



NATIONAL BANK  
OF GREECE

# **Pillar III Disclosures on a consolidated basis**

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## **September 2022**

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## INTRODUCTION &amp; GENERAL INFORMATION

## 1 INTRODUCTION & GENERAL INFORMATION

National Bank of Greece S.A. (hereinafter “NBG” or the “Bank”) 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.

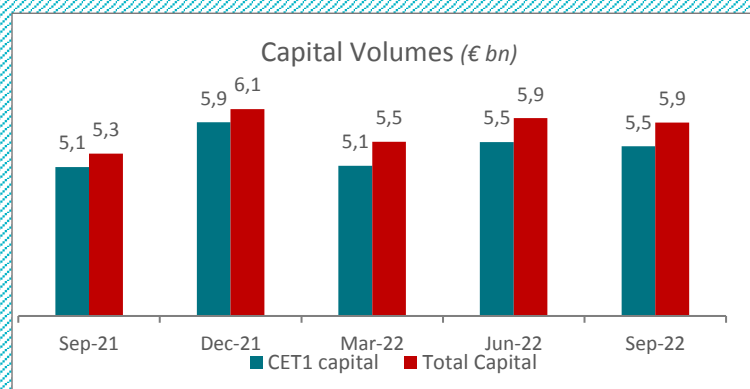
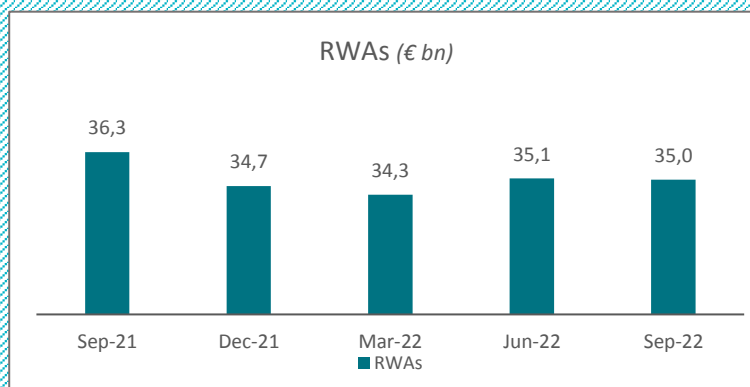
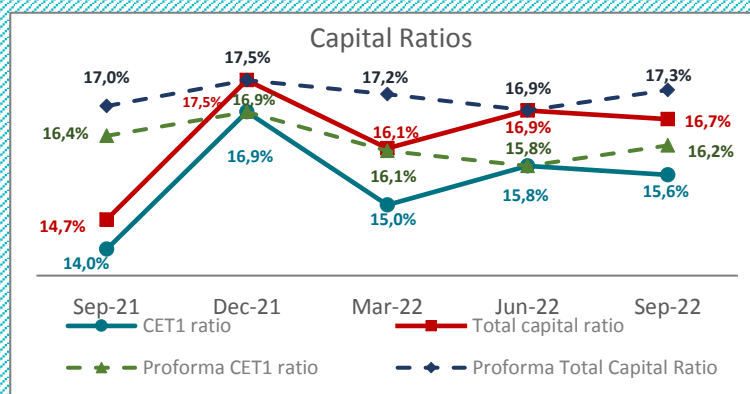
In its 181 years of operation, the Bank has expanded on its commercial banking business by entering into related business areas. The Group operates mainly in Greece but also abroad through its branch in Cyprus and its subsidiaries in North Macedonia, Cyprus, Luxembourg and U.K.

Following the respective Bank’s decision in 2021, the Group ceased its operation in Egypt, Malta and NBG London Branch; and therefore the NBG Egypt Branch, the NBG London Branch and the subsidiaries NBG Malta Ltd (formerly known as NBG Bank Malta Ltd) and NBG Malta Holdings Ltd are currently under liquidation.

The Bank, as an 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

- 3Q22 CET1 and Total Capital ratio at 15.6% and 16.7% respectively, reflecting strong profitability and maintaining capital buffers.



## 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.



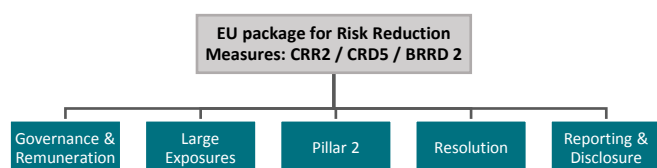
## REGULATORY FRAMEWORK &amp; RECENT DEVELOPMENTS

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 Q3 '22

### Reporting & Disclosure

On September 30<sup>th</sup>, 2022 the EBA published the technical package for phase 3 of version 3.2 of its reporting framework, which supports the implementation of the updated reporting framework by providing standard specifications and includes the validation rules, the Data Point Model (DPM) and the XBRL taxonomies for version 3.2.

