments or central banks	35,867	0	39,563	0	5,203	13%
Regional governments or local authorities	14	1	14	0	3	20%
Public sector entities	793	226	1,704	6	760	44%
Multilateral development banks	0	0	47	0	0	0%
International organisations	60	0	60	0	0	0%
Institutions	2,697	233	2,752	50	409	15%
Corporates	12,778	12,350	11,490	829	11,732	95%
Retail	3,516	1,857	2,887	12	1,985	68%
Secured by mortgages on immovable property	9,128	89	9,128	32	3,304	36%
Exposures in default	1,685	96	1,553	9	1,623	104%
Exposures associated with particularly high risk	365	22	365	4	553	150%
Covered bonds						
Institutions and corporates with a short-term credit assessment						
Collective investment undertakings						
Equity	336	0	336	0	727	217%
Other items	3,661	0	3,661	0	2,949	81%
<b>Total</b>	<b>70,900</b>	<b>14,875</b>	<b>73,559</b>	<b>944</b>	<b>29,249</b>	<b>39%</b>

\*Counterparty Credit Risk RWAs are not included

Table 30 : EU CR5 - Standardised approach 30.06.2022

Exposure classes		Risk Weight							
		0%	2%	4%	10%	20%	35%	50%	70%
1	Central governments or central banks	32,615				1		44	
2	Regional governments or local authorities					12			
3	Public sector entities	850							
4	Multilateral development banks	343							
5	International organisations	64							
6	Institutions	1,315				644		126	
7	Corporates								
8	Retail								
9	Secured by mortgages on immovable property						6,446	2,888	
10	Exposures in default								
11	Exposures associated with particularly high risk								
12	Covered bonds								
13	Institutions and corporates with a short-term credit assessment								
14	Collective investment undertakings								
15	Equity								
16	Other items	690				13			
17	Total	35,876				670	6,446	3,058	

\*Counterparty Credit Risk RWAs are included

## CREDIT RISK

Table 30 : EU CR5 - Standardised approach 30.06.2022 (continued)

Exposure classes	Risk Weight							Total	Of which unrated
	75%	100%	150%	250%	370%	1250%	Others		
1 Central governments or central banks		4,145		548				37,352	
2 Regional governments or local authorities								12	12
3 Public sector entities		821						1,671	1,671
4 Multilateral development banks								343	
5 International organisations								64	
6 Institutions		420	31					2,535	643
7 Corporates		12,990	194					13,184	12,584
8 Retail	2,887							2,887	
9 Secured by mortgages on immovable property								9,334	
10 Exposures in default		1,281	114					1,395	
11 Exposures associated with particularly high risk			478					478	
12 Covered bonds								0	
13 Institutions and corporates with a short-term credit assessment								0	
14 Collective investment undertakings								0	
15 Equity		89		24				112	
16 Other items		2,848						3,551	
17 Total	2,887	22,593	817	572				72,920	14,898

\*Counterparty Credit Risk RWAS are included

Table 30 : EU CR5 - Standardised approach 31.12.2021

Exposure classes	Risk Weight							
	0%	2%	4%	10%	20%	35%	50%	70%
1 Central governments or central banks	34,872						45	
2 Regional governments or local authorities					14			
3 Public sector entities	950							
4 Multilateral development banks	47							
5 International organisations	60							
6 Institutions	2,090				349		106	
7 Corporates								
8 Retail								
9 Secured by mortgages on immovable property						6,499	2,661	
10 Exposures in default								
11 Exposures associated with particularly high risk								
12 Covered bonds								
13 Institutions and corporates with a short-term credit assessment								
14 Collective investment undertakings								
15 Equity								
16 Other items	702				13			
17 Total	38,722				375	6,499	2,812	

## CREDIT RISK

Table 30 : EU CR5 - Standardised approach 31.12.2021 (continued)

Exposure classes	Risk Weight							Total	Of which unrated
	75%	100%	150%	250%	370%	1250%	Others		
1 Central governments or central banks		4,289		357				39,563	
2 Regional governments or local authorities								14	14
3 Public sector entities		760						1,710	1,710
4 Multilateral development banks								47	
5 International organisations								60	
6 Institutions		195	61					2,801	466
7 Corporates		11,767	552					12,319	11,562
8 Retail	2,900							2,900	
9 Secured by mortgages on immovable property								9,160	
10 Exposures in default		1,440	122					1,562	
11 Exposures associated with particularly high risk			369					369	
12 Covered bonds								0	
13 Institutions and corporates with a short-term credit assessment								0	
14 Collective investment undertakings								0	
15 Equity		75		261				336	
16 Other items		2,946						3,661	
17 Total	2,900	21,473	1,104	618				74,503	13,752

\*Counterparty Credit Risk exposures are not included

## COUNTERPARTY CREDIT RISK

## 6 COUNTERPARTY CREDIT RISK

Counterparty Credit Risk (CCR) mainly stems from the OTC derivative and secured interbank transactions, namely repurchase agreements, included in the trading portfolio and the banking book. The main contributor to CCR within NBG Group is the Bank.

The approach for the calculation of the exposure values for CRR depends on the type of transaction. For OTC and exchange-traded derivative transactions, the exposure at default (EAD) is calculated based on the SA-CCR methodology which has replaced both the Mark-to-Market Method (MtMM) and the Standardized Method.

More specifically, the EAD is calculated as the product of an alpha factor and the sum of the replacement cost (RC) and the potential future exposure (PFE), i.e.,  $EAD = \alpha * (RC + PFE)$ . The alpha factor equals 1.4 and is carried over from the alpha value set by the Basel Committee for the Internal Model Method. The RC reflects the current value adjusted for the effects of net collateral (including independent amounts, thresholds and minimum transfer amounts). The PFE add-on consists of a multiplier that allows for the partial

recognition of excess collateral or negative mark-to-market value for the transactions and an aggregate add-on which is derived from the add-ons developed for each asset class (interest rate, foreign exchange, credit, equity and commodity). Therefore, the RC is calculated at the netting set level, whereas the PFE add-ons are calculated for each asset class within a given netting set and then aggregated.

In the case of repurchase agreements, the EAD is calculated in accordance with the financial collateral comprehensive method.

In addition, the GFLRM Division calculates the capital requirements against credit valuation adjustment (CVA) risk. CVA is an adjustment to the fair value of derivative instruments to account for CCR, due to possible changes in the creditworthiness of the counterparty. The calculations only pertain to transactions with financial institutions. NBG employs the Standardized approach for the calculation of the respective capital charges, whereas the EADs are calculated in accordance with the SA-CCR framework.

The components of CCR, on a Group level, are shown in the tables below, as of 30 June 2022.

**Table 31: EU CCR1 - Analysis of CCR exposure by approach (€ mio) 30.06.2022**

		Replacement cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEAs
EU1	EU - Original Exposure Method (for derivatives)								
EU2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	191	154	-	1.4	2,677	483	454	265
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					3,142	312	312	5
5	VaR for SFTs								
6	<b>Total</b>					<b>5,820</b>	<b>796</b>	<b>766</b>	<b>270</b>

**Table 31: EU CCR1 - Analysis of CCR exposure by approach (€ mio) 31.12.2021**

		Replacement cost (RC)	Potential Future Exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEAs
EU1	EU - Original Exposure Method (for derivatives)								
EU2	EU - Simplified SA-CCR (for derivatives)								
1	SA-CCR (for derivatives)	198	146	-	1.4	4,787	481	436	292
2	IMM (for derivatives and SFTs)								
2a	Of which securities financing transactions netting sets								
2b	Of which derivatives and long settlement transactions netting sets								
2c	Of which from contractual cross-product netting sets								
3	Financial collateral simple method (for SFTs)								
4	Financial collateral comprehensive method (for SFTs)					95	65	65	20
5	VaR for SFTs								
6	<b>Total</b>					<b>4,882</b>	<b>546</b>	<b>501</b>	<b>313</b>

## COUNTERPARTY CREDIT RISK

Table 32: EU CCR2 – CVA capital charge (€ mio) 30.06.2022

		Exposure value	RWEAs
1	Total transactions subject to the advanced method		
2	(i) VaR component (including the 3x multiplier)		
3	(ii) stressed VaR component (including the 3x multiplier)		
4	Transactions subject to the Standardized method	231	190
EU4	Transactions subject to the Alternative Approach (Based on the Original Exposure Method)		
5	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>231</b>	<b>190</b>

Table 32: EU CCR2 – CVA capital charge (€ mio) 31.12.2021

		Exposure value	RWEAs
1	Total transactions subject to the advanced method		
2	(i) VaR component (including the 3x multiplier)		
3	(ii) stressed VaR component (including the 3x multiplier)		
4	Transactions subject to the Standardized method	219	206
EU4	Transactions subject to the Alternative Approach (Based on the Original Exposure Method)		
5	<b>Total transactions subject to own funds requirements for CVA risk</b>	<b>219</b>	<b>206</b>

Table 33: EU CCR8 – Exposures to CCPs (€ mio) 30.06.2022

		Exposure Value	RWEAs
1	<b>Exposures to QCCPs* (total)</b>		<b>8</b>
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	273	5
3	(i) OTC derivatives	261	5
4	(ii) Exchange-traded derivatives	12	0.2
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	982	
8	Non-segregated initial margin	48	1
9	Prefunded default fund contributions	26	2
10	Alternative calculation of own funds requirements for exposures		
11	<b>Exposures to non-QCCPs* (total)</b>		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		



## COUNTERPARTY CREDIT RISK

Table 33: EU CCR8 – Exposures to CCPs (€ mio) 31.12.2021

		Exposure Value	RWEAs
1	<b>Exposures to QCCPs* (total)</b>		9
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	322	6
3	(i) OTC derivatives	319	6
4	(ii) Exchange-traded derivatives	2	0.05
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	1,090	
8	Non-segregated initial margin	32	0.6
9	Prefunded default fund contributions	12	2
10	Alternative calculation of own funds requirements for exposures		
11	<b>Exposures to non-QCCPs* (total)</b>		
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
13	(i) OTC derivatives		
14	(ii) Exchange-traded derivatives		
15	(iii) SFTs		
17	Segregated initial margin		
18	Non-segregated initial margin		
19	Prefunded default fund contributions		
20	Unfunded default fund contributions		

Table 34: EU CCR3 - Standardized approach - CCR exposures by regulatory portfolio and risk (€ mio) 30.06.2022

Exposure classes		Risk Weight											Total
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	333								3			337
2	Regional governments or local authorities												
3	Public sector entities					0							0
4	Multilateral development banks												
5	International organisations												
6	Institutions		321			79	198			3	0.02		601
7	Corporates									149	0		149
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	<b>Total</b>	<b>333</b>	<b>321</b>			<b>79</b>	<b>198</b>			<b>155</b>	<b>0.02</b>		<b>1,087</b>

Table 34: EU CCR3 - Standardized approach - CCR exposures by regulatory portfolio and risk (€ mio) 31.12.2021

Exposure classes		Risk Weight											Total
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	
1	Central governments or central banks	23											23
2	Regional governments or local authorities												
3	Public sector entities					0							
4	Multilateral development banks												
5	International organisations												
6	Institutions		354			95	195			5	0		649
7	Corporates									168	16		183
8	Retail												
9	Institutions and corporates with a short-term credit assessment												
10	Other items												
11	<b>Total</b>	<b>23</b>	<b>354</b>	<b>0</b>	<b>0</b>	<b>95</b>	<b>195</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>16</b>		<b>855</b>

## COUNTERPARTY CREDIT RISK

Table 35: EU CCR5 – Composition of collateral for CCR exposures (€ mio) 30.06.2022

Collateral type	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	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		2,520	685	787	0.11		1	
2 Cash – other currencies		181		6			2	
3 Domestic sovereign debt		1,530			2,746		65	
4 Other sovereign debt			328		96		129	
5 Government agency debt								
6 Corporate bonds								
7 Equity securities								
10 Other collateral								
<b>11 Total</b>		<b>4,231</b>	<b>1,012</b>	<b>793</b>	<b>2,843</b>		<b>198</b>	

Table 35: EU CCR5 – Composition of collateral for CCR exposures (€ mio) 31.12.2021

Collateral type	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	
	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency		744	738	2,424	2		11	
2 Cash – other currencies		226		11				
3 Domestic sovereign debt		2,250			40		779	
4 Other sovereign debt			383				525	
5 Government agency debt								
6 Corporate bonds								
7 Equity securities								
10 Other collateral								
<b>11 Total</b>		<b>3,220</b>	<b>1,120</b>	<b>2,435</b>	<b>42</b>		<b>1,315</b>	

Table 36: EU CCR6 - Credit derivatives exposures (€ mio) 30.06.2022

	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
<b>Notionals</b>			
Single-name credit default swaps			
Index credit default swaps		10	
Total return swaps			
Credit options			
Other credit derivatives			
<b>Total notionals</b>			
<b>Fair values</b>			
Positive fair value (asset)		10	
Negative fair value (liability)		0.15	

Table 36: EU CCR6 - Credit derivatives exposures (€ mio) 31.12.2021

	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
<b>Notionals</b>			
Single-name credit default swaps		10	
Index credit default swaps			
Total return swaps			
Credit options			
Other credit derivatives			
<b>Total notionals</b>		<b>10</b>	
<b>Fair values</b>			
Positive fair value (asset)		0.05	
Negative fair value (liability)			

## 7 MARKET RISK

The Bank uses internally developed and implemented market risk models and systems to assess and quantify the portfolio market risk, based on best practice and industry-wide accepted risk metrics. More specifically, the Bank estimates the market risk of its trading and the held to collect and sell (HTCS) portfolios using the Value at Risk (VaR) methodology. In particular, the Bank has adopted the Variance-Covariance (VCV) methodology, with a 99% confidence interval and 1-day holding period.

The variance-covariance methodology can be summarised as follows:

1. Collection of transactional data per type of product;
2. Identification of "risk factors" i.e., variables whose price changes could affect the value of the portfolio. The risk factors relevant to the financial products in the Bank's portfolio are interest rates, sovereign yields, equity indices, foreign exchange rates and commodity prices;
3. Collection of market data for instruments/positions valuation;
4. Specification of the confidence interval and the holding period for the VaR calculations at 99% and 1-day, respectively;
5. Estimation of the model's parameters:
  - the variance of each risk factor, from which respective volatilities are derived;
  - the covariance of the risk factors, from which respective correlations are derived;
  - the beta of stocks;
  - the volatility for the estimation of equity specific risk.
6. Estimation of the VaR per type of risk (interest rate risk, equity risk, foreign exchange risk and commodity risk);
7. Estimation of the Trading and HTCS portfolios' VaR, taking into consideration the correlation matrix among all risk factors.

The calculation of the model's parameters relies on the following statistical assumptions:

- Returns on individual risk factors follow a normal distribution
- Portfolio's payout is considered to be linear

The VaR is calculated on a daily basis for the Bank's trading and HTCS portfolios, along with the VaR per risk type (interest rate, equity, foreign exchange and commodity risk). The VaR estimates are used internally as a risk management tool, as well as for regulatory purposes. More specifically, the GFLRM Division calculates the VaR of the Bank's trading and HTCS portfolios, for internal use, using the latest 75 exponentially weighted daily observations to construct the VCV matrices. For regulatory purposes, the calculations apply only on the trading book and the VCV matrices are based on 252, equally weighted, daily observations per risk factor.

Moreover, since the Bank has approval to use an internal model approach (IMA) only for general market risk purposes, the issuer risk and the equity specific risk of the portfolio are excluded from the regulatory VaR calculations. The respective capital requirements are based on the Standardized Approach (SA).

Additionally, the GFLRM Division calculates the stressed VaR (sVaR) of the Bank's trading portfolio, which is defined as the VaR, where model inputs are calibrated to historical data from a continuous 1-year period of significant financial stress, relevant to the Bank's

portfolio. To identify this 1-year time window of significant stress, NBG follows a conservative approach, which covers the entire period from the beginning of the financial crisis of 2008. More specifically, VCV matrices dating back to the 3rd of January 2008, are calculated on a daily basis and the VCV matrix that corresponds to the maximum VaR of NBG's trading portfolio, over the entire period, is selected. To ensure consistency, at each year-end, the process is repeated for certain days of the last calendar month of the year, and subsequently the identified "stressed VCV matrix" is applied over the next year. Similarly to VaR, NBG calculates sVaR on a daily basis, using a 1-day holding period and 99% confidence level.