### Securitisations

On September 20<sup>th</sup>, 2022 the European Banking Authority (EBA) published its final draft Regulatory Technical Standards (RTS) specifying the minimum performance-related triggers for simple, transparent and standardised (STS) on-balance-sheet securitisations that feature non-sequential amortisation. The amended Securitisation Regulation sets out that sequential amortisation shall be applied to all tranches of STS on-balance-sheet securitisations. These draft RTS further specify the minimum backward and forward-looking triggers and establish criteria to be fulfilled by the parties involved in the securitisation in order to set the level of the triggers. Finally, these RTS contains transitional provisions in respect of STS on-balance-sheet securitisations, which include triggers related to the performance of the underlying exposures.

### EU-wide Stress Test

On July 21<sup>st</sup>, 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 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

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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.

### 2022 EU-wide transparency exercise

On September 23rd, 2022 the European Banking Authority (EBA) launched its annual EU-wide transparency exercise. As in the past, the exercise is exclusively based on supervisory reporting data. Results are expected to be published at the beginning of December, together with the annual Risk Assessment Report (RAR).

### Basel III full implementation

On September 30th, 2022 the European Banking Authority (EBA) published its first mandatory Basel III Monitoring Report which assesses the impact that Basel III full implementation will have on EU banks in 2028. According to this assessment, which uses a significantly larger sample than in previous years and applies the same methodology as the Basel Committee on Banking Supervision (BCBS), the full Basel III implementation would result in an average increase of 15.0% of the current Tier 1 minimum required capital of EU banks. To comply with the new framework, EU banks would need EUR 1.2 billion of additional Tier 1 capital. The overall impact includes the economic impact of the Covid-19 pandemic on participating banks that materialised up to December 2021, the reference date of this Report. Thanks in part to the Basel III reforms, banks have generally remained resilient to date.

More than two thirds of jurisdictions plan to implement all, or the majority of, the standards in 2023 or 2024, with the remaining jurisdictions planning to implement Basel III in 2025. There are only a limited set of technical standards that are particularly subject to an implementation delay.

Basel III capital ratios for a sample of the largest global banks increased last year to the highest level since assessment results were first published in 2012, according to the latest Basel III monitoring exercise.

According to BIS, the average impact of the fully phased-in final Basel III framework on the Tier 1 minimum required capital (MRC) of Group 1 banks is +2.4%, compared with a 3.3% increase at end-December 2020. Concerning Basel III's liquidity requirements, the weighted average Liquidity Coverage Ratio (LCR) decreased to 141% for the Group 1 bank sample and to 224% for Group 2 banks. In the current reporting period there are six Group 1 banks with an LCR below 100%. This is driven by banks using LCR reserves during the Covid-19 pandemic as intended by the framework. All Group 2 banks report an LCR well above the minimum requirement of 100%.

The weighted average Net Stable Funding Ratio (NSFR) increased to 125% for the Group 1 banks. As of December 2021, all banks in the NSFR sample reported a ratio that met or exceeded 100%.

### 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.

By focusing on cross-sectoral and system-wide aspects of climate-related financial risks, this report complements the standard-setting bodies' ongoing work on approaches to addressing climate-related financial risks for their respective sectors. In addition, as climate change is likely to represent a systemic risk for the financial sector, potential macroprudential tools or approaches would complement microprudential instruments.

In particular, the report focuses on three areas:

- supervisory and regulatory reporting and collection of climate-related data from financial institutions as foundational elements in the identification and monitoring of climate-related risks;
- system-wide supervisory and regulatory approaches to assessing climate-related risks, including the use of analytical tools such as climate scenario analysis and stress testing; and
- assessing the extent to which current policies and tools address climate-related risks, and early consideration of other potential macroprudential policies and tools to address systemic risks that may not be addressed fully by current measures, based on the work of standard-setting bodies and authorities.

These three areas taken together inform how the use of climate scenario analysis and stress tests can be expanded to incorporate systemic risks that arise from climate change and to better inform a macroprudential perspective of risks across financial sectors and jurisdictions.