For the calculation of the regulatory capital requirements, the VaR/sVaR is scaled up to 10-days via the square-root-of-time rule<sup>1</sup>.

Based on the above, the capital charges for the Bank's general market risk are calculated as the sum of the following two amounts:

- the maximum of: a) the VaR of the previous day, calculated with a 10-days holding period, b) the average VaR of the last 60-days, using a 10-days holding period and multiplied by a factor (mc), determined by the regulator and varying between three (3) and four (4); plus
- the maximum of: a) the Stressed VaR of the previous day, calculated with a 10-days holding period, b) the average Stressed VaR of the last 60-days, using a 10-days holding period and multiplied by a factor (ms), determined by the regulator and varying between three (3) and four (4).

Finally, the use of internal model is granted only for NBG, therefore the calculation of market risk capital charges for the rest of the Group's subsidiaries is based on the Standardized Approach. The components of capital requirements under the standardized approach and the internal model approach for market risk, as of 30<sup>st</sup> June, 2022, are shown in the table below.

**Table 37: EU MR1 – Market risk under the Standardized approach (€ mio) 30.06.2022 and 31.12.2021**

	RWAs Q2.22	RWAs Q4.21
<b>Outright products</b>		
1 Interest rate risk (general and specific)	16	32
2 Equity risk (general and specific)	30	44
3 Foreign exchange risk	148	161
4 Commodity risk		
<b>Options</b>		
5 Simplified approach		
6 Delta-plus approach	327	260
7 Scenario approach		0.03
8 Securitisation (specific risk)		
<b>9 Total</b>	<b>521</b>	<b>497</b>

<sup>1</sup> 10-day VaR is obtained by multiplying the 1-day VaR with the square root of 10 (i.e.  $VaR_{10-day} = VaR_{1-day} \times \sqrt{10}$ )

## MARKET RISK

Table 38: EU MR2-A – Market risk under the IMA (€ mio) 30.06.2022

		RWAs	Own funds requirements
1	<b>VaR</b> (higher of values a and b)	<b>373</b>	<b>30</b>
(a)	Previous day's VaR (VaRt-1)		7
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		30
2	<b>SVaR</b> (higher of values a and b)	<b>903</b>	<b>72</b>
(a)	Latest available SVaR (SVaRt-1)		21
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		72
3	<b>IRC</b> (higher of values a and b)		
(a)	Most recent IRC measure		
(b)	12 weeks average IRC measure		
4	<b>Comprehensive risk measure</b> (higher of values a, b and c)		
(a)	Most recent risk measure of comprehensive risk measure		
(b)	12 weeks average of comprehensive risk measure		
(c)	Comprehensive risk measure Floor		
5	<b>Other</b>		
6	<b>Total</b>	<b>1276</b>	<b>102</b>

Table 38: EU MR2-A – Market risk under the IMA (€ mio) 31.12.2021

		RWAs	Own funds requirements
1	<b>VaR</b> (higher of values a and b)	<b>248</b>	<b>20</b>
(a)	Previous day's VaR (VaRt-1)		8
(b)	Multiplication factor (mc) x average of previous 60 working days (VaRavg)		20
2	<b>SVaR</b> (higher of values a and b)	<b>904</b>	<b>72</b>
(a)	Latest available SVaR (SVaRt-1)		19
(b)	Multiplication factor (ms) x average of previous 60 working days (sVaRavg)		72
3	<b>IRC</b> (higher of values a and b)		
(a)	Most recent IRC measure		
(b)	12 weeks average IRC measure		
4	<b>Comprehensive risk measure</b> (higher of values a, b and c)		
(a)	Most recent risk measure of comprehensive risk measure		
(b)	12 weeks average of comprehensive risk measure		
(c)	Comprehensive risk measure Floor		
5	<b>Other</b>		
6	<b>Total</b>	<b>1,152</b>	<b>92</b>

Table 39: EU MR2-B – RWA flow statements of market risk exposures under the IMA (€ mio) 30.06.2022

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
1	<b>RWAs as of March 31, 2022</b>	<b>332</b>	<b>945</b>			<b>1278</b>	<b>102</b>
1a	Regulatory adjustment	239	695			934	75
1b	RWAs at the previous quarter-end (end of the day)	93	250			343	27
2	Movement in risk levels	12	(39)				
3	Model updates/changes						
4	Methodology and policy						
5	Acquisitions and disposals						
6	Foreign exchange movements						
7	Other	(13)	(11)				
8a	RWAs at the end of the reporting period (end of the day)	92	200			292	23
8b	Regulatory adjustment	281	702			984	79
8	<b>RWAs as of June 30, 2022</b>	<b>373</b>	<b>903</b>			<b>1276</b>	<b>102</b>

Table 39: 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	<b>RWAs as of December 31, 2021</b>	<b>248</b>	<b>904</b>			<b>1,152</b>	<b>92</b>
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	<b>RWAs as of March 31, 2022</b>	<b>332</b>	<b>945</b>			<b>1,278</b>	<b>102</b>

During the first six months of 2022, the Market Risk RWAs, based on the Internal Model Approach (IMA), increased by c. €124mio. The surge in market volatility, that started in late 2021 and continued in 2022, resulted in a clustering of over-shootings in the back-testing process, which in turn led to the increase of the capital multiplier (from 3.5, on December 31<sup>st</sup>, 2021 to 4.0, on March 31<sup>st</sup>, 2022), as well as of the IMA RWAs. Between Q1.2022 and Q2.2022, the IMA RWAs remained stable.

Finally, the Bank's regulatory VaR/sVaR estimates during the first six months of 2022 are shown in the table below.

**Table 40: EU MR3 – IMA values for trading portfolios**  
(€ mio) 30.06.2022

VaR (10 day 99%)		
1	Maximum value	9
2	Average value	7
3	Minimum value	5
4	Period end	7
SVaR (10 day 99%)		
5	Maximum value	21
6	Average value	19
7	Minimum value	15
8	Period end	16

**Table 40: EU MR3 – IMA values for trading portfolios**  
(€ mio) 31.12.2021

VaR (10 day 99%)		
1	Maximum value	8
2	Average value	6
3	Minimum value	4
4	Period end	8
SVaR (10 day 99%)		
5	Maximum value	28
6	Average value	20
7	Minimum value	18
8	Period end	19

## 7.1 Stress testing

The daily VaR refers to “normal” market conditions. Supplementary analysis is, however, necessary for capturing the potential loss that might incur under extreme and unusual conditions in financial markets. Thus, the GFLRM Division conducts stress testing on a weekly basis, through the application of different stress scenarios on the relevant risk factors (interest rates, equity indices, foreign exchange rates). Stress testing is performed on both the Trading and the HTCS portfolios, as well as separately on the positions of the Trading Book.

The scenarios used are shown in the following table:

**Table 41: Stress test Scenarios**

Scenario	Description	0 - 3 months	3 months - 5 years	> 5 years
<b>Interest Rate Risk</b>				
1	Parallel Curve shift	+200 bps.	+200 bps.	+200 bps.
2	Parallel Curve shift	-200 bps.	-200 bps.	-200 bps.
3	Steepening of the curve	0 bps.	+100 bps.	+200 bps.
4	Flattening of the curve	+200 bps.	+100 bps.	0 bps.
<b>Equity Risk</b>				
	-30% for all indices			
<b>Foreign Exchange Risk</b>				
	EUR depreciation by 30%/EUR appreciation by 30%			

Additionally, the Bank implements and monitors volatility specific stress scenarios, on a daily basis, examining the P&L effect from shocking the implied volatilities of the derivatives included in the Regulatory Trading portfolio. The scenarios used are shown in the table below:

**Table 42: Volatility stress test Scenarios**

Scenario	Description
1	IR: normal +1bp, lognormal +1%, EQT & FX: +1%
2	IR: normal +5bp, lognormal +5%, EQT & FX: +5%
3	IR: normal +10bp, lognormal +10%, EQT & FX: +10%
4	IR: normal -1bp, lognormal -1%, EQT & FX: -1%
5	IR: normal -5bp, lognormal -5%, EQT & FX: -5%
6	IR: normal -10bp, lognormal -10%, EQT & FX: -10%

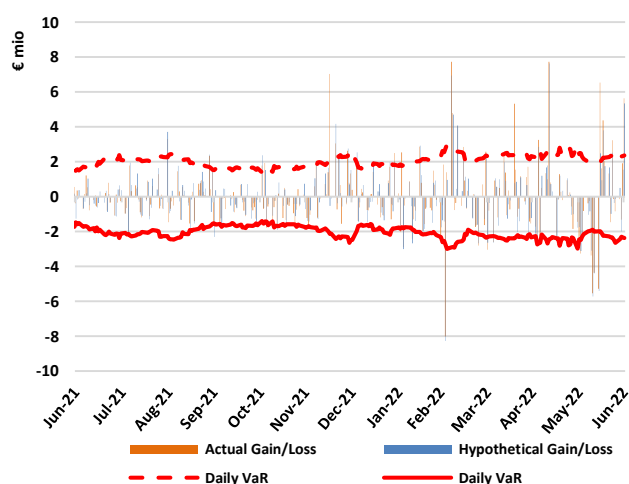
## 7.2 Back testing

In order to verify the predictive power of the VaR model used for the calculation of Market Risk capital requirements, the Bank conducts back-testing on a daily basis. In accordance with the guidelines set out in the Capital Requirements Regulation 575/2013, the calculations only refer to the Bank's trading portfolio and involve the comparison of the hypothetical as well as the actual daily gains/losses of the portfolio, with the respective estimates of the VaR model used for regulatory purposes. The hypothetical gains/losses is the change in the value of the portfolio between days  $t$  and  $t+1$ , assuming that the portfolio remains constant between the two days. In the same context, the actual gains/losses is the change in the value of the portfolio between days  $t$  and  $t+1$ , including all the transactions and/or any realized gains/losses that took place in day  $t+1$ , excluding fees, commissions and net interest income.

Any excess of the hypothetical / actual losses over the VaR estimate is reported to the regulatory authorities within five business days. The Bank's trading book is primarily exposed to interest rate risk in the Eurozone, with the key risk factors being the EUR swap rates and the respective government yields (mainly the German).

The turmoil in the markets during the first half of 2022, driven by inflationary pressures and rising interest rates, led to a further clustering of back-testing over-shootings. Since the end of 2021, the Bank recorded 13 VaR breaches, which in turn led the VaR/sVaR multiplier to reach the highest value (4).

**Figure 3:** EU MR4 – Comparison of VaR estimates with gains/losses





## 8 SECURITIZATION

### Overview

This section provides details of traditional and synthetic securitization exposures in the banking and trading book based on the Basel III securitization framework.

The Bank treats securitization transactions per the provisions of Chapter 5, Title II, Part Three of Regulation (EU) No 575/2013 of the European Parliament and the Council, of 26 June 2013, on prudential requirements for credit institutions and investment firms as amended by regulation 2401/2017, complementary regulations 2402/201 and 557/2021 regarding STS securitizations, as well as 558/2021 specifying adjustments to the securitisation framework to support the economic recovery in response to the COVID-19 crisis (hereinafter, the CRR).

An explanation of various basic concepts is given below, to make clear the content of this chapter:

- Securitization is a transaction or scheme whereby the credit risk associated with an asset or pool of assets is divided into tranches, having all the following characteristics:
  - Payments in the transaction or scheme are dependent upon the performance of the securitized asset or pool of assets.
  - The subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.
  - Primary recourse for securitization lies with the underlying securitized financial assets.
- Tranche: a contractually established segment of the credit risk associated with an exposure or exposures, where each position in the segment entails a risk of credit loss greater than or less than a position of the same amount in each of the other segments in line with the order of payment priority outlined in the securitization, without taking into account credit protection provided by third parties directly to the holders of positions in the segment in question or other segments. To this end, every securitization position either forms part of a tranche or constitutes a tranche in itself. Therefore, different types of tranches may be distinguished and are typically the following:
  - First loss tranche (or equity tranche): this is the most subordinated tranche in a securitization. It is the first tranche to bear losses incurred on the securitized exposures and, consequently, it protects the second loss tranche and, where relevant, higher ranking tranches.
  - Intermediate risk tranche (or mezzanine tranche): this tranche has a lower ranking than the highest-ranking position in the securitization and ranks lower than any securitization position within the said agreement.
  - High priority tranche (or senior tranche): any tranche that is not a first loss tranche or an intermediate risk tranche. The 'highest priority tranche' is the tranche of the highest priority among the securitisation payments.
- Traditional securitization: securitization involving the economic transfer of the exposures being securitized to a 'securitization special purpose entity' (SSPE) that issues securities. This can be accomplished by the transfer of ownership of the securitized exposures from the originator. Securities issued by SSPEs do not represent any legally binding payment obligations for the originator institution.
- Synthetic securitization: means a securitization where the transfer of the credit risk of an asset portfolio risk is achieved

by the use of credit derivatives or guarantees (mainly Credit Default Swaps (CDS) or Financial Guarantees). In these transactions, protection sellers acquire a position equivalent to that of a direct investor in the tranche that they are securing.

- Originator institution: An entity which, by itself or through related entities, directly or indirectly, was involved in the original agreement which created the obligations or potential obligations of the obligor or potential obligor, giving rise to the securitization of the exposure.
- Investor institution: any institution or subject, different from the originator, that holds a securitization position.
- Arranger: entity responsible for designing the structure of securitization and determining credit enhancements and the different tranches of securities that will be issued. The arranger may also participate in their placing on the market.

### Objectives in relation to securitizations

As originator, the Bank may securitize financial assets (e.g. mortgage or corporate loans) in a traditional or a synthetic transaction, depending on the objectives of it. The objectives pursued through a transaction can vary from funding to the reduction of the credit risk and capital requirements or more sophisticated asset management.

Securitization offers a series of advantages in terms of liquidity and risk management, facilitating the efficient management of the balance sheet, as a tool that allows:

- Generation of liquidity: the transformation of relatively illiquid assets into marketable securities, which can allow liquidity to be gained in wholesale markets either through their sale or use as collateral.
- Diversification of sources of funding: the diversification of the sources that the Group uses to finance its activities, arising from its objective of obtaining liquidity.
- Capital management: securitizations in which there is an effective transfer of risks contribute to optimizing capital management and contribute to the generation of value.
- Asset disposals: securitizations in which large-scale asset disposals are achieved.

The Bank may securitize financial assets in a traditional or a synthetic transaction, depending on the objectives of each transaction.

The Bank considers all aspects of such transaction and makes a comprehensive judgment on the structure and its appropriateness, assessing the effects on the liquidity position, the reduction of credit risk, the cost of capital, the improvement of return on risk as well as any operational effects. Where the Bank intends to securitize assets it has originated, it ensures the terms and conditions applicable to the proposed securitization and any support facilities or dealings are arm's length and market-based and compliant with prudential regulations. Where the Bank has sold assets to an SSPE but retains a servicer role in managing those assets, the Bank ensures those securitized assets are effectively ring-fenced from the Bank's own assets per the applicable legislation.

The authorization and approval of the various governing bodies are required to realize or execute transactions.

### Risk inherent to securitizations

The risks associated with securitization activities are mainly assumed by the originator institution and/or investor institutions. Specifically, these risks are the following:

- Credit risk: the risk of borrowers being unable to honour their contractual obligations in due time and form (e.g. the non-payment of mortgage loan instalments), which leads to the impairment of the asset which is backing the issued securities. This is the main risk transferred to investors through the securities issued or the use of credit derivatives and financial guarantees.
- Prepayment risk: risk arising from the early amortization, either in full or in part, of assets that back the securitization. As a result, the actual maturity of the securities issued may be shorter than the contractual maturity of the underlying assets.
- Basis risk: the risk that arises when interest rates or the maturity schedule of securitized assets do not coincide with those of issued bonds. This risk may be covered by the originator institution using interest rate swaps.
- Commingling risk: this is the risk that affects all investors and which exists in transactions wherein the payment of interest on the underlying portfolio is not immediately transferred from the originator to the accounts of the SSPE.
- Liquidity risk: the risk that the issued securities will not be traded in the market with a frequency or volume that will enable the investor to sell positions at any given time.
- Operational risk: securitizations are subject to operational risks, associated with the inadequacy of applied processes. In any securitization, the greatest operational risk relates to the operations required to claim and settle payments of cash flows related to the structure.