On November 2nd, 2022 The European Central Bank (ECB) published the results of its thematic review, which shows that banks are still far from adequately managing climate and environmental risks. The ECB is now setting staggered deadlines for banks to progressively meet all the supervisory expectations. The ECB also published a compendium of good practices observed in some banks, demonstrating that swift progress is possible and aiming to facilitate the improvement of practices across the sector. The ECB has set institution-specific deadlines for achieving full alignment with its expectations by the end of 2024. While there can be exceptions in individual cases, the ECB has communicated its expectation to banks to reach, as a minimum, the following milestones. In a first step, the ECB expects banks to adequately categorise climate and environmental risks and to conduct a full assessment of their impact on the banks' activities by March 2023 at the latest. In a second step, and at the latest by the end of 2023, the ECB expects banks to include climate and environmental risks in their governance, strategy and risk management. In a final step, by the end of 2024 banks are expected to meet all remaining supervisory expectations on climate



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and environmental risks outlined in 2020, including full integration in the Internal Capital Adequacy Assessment Process (ICAAP) and stress testing. The deadlines will be closely monitored and, if necessary, enforcement action will be taken.

#### **Sustainability, Technological Change and protection of Retail Investors**

On October 10th, 2022 The European Securities and Markets Authority (ESMA), the EU's financial markets regulator and supervisor, has published its 2023 Annual Work Programme (AWP). It sets out ESMA's priority work areas for the next year to deliver on its mission to enhance investor protection and promote stable and orderly financial markets.

#### **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.

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.

On September 30th, 2022 the three European Supervisory Authorities (EBA, EIOPA and ESMA – ESAs) have delivered to the European Commission (EC) their Final Report with draft Regulatory Technical Standards (RTS) regarding the disclosure of financial products' exposure to investments in fossil gas and nuclear energy activities under the Sustainable Finance Disclosure Regulation (SFDR).

In the amending final draft RTS, the ESAs propose to add specific disclosures to provide transparency about investments in taxonomy-aligned gas and nuclear economic activities. These disclosures, which are in line with the definitions in the Complementary Climate Delegated Act, will help investors make informed decisions.

On October 17th, 2022 the European Banking Authority (EBA) published an Opinion on the amendments proposed by the European Commission to the EBA final draft Implementing Technical Standards (ITS) on prudential disclosures of environmental, social and governance (ESG) information. The Opinion focuses on changes proposed by the European Commission to how the Banking Book taxonomy Alignment Ratio (BTAR) should be disclosed by institutions. The EBA accepts these changes as a way to introduce more proportionality but insists on the importance that the BTAR is disclosed as proposed in the ITS to prevent asymmetric treatment of

exposures towards counterparties that may have similar levels of climate-related risks.

On October 27th, 2022 the European Securities and Markets Authority (ESMA), changed its Union Strategic Supervisory Priorities (USSPs) to include ESG disclosures alongside market data quality. The new priority of ESG disclosures represents an important step in the implementation of the ESMA Strategy, which gives a prominent role to sustainable finance. In addition, ESMA aims to gradually promote an increased scrutiny on ESG disclosures through effective and consistent supervision. This also implies building supervisory capabilities to fully embed sustainable finance into daily supervisory work and supervisory culture. ESMA and the NCAs will therefore take active steps to protect investors and facilitate investments in a credible ESG market. In the context of the second USSP, market data quality, ESMA has already developed and applied common methodologies and thematic reviews.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

### 3 REGULATORY OWN FUNDS & PRUDENTIAL REQUIREMENTS

#### 3.1 Key metrics

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

Table 1: EU KM1 – Key metrics template

		€ mio						
Key Metrics		Q3 22	Q3 22*	Q2 22	Q1 22	Q1 22*	Q4 21	Q3 21
<b>Available own funds (amounts)</b>								
1	Common Equity Tier 1 (CET1) capital	5,451	5,670	5,524	5,126	5,522	5,853	5,102
2	Tier 1 capital	5,451	5,670	5,524	5,126	5,522	5,853	5,102
3	Total capital	5,850	6,069	5,923	5,525	5,921	6,077	5,326
<b>Risk-weighted exposure amounts</b>								
4	Total risk-weighted exposure amounts	35,011	35,061	35,077	34,287	34,377	34,708	36,346
<b>Capital ratios (as a percentage of risk-weighted exposure amount)</b>								
5	Common Equity Tier 1 ratio (%)	15.57%	16.17%	15.75%	14.95%	16.06%	16.86%	14.04%
6	Tier 1 ratio (%)	15.57%	16.17%	15.75%	14.95%	16.06%	16.86%	14.04%
7	Total capital ratio (%)	16.71%	17.31%	16.88%	16.11%	17.22%	17.51%	14.65%
<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%	3.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%	1.69%	1.69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%
<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%	2.50%
EU 10a	Other Systemically Important Institution buffer	0.75%	0.75%	0.75%	0.75%	0.75%	0.50%	0.50%
11	Combined buffer requirement (%)	3.25%	3.25%	3.25%	3.25%	3.25%	3.00%	3.00%
EU 11a	Overall capital requirements (%)	14.25%	14.25%	14.25%	14.25%	14.25%	14.00%	14.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	5.71%	6.31%	5.88%	5.11%	6.22%	6.51%	3.65%
<b>Leverage Ratio</b>								
13	Total exposure measure	81,146	81,166	80,056	79,618	79,654	79,919	78,047
14	Leverage ratio (%)	6.72%	6.99%	6.90%	6.44%	6.93%	7.32%	6.54%
<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%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<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%	0.00%
EU 14e	Overall leverage ratio requirements (%)	3.00%	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)	22,870	22,870	22,642	21,999	21,999	21,203	19,960
16	Total net cash outflows (adjusted value)	9,139	9,139	8,892	8,648	8,648	8,389	8,089
17	Liquidity coverage ratio (%)	250.48%	250.48%	254.70%	254.69%	254.69%	252.85%	246.46%
<b>Net Stable Funding Ratio</b>								
18	Total available stable funding	58,811	59,010	57,686	61,896	62,292	62,349	61,033
19	Total required stable funding	41,031	41,031	40,715	45,528	45,528	45,746	45,117
20	NSFR ratio (%)	143.34%	143.82%	141.68%	135.95%	136.82%	136.49%	135.28%