### Role and involvement of the Bank

The main functions carried out by the Bank are:

- Originator: the Bank has completed various securitization programmes in which, the Bank has assigned pools of residential mortgage loans, loans to small and medium-sized enterprises (SMEs), loans to corporates, financial lease rights and personal consumer loans, to be converted into asset-backed securities.
- Servicer of securitized portfolios: the Bank also acts as the servicer of securitized assets, managing the collection of principal and interest payments as well as providing cash management services.
- Provider of financing: the Bank may act as a provider of financing associated with subordinated loans for the creation of reserve funds and for loans to fund the initial expenses incurred by SSPEs.
- Counterparty: additionally, the Bank may act as a counterparty in swaps to mitigate basis risk.

The Bank has taken on the role of the originator as well as an investor for transactions targeting the generation of liquidity.

The Bank has not carried out any synthetic securitizations or re-securitizations.

As an originator and for the purposes of CRR Article 409, in compliance with that outlined in Article 405, the Bank maintains a commitment to consistently retain in a securitization of which it is an originator, a significant net economic interest of at least 5%, which it has done by retaining at least 5% of the bonds or at least 5% of the portfolio of similar assets.

Article 248 of the CRR sets forth that originator institutions, which in respect of a securitization have made use of Article 245(1) and (2) in the calculation of risk-weighted exposure amounts, shall not, with a view to reducing potential or actual losses to investors, provide support to the securitization beyond their contractual obligations. The implicit support to which this article of the CRR refers is a concept linked to the transfer of risk and refers to a situation in which originator institutions may be providing support to a securitization beyond that contractually agreed, as a result of an actual or expected impairment in the credit quality of the portfolio used to reduce the actual or potential losses to investors.

### Accounting policies for securitization

The accounting of securitized transactions is conditional upon the extent and way in which the risks and rewards associated with the assets transferred are passed on to third parties, as outlined in applicable regulations.

Financial assets are derecognised from the balance sheet when their inherent risks and rewards have been substantially transferred to third parties, and no subordinated loans or any other type of credit enhancements of a significant amount are retained.

Securitizations that do not trigger derecognition from the balance sheet are accounted for in the following manner:

- If the transfer does not result in derecognition because NBG has retained substantially all the risks and rewards of ownership of the transferred assets, IFRS 9 requires NBG to continue to recognize the transferred assets in its entirety and recognise a financial liability for any consideration received. In subsequent periods, NBG recognises any income on the transferred assets and any expense incurred on the financial liability.
- The securitized assets are kept on the balance sheet in the same accounting portfolio before and after the transfer and, as such, no changes are applied to the valuation after securitization.

Once the derecognition criteria described above are met the difference between the consideration received (including any new assets obtained) and the carrying amount of the assets transferred represents the gain or loss from the transaction and is recognised in the income statement.

To analyse the possible consolidation of SSPEs to which the Bank transfers assets, the deciding factor is determining who controls the entity. The following are taken into account:

The first step is the performance of a detailed assessment on whether the Bank controls the Issuer, which will acquire the reference portfolio, and hence needs to consolidate it in accordance with IFRS 10.

### Design of the Transaction

In assessing the purpose and design of the Issuer, the involvement and decisions made by the Bank at the Issuer's inception as part of its design should be taken into consideration and it should be evaluated whether the transaction terms and features of the involvement provide the Bank with rights that are sufficient to give it power over the Issuer. ***Being involved in the design of the Issuer alone is not sufficient to give an investor control. However, involvement in the design may indicate that the Bank had the opportunity to obtain rights that are sufficient to give it power over the Issuer*** (IFRS 10. B51).

According to IFRS 10.6, an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with

the investee and has the ability to affect those returns through its power over the investee. *Under IFRS 10.7, control over the investee exists if and only if the investor has all the following:*

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

An investor shall consider **all facts and circumstances** when assessing whether it controls an investee (IFRS 10.8).

An analysis is then performed considering (a), (b) and (c) above.

### Calculating risk-weighted exposures in securitization activities

The approaches used to calculate risk weighted exposure amounts in securitization activities differ in terms of the fulfilment or non-fulfilment of conditions required to assume that a significant amount of risk has been transferred, as outlined in Articles 244 and 245 of the CRR.

For securitizations in which the risk has been significantly transferred, the Bank uses either the standardized approach (SEC-SA) to calculate risk weights in accordance with CRR Article 267 or the external ratings-based approach (SEC-ERBA) to calculate risk weights according to the credit quality rating and the maturity as per CRR Article 263. The SEC-ERBA approach can only be applied for exposures with publicly available rating, which in the case of the Frontier transaction is not available.

According to CRR Article 247, and given that Frontier transaction is a traditional securitization and SRT requirements are fulfilled, the Bank can exclude the underlying exposures from its calculation of risk-weighted exposure amounts, and calculate the risk-weighted exposure amounts for the positions it holds in the securitization. The risk-weighted exposure amount of a securitization position is calculated by multiplying the exposure value of the position by the relevant total risk weight, which is determined as the sum of the risk weight set out in CRR Article 261 and any proportionate additional risk weight imposed by competent authorities due to negligence or omission by the institution in accordance with Article CRR 270a.

Where no risk has been transferred, capital requirements are calculated for the original securitized exposures, in line with the portfolio and the approach used, determined at the outset based on their characteristics.

### Project "Frontier"

On 17 December 2021, NBG completed the Frontier transaction, which involved the securitization of a portfolio of NPEs with a total gross book value of c. €6 billion as of 30 June 2020, following fulfillment of all conditions' precedent, including receipt of all necessary approvals. The portfolio consisted of secured Large Corporate, Small and Medium Enterprises ("SMEs"), Small Business Lending ("SBL"), Residential Mortgages and Consumer Loans. NBG retained 100.0% of the Senior Notes, which are guaranteed from the State under the Hellenic Asset Protection Scheme ("HAPS" – see below), selling 95.0% of the Mezzanine and Junior Notes to the consortium consisting of affiliates of Bain Capital Credit ("Bain Capital"), Fortress Investment Group and doValue Greece.

The Bank has also serviced the portfolio on behalf of the noteholders for the period between 17 December 2021 and 4 February 2022,

when the migration of the portfolio to the long-term servicer (doValue Greece) took place.

### Project "Frontier II"

In the context of deleveraging its NPEs through inorganic actions and according to its NPE Divestment Policy, NBG decided the disposal of a portfolio of Greek NPEs in the form of a rated securitization under the project name "Frontier II", which aims to utilize the provisions of HAPS. The Frontier II perimeter stands at c.€1 billion, in terms of gross book value as of December 2021. The portfolio consists of predominantly secured Residential Mortgage loans, Large Corporate, Small and Medium Enterprises ("SMEs"), Small Business Lending ("SBL") and Consumer loans. The transaction is estimated to be completed within the 3rd 4th quarter of 2022.

### Project "Solar"

In addition to project "Frontier II" and according to its NPE Divestment Policy, NBG along with the rest three systemic banks (i.e. Alpha Bank, Eurobank and Piraeus Bank) initiated a joint transaction for the disposal of a portfolio of Greek NPEs in the form of a rated securitization under the project name "Solar", which aims to utilize the provisions of HAPS. The Solar portfolio consists of predominantly secured Small and Medium Enterprises ("SMEs") loans with a gross book value of c. €1.2 billion as of September 2021, of which c. €170 million correspond to NBG's share. The transaction is estimated to be completed within the 4th quarter of 2022.

### Hellenic Republic Asset Protection Scheme

In December 2019, the Greek parliament voted for the creation of an Asset Protection Scheme ("APS") (Greek Law 4649/2019) also known as the "Hercules Scheme". The Hercules Scheme will support banks on deleveraging NPEs through securitisation, with the aim of obtaining greater market stability. The participation in the Hercules Scheme is voluntary and open to all Greek banks and it does not constitute state aid as guarantees are priced on market terms.

Under the Hercules Scheme, the Hellenic Republic will provide guarantees up to €12.0 billion on the senior bonds of securitizations of NPEs. The Hercules Scheme will become effective only when the originator has sold at least 50% plus one of junior tranches (and mezzanine if any) and the notes are of such amount that allows the derecognition and the Significant Risk Transfer ("SRT") of the securitized receivables.

Moreover, in July 2021, following the approval from the Directorate General for the Competition of the European Commission (the "DG Competition") on 9 April 2021 and based on the Greek Law 4818/2021, the "Hercules" Scheme (named also as "Hercules II") was extended by 18 months, with no material changes in terms.

## SECURITISATION

Table 43: EU SEC1 - Securitisation exposures in the non-trading book (€ mio) 30.06.2022

Institution acts as originator														Institution acts as sponsor						Institution acts as investor									
Traditional														Synthetic		Sub-total		Traditional		Synthetic		Sub-total		Traditional		Synthetic		Sub-total	
Non-STS														of which				STS		Non-STS				STS		Non-STS			
of which														SRT															
SRT																													
1	Total exposures			6.8			6.8			6.8																			
2	Retail (total)			6.8			6.8			6.8																			
3	residential mortgage			6.8			6.8			6.8																			
4	credit card																												
5	other retail exposures																												
6	re-securitisation																												
7	Wholesale (total)																												
8	loans to corporates																												
9	commercial mortgage																												
10	lease and receivables																												
11	other wholesale																												
12	re-securitisation																												

Table 43: EU SEC1 - Securitisation exposures in the non-trading book (€ mio) 31.12.2021

Institution acts as originator						Institution acts as sponsor					Institution acts as investor			
		Traditional		Synthetic		Sub-total	Traditional		Synthetic	Sub-total	Traditional		Synthetic	Sub-total
	STS	Non-STS			of which		STS	Non-STS			STS	Non-STS		
	of which		of which		SRT									
	SRT		SRT											
1	Total exposures		6.3	6.3		6.3								
2	Retail (total)		6.3	6.3		6.3								
3	residential mortgage		6.3	6.3		6.3								
4	credit card													
5	other retail exposures													
6	re-securitisation													
7	Wholesale (total)													
8	loans to corporates													
9	commercial mortgage													
10	lease and receivables													
11	other wholesale													
12	re-securitisation													

Table 44: EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (€ mio) 30.06.2022

	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/IRBA (including IAA)	SEC-ERBA (including IAA)	SEC-SA	1250% RW/IRBA (including IAA)	SEC-ERBA (including IAA)	SEC-SA	1250% RW/IRBA (including IAA)	SEC-ERBA (including IAA)	SEC-SA	1250% RW/IRBA (including IAA)	SEC-ERBA (including IAA)	SEC-SA	1250% RW/IRBA (including IAA)
1 Total exposures				6.8		6.8				76.7					6.1	
2 Traditional transactions				6.8		6.8				76.7					6.1	
3 Securitisation				6.8		6.8				76.7					6.1	
4 Retail				6.8		6.8				76.7					6.1	
5 Of which STS																
6 Wholesale																
7 Of which STS																
8 Re-securitisation																
9 Synthetic transactions																
10 Securitisation																
11 Retail underlying																
12 Wholesale																
13 Re-securitisation																

## SECURITISATION

**Table 44: EU SEC3 - Securitisation exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor (€ mio) 31.12.2021**

	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-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA	1250% RW/ deductions	SEC-IRBA	SEC-ERBA (including IAA)	SEC-SA
1 Total exposures				6.3				6.3				73.2				5.8
2 Traditional transactions				6.3				6.3				73.2				5.8
3 Securitisation				6.3				6.3				73.2				5.8
4 Retail				6.3				6.3				73.2				5.8
5 Of which STS																
6 Wholesale																
7 Of which STS																
8 Re-securitisation																
9 Synthetic transactions																
10 Securitisation																
11 Retail underlying																
12 Wholesale																
13 Re-securitisation																

**Table 45: EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (€ mio) 30.06.2022**

Exposures securitised 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	5,813	5,098	25.3
2 Retail (total)	5,813	5,098	25.3
3 residential mortgage	5,813	5,098	25.3
4 credit card			
5 other retail exposures			
6 re-securitisation			
7 Wholesale (total)			
8 loans to corporates			
9 commercial mortgage			
10 lease and receivables			
11 other wholesale			
12 re-securitisation			

**Table 45: EU SEC5 - Exposures securitised by the institution - Exposures in default and specific credit risk adjustments (€ mio) 31.12.2021**

Exposures securitised 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	5,900	5,296	
2 Retail (total)	5,900	5,296	
3 residential mortgage	5,900	5,296	
4 credit card			
5 other retail exposures			
6 re-securitisation			
7 Wholesale (total)			
8 loans to corporates			
9 commercial mortgage			
10 lease and receivables			
11 other wholesale			
12 re-securitisation			



## 9 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 Q2 2022

During the first half of 2022, NBG's liquidity position remained strong despite the prolonged geopolitical uncertainty and the surging inflation.

Moreover, LCR and NSFR, as well as the Bank's liquidity buffer continue to stand at the highest historical levels, in line with the growth of deposits, driven by the targeted fiscal support measures and the impressive growth of economic activity in Greece.

### Sources of liquidity

The Bank's principal source of liquidity is its deposit base, which is complemented by Eurosystem funding currently via the TLTROs with ECB, repurchase agreements (repos) with major FIs and wholesale funding through unsecured debt issuance. 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.

At the end of the first half of 2022, the Bank further strengthened its liquidity profile as deposits continued their upward trend. On 30 June 2022, the balance of the Bank's customer deposits stood at €53 billion, which constitutes a 2% increase compared to 31 March 2022

and the most stable deposit class, the savings deposits increased by €0.6 billion during the same period.

Additionally, both the LCR and the NSFR further improved during the first half of 2022. More specifically, the Bank's LCR remained significantly above the regulatory and internal limits, and on 30 June 2022 stood at 255.4% (Group 259.5%). Moreover, the stable deposit inflows and the incorporation of the CRR II provisions pushed the Bank's NSFR to its highest historical level on 30 June 2022 of 141.8% (Group 141.7%). Loan-to-Deposit ratio stood at 56.7% and 57.8% as of 30 June 2022, on a domestic (Greece) and on a Group level, respectively, as well.

NBG continues to benefit from ECB's temporary liquidity measures and the Bank's participation to the favourable ECB Funding amounts to €11.6 billion, consisting exclusively of TLTROs, while secured interbank funding transactions decreased by €0.8 billion compared to 31 March 2022, to €0.1 billion as at 30 June 2022.

The Bank's funding cost was at 1bp as of 30 June 2022, an increase of 3bps compared to the respective figure as of 31 March 2022, mainly driven by the reduction in low cost secured interbank transactions.

Finally, the Bank's ample liquidity buffer, which stood at €25.8 billion as at 30 June 2022, increased by €1.3 billion compared to the respective figure as of 31 March 2022.

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 enable 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. Stress testing is performed at least monthly and results are reported to the ALCO & BRC.

Via the ILAAP, the Bank performs annually a comprehensive set of liquidity stress tests, capturing severe market-wide and idiosyncratic economic shocks, including a long-term stress test over a 3-year horizon, in which the Bank's Business Plan is tested under an adverse macroeconomic scenario, designed by the Economic Analysis Unit. Additionally, other ad-hoc short-term stress test exercises, in order to examine specific extraordinary events, (e.g. the COVID-19 crisis), may be performed when deemed necessary.

#### **Adequacy of liquidity risk management arrangements**

The Bank maintains and continuously improves its liquidity management framework, approved by ALCO and BRC, that describes how the Bank manages, monitors, measures and reports liquidity risk. The framework contains policies, metrics, and comprehensive processes that are frequently updated and further enhanced to capture market and bank-specific developments.

Additionally, the Bank's liquidity risk management framework is further reviewed and evaluated by the Single Supervisory Mechanism ("SSM") ensuring its effectiveness, continuous improvement and suitability.

#### **Institution's overall liquidity risk profile associated with the business strategy**

The Bank's current liquidity state is at its strongest levels historically, as it is outlined by the Basel III regulatory liquidity metrics, which are significantly higher than their respective regulatory minimums. The overall risk profile of NBG also encompasses the maintenance of a very high liquidity buffer and a steadily increasing deposit base. 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 an additional risk appetite metric with specific related limits, in the current Risk Appetite Framework. Except for the RAF limits on the regulatory metrics of Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), the Bank also measures and manages an internal liquidity risk metric, the Liquidity Buffer, which stands at the highest historical level of €25.8 billion as of 30 June 2022, well above the risk tolerance limit.

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

The Group's subsidiaries measure, report and manage their own individual Liquidity Risk, ensuring they are self-sufficient in case of a local crisis.

## LIQUIDITY RISK

Table 46: EU LIQ1 - Quantitative Information of Liquidity Coverage Ratio 2022

€ mio		Total unweighted value		Total weighted value	
Quarter ending on		31.03.2022	30.06.2022	31.03.2022	30.06.2022
Number of data points used in the calculation of averages		12	12	12	12
<b>HIGH-QUALITY LIQUID ASSETS</b>					
1	<b>Total high-quality liquid assets</b>			<b>21.999</b>	<b>22.642</b>
<b>CASH-OUTFLOWS</b>					
2	Retail deposits and deposits from small business customers, of which:	<b>33.051</b>	<b>33.925</b>	<b>1.924</b>	<b>1.987</b>
3	Stable deposits	29.229	29.867	1.461	1.493
4	Less stable deposits	3.822	4.059	462	493
5	Unsecured wholesale funding	<b>12.572</b>	<b>13.011</b>	<b>5.300</b>	<b>5.496</b>
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks				
7	Non-operational deposits (all counterparties)	12.572	13.011	5.300	5.496
9	Secured wholesale funding		0		3
10	Additional requirements	<b>1.125</b>	<b>1.032</b>	<b>1.125</b>	<b>1.032</b>
11	Outflows related to derivative exposures and other collateral requirements	1.125	1.032	1.125	1.032
13	Credit and liquidity facilities				
14	Other contractual funding obligations	<b>527</b>	<b>532</b>	<b>508</b>	<b>512</b>
15	Other contingent funding obligations	<b>9.882</b>	<b>10.633</b>	<b>565</b>	<b>608</b>
16	<b>TOTAL CASH OUTFLOWS</b>			<b>9.422</b>	<b>9.638</b>
<b>CASH-INFLOWS</b>					
18	Inflows from fully performing exposures	711	725	578	595
19	Other cash inflows	200	154	197	151
20	<b>TOTAL CASH INFLOWS</b>	<b>911</b>	<b>879</b>	<b>774</b>	<b>746</b>
EU-20c	<b>Inflows Subject to 75% Cap</b>	911	879	774	746
21	<b>LIQUIDITY BUFFER</b>			<b>21.999</b>	<b>22.642</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>			<b>8.648</b>	<b>8.892</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>			<b>254,7</b>	<b>254,7</b>

## LIQUIDITY RISK

Table 46: 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 driver for its significant improvement during the year of 2021, which continued during the first half of 2022, was the significant increase in the stock of customer deposits, reflecting the developments in the Greek market.

#### 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.

## LIQUIDITY RISK

Table 47: EU LIQ2 - Net Stable Funding Ratio 30.06.2022

€ mio		Unweighted value by residual maturity				Weighted value
		No maturity	< 6m	6m to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	5,851	0	0	399	6,250
2	Own funds	5,851	0	0	399	6,250
3	Other capital instruments	0	0	0	0	0
4	Retail deposits	0	38,719	1,188	289	37,945
5	Stable deposits	0	33,771	1,023	237	33,292
6	Less stable deposits	0	4,948	165	52	4,654
7	Wholesale funding:	0	16,224	8,250	2,865	13,491
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	0	16,224	8,250	2,865	13,491
10	Interdependent liabilities	0	0	0	0	0
11	Other liabilities:	303	2,646	0	0	0
12	NSFR derivative liabilities	303				
13	All other liabilities and capital instruments not included in the above categories		2,646	0	0	0
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					0
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	0	0	0	0	3,101
EU-15a	Assets encumbered for more than 12m in cover pool	0	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	7,612	2,524	26,217	25,762
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	0	3,131	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	0	1,320	51	342	499
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	0	2,789	2,204	15,147	15,493
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	0	0	0	0
22	Performing residential mortgages, of which:	0	325	221	7,084	6,624
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	0	0	0	0
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	0	47	49	3,644	3,145
25	Interdependent assets	0	0	0	0	0
26	Other assets:	0	2,687	0	10,486	11,429
27	Physical traded commodities	0	0	0	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0	1,053	0	0	895
29	NSFR derivative assets	0	0	0	0	0
30	NSFR derivative liabilities before deduction of variation margin posted	0	972	0	0	49
31	All other assets not included in the above categories	0	662	0	10,486	10,486
32	Off-balance sheet items	0	0	0	4,231	423
33	TOTAL REQUIRED STABLE FUNDING (RSF)					40,715
34	NET STABLE FUNDING RATIO (%)					141.7

## LIQUIDITY RISK

Table 47: EU LIQ2 - Net Stable Funding Ratio 31.12.2021

€ mio		Unweighted value by residual maturity				Weighted value
		No maturity	< 6m	6m to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	5,760	0	0	399	6,159
2	Own funds	5,760	0	0	399	5,760
3	Other capital instruments	0	0	0	0	0
4	Retail deposits	0	37,607	1,853	294	37,544
5	Stable deposits	0	33,101	1,615	244	33,224
6	Less stable deposits	0	4,505	239	50	4,320
7	Wholesale funding:	0	14,759	1,510	11,642	18,737
8	Operational deposits	0	0	0	0	0
9	Other wholesale funding	0	14,759	1,510	11,642	18,737
10	Interdependent liabilities	0	0	0	0	0
11	Other liabilities:	0	2,566	0	0	0
12	NSFR derivative liabilities	0				
13	All other liabilities and capital instruments not included in the above categories		2,566	0	0	0
14	TOTAL AVAILABLE STABLE FUNDING (ASF)					62,439
Required stable funding (RSF) Items						
15	Total high-quality liquid assets (HQLA)	0	0	0	0	7,298
EU-15a	Assets encumbered for more than 12m in cover pool	0	0	0	0	0
16	Deposits held at other financial institutions for operational purposes	0	0	0	0	0
17	Performing loans and securities:	0	4,651	2,301	25,595	26,230
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut	0	30	0	0	0
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions	0	1,406	6	364	508
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:	0	2,811	2,018	14,239	15,417
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	0	0	0	0
22	Performing residential mortgages, of which:	0	334	241	7,216	7,044
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk	0	0	0	0	0
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	0	70	36	3,775	3,262
25	Interdependent assets	0	0	0	0	0
26	Other assets:	0	4,146	0	10,738	11,858
27	Physical traded commodities	0	0	0	0	0
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs	0	1,182	0	0	1,004
29	NSFR derivative assets	0	0	0	0	0
30	NSFR derivative liabilities before deduction of variation margin posted	0	2,317	0	0	116
31	All other assets not included in the above categories	0	647	0	10,738	10,738
32	Off-balance sheet items	0	0	0	3,601	360
33	TOTAL REQUIRED STABLE FUNDING (RSF)					45,746
34	NET STABLE FUNDING RATIO (%)					136.5

# List of abbreviations

Abbreviation	Definition	Abbreviation	Definition
ABS	Asset-Backed Securities	IAS	International Accounting Standards
ACC	Additional Credit Claims	ICAAP / ILAAP	Internal Capital / Liquidity Adequacy Assessment Process
AFS	Available for Sale	ICMA	International Capital Markets Association
A-IRB	Advanced Internal Ratings Based (Approach)	ICT	Information and Communication Technology
ALCO	Asset Liability Committee	IFRS	International Financial Reporting Standards
ALM	Asset Liquidity Management	IMA	Internal Model Approach
AMC	Asset Management Companies	IRB	Internal Ratings Based (approach)
AML	Anti-Money Laundering	IRRBB	Interest Rate Risk in the Banking Book
APP	Asset Purchasing Program	IRS	Interest Rate Swaps
APS	Asset Protection Scheme	ISDA	International Swaps and Derivatives Association
ATHEX	Athens Exchange	IT	Information Technology
BAC	Board Audit Committee	ITS	Implementing Technical Standards
BC	Bankruptcy Code	IVS	International Valuation Standards
BCBS	Basel Committee on Banking Supervision	JST	Joint Supervisory Team
BoG	Bank of Greece	KPI	Key Performance Indicator
BoS	Board of Supervisors (EBA)	KRI	Key Risk Indicator
bps	Basis Point	LCR	Liquidity Coverage Ratio
BRC	Board Risk Committee	LGD	Loss Given Default
BRRD	Bank Recovery and Resolution Directive	LR	Leverage Ratio
BU	Business Unit	M&A	Mergers and Acquisitions
CBR	Combined Buffer Requirements	MDA	Maximum Distributable Amount
CCB	Capital Conservation Requirement	MIS	Management Information System
CCF	Credit Conversion Factor	ML	Money Laundering
CCO	Chief Credit Officer	MoB	Months on Book
CCP	Code of Civil Procedure	MRA	Moody's Risk Advisor
CCR	Counterparty Credit Risk	MREL	Minimum Requirements for Own Funds & Eligible Liabilities
CCyB	Countercyclical Capital Buffer	MRO	Main Refinancing Operations
CDS	Credit Default Swap	MVS	Model Validation Sector
CEBS	Committee of European Banking Supervisors	MVU	Model Validation Unit
CEF	Credit Equivalent Factor	NBG	National Bank Of Greece, S.A
CEO	Chief Executive Officer	NCA	National Competent Authority
CET1	Common Equity Tier 1	NII	Net Interest Income
CFO	Chief Financial Officer	NMRF	Non-Modellable Risk Factors
CMS	Collateral Management System	NPE	Non Performing Exposure
COO	Chief Operations Officer	NPL	Non Performing Loan
CRD	Capital Requirements Directive	NPV	Net Present Value
CRM	Corporate Rating Model	NRA	National Resolution Authorities
CRO	Chief Risk Officer	NSFR	Net Stable Funding Ratio
CRR	Capital Requirements Regulation	O/N	Overnight
CSA	Credit Support Annex	OCP	Open Currency Position
CSPP	Corporate Sector Purchasing Program	OCR	Overall Capital Requirement
CSRBB	Credit Spread Risk in the Banking Book	OCW	Out-of-Court Workout
CVA	Credit Valuation Adjustment	OR	Operational Risk
DCD	Domestic Credit Division	ORCO	Operational Risk Management Committee
DGSD	Deposit Guarantee Schemes Directive	ORMF	Operational Risk Management Framework
dpd	days past due	ORR	Obligors' Risk Rating
DoD	Definition of Default	O-SII	Other Systemically Important Institution
DTA	Deferred Tax Asset	OTC	Over-the-counter
DTC	Deferred Tax Credit	P&L	Profit and Loss



## APPENDIX

<b>EAD</b>	Exposure at Default	<b>P2G</b>	Pillar 2 Guidance
<b>EBA</b>	European Banking Authority	<b>P2R</b>	Pillar 2 Requirement
<b>EBF</b>	European Banking Federation	<b>PD</b>	Probability of Default
<b>EBITDA</b>	Earnings Before Interest, Tax, Depreciation and Amortization	<b>PE</b>	Performing Exposures
<b>EC</b>	European Commission	<b>PELTROs</b>	Pandemic Emergency Long-Term Refinancing Operations
<b>ECAI</b>	External Credit Assessment Institutions	<b>PEPP</b>	Pandemic Emergency Purchase Program
<b>ECB</b>	European Central Bank	<b>PMO</b>	Project Management Office
<b>ECL</b>	Expected Credit Losses	<b>ppts</b>	Percentage points
<b>EDIS</b>	European Deposit Insurance Scheme	<b>PSE</b>	Public Sector Entity
<b>EFSF</b>	European Financial Stability Facility	<b>PSI</b>	Private Sector Involvement
<b>EIB</b>	European Investment Bank	<b>QCCP</b>	Qualifying Central Counterparty
<b>EIF</b>	European Investment Fund	<b>RAF</b>	Risk Appetite Framework
<b>EIOPA</b>	European Insurance & Occupational Pensions Authority	<b>RAPM</b>	Risk-Adjusted Performance Metrics
<b>EL</b>	Expected Loss	<b>RCF</b>	Risk Culture Framework
<b>ELA</b>	Emergency Liquidity Assistance	<b>RCSA</b>	Risk and Control Self-Assessment
<b>ERBA</b>	External Ratings Based Approach	<b>RES</b>	Renewable Energy Resources
<b>ESA</b>	European Supervisory Authorities	<b>RTS</b>	Regulatory Technical Standards
<b>ESG</b>	Environmental, Social & Governance	<b>RWA</b>	Risk Weighted Assets
<b>ESM</b>	European Stability Mechanism	<b>SA</b>	Standardized Approach
<b>ESMA</b>	European Securities & Markets Authority	<b>SAU</b>	Special Assets Unit
<b>ESRB</b>	European Systemic Risk Board	<b>SB(L)</b>	Small Business (Lending)
<b>ETEAN</b>	Hellenic Fund for Entrepreneurship and Development	<b>SEC</b>	Securities and Exchange Commission
<b>EU</b>	European Union	<b>SFDR</b>	Sustainable Finance Disclosure Regulation
<b>EVE</b>	Economic Value of Equity	<b>SGP</b>	Stability & Growth Pact
<b>EVS</b>	European Valuation Standards	<b>SICR</b>	Significant Increase of Credit Risk
<b>EW</b>	Early Warning	<b>SL</b>	Specialised Lending
<b>ExCo</b>	Executive Committee	<b>SME</b>	Small & Medium Enterprises
<b>FBE</b>	Forborne Exposures	<b>SPPI</b>	Solely Payments of Principal and Interest
<b>FI</b>	Financial Institution	<b>SPV</b>	Special Purpose Vehicle
<b>F-IRB</b>	Foundation internal ratings-based (approach)	<b>SR</b>	Securitization Repositories
<b>FRTB</b>	Fundamental Review of the Trading Book	<b>SRB</b>	Single Resolution Board
<b>FSB</b>	Financial Stability Board	<b>SRCO</b>	Segment Risk & Control Officer
<b>FVTOCI</b>	Fair Value Through Other Comprehensive Income	<b>SREP</b>	Supervisory Review and Evaluation Process
<b>FVTPL</b>	Fair Value Through Profit or Loss	<b>SRM</b>	Single Resolution Mechanism
<b>FX</b>	Foreign Exchange	<b>SSM</b>	Single Supervisory Mechanism
<b>GAAP</b>	Generally Accepted Accounting Principles	<b>ST</b>	Stress Test
<b>GGB</b>	Greek Government Bond	<b>STS</b>	Single, Transparent, Standardized (securitization)
<b>GHOS</b>	Governors and Heads of Supervision	<b>sVaR</b>	Stressed Value at Risk
<b>GICD</b>	Group International Credit Division	<b>TF</b>	Terrorist Financing
<b>GL</b>	Guidelines	<b>TFEU</b>	Treaty on the Functioning of the European Union
<b>GMORM(D)</b>	Group Market & Operational Risk Management (Division)	<b>TLAC</b>	Total Loss Absorbing Capacity
<b>GMRA</b>	Global Master Repurchase Agreement	<b>TLTRO</b>	Targeted Long-Term Refinancing Operations
<b>GRC</b>	Governance Risk & Compliance	<b>TRIM</b>	Targeted Review of Internal Models
<b>GRCA(D)</b>	Group Risk Control & Architecture (Division)	<b>TSCR</b>	Total SREP Capital Requirement
<b>GRCD</b>	Group Retail Credit Division	<b>URCO</b>	Unit Risk & Control Officer
<b>G-SII</b>	Global Systemically Important Institution	<b>UAT</b>	User Acceptance Testing
<b>HCMC</b>	Hellenic Capital Market Commission	<b>UTP</b>	Unlikelihood to Pay
<b>HDB</b>	Hellenic Development Bank	<b>VaR</b>	Value at Risk
<b>HFSF</b>	Hellenic Financial Stability Fund	<b>VCV</b>	Variance-Covariance
<b>HRRC</b>	Human Resources and Remuneration Committee	<b>WAM</b>	Weighted Average Maturity
<b>HTCS</b>	Held to Collect and Sell		