\* including profit for the period

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 3.2 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.

The following table presents the analysis of NBG Group's regulatory capital structure.

Table 2: Own Funds Structure

Group's Own Funds Structure (€ mio)	Q3 22	Q3 22*	Q2 22
<b>Shareholders' Equity per balance sheet</b>	<b>5,989</b>	<b>5,989</b>	<b>5,906</b>
<b>Non-controlling interests</b>	<b>10</b>	<b>10</b>	<b>10</b>
<i>Non-controlling interests per balance sheet</i>	23	23	22
<i>Non-controlling interests not recognized in CET1</i>	(13)	(13)	(12)
<b>Regulatory Adjustments</b>	<b>54</b>	<b>253</b>	<b>184</b>
<i>Profit for the period not eligible</i>	(134)		0
<i>IFRS9 transitional arrangements</i>	368	368	368
<i>Own credit risk</i>	(80)	(80)	(86)
<i>Prudent valuation adjustment</i>	(11)	(11)	(9)
<i>Cash flow hedging reserve</i>	0	0	0
<i>Other regulatory adjustments</i>	(89)	(24)	(89)
<b>Deductions</b>	<b>(602)</b>	<b>(582)</b>	<b>(576)</b>
<i>Goodwill and other intangibles</i>	(290)	(290)	(269)
<i>Significant Investments</i>	0	0	0
<i>Deferred tax assets that rely on future profitability (excluding those arising from temporary differences)</i>	(3)	(3)	(2)
<i>Deferred tax assets that rely on future profitability and arise from temporary differences</i>	(309)	(289)	(305)
<b>Common Equity Tier 1 Capital (CET1)</b>	<b>5,451</b>	<b>5,670</b>	<b>5,524</b>
<b>Additional Tier 1 Capital (AT1)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Tier 1 Capital</b>	<b>5,451</b>	<b>5,670</b>	<b>5,524</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>	0	0	0
<b>Tier 2 Capital</b>	<b>399</b>	<b>399</b>	<b>399</b>
<b>Total Regulatory Capital</b>	<b>5,850</b>	<b>6,069</b>	<b>5,923</b>

\* including profit for the period

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 3.3 IFRS 9 impact on own funds

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

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

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

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

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

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

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

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

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

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

Table 3: IFRS 9 impact

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

	€ mio						
	Q3 22	Q3 22*	Q2 22	Q1 22	Q1 22*	Q4 21	Q3 21
<b>Available capital (amounts)</b>							
Common Equity Tier 1 (CET1) capital	5,451	5,670	5,524	5,126	5,522	5,853	5,102 <sup>1</sup>
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,084	5,302	5,156	4,758	5,154	5,118	4,229 <sup>1</sup>
Tier 1 capital	5,451	5,670	5,524	5,126	5,522	5,853	5,102
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,084	5,302	5,156	4,758	5,154	5,118	4,229
Total capital	5,850	6,069	5,923	5,525	5,921	6,077	5,326 <sup>1</sup>
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,483	5,702	5,555	5,157	5,553	5,342	4,453 <sup>1</sup>
<b>Risk-weighted assets (amounts)</b>							
Total risk-weighted assets	35,011	35,061	35,077	34,287	34,377	34,708	36,346
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	34,846	34,896	34,911	34,121	34,211	34,377	35,877
<b>Capital ratios</b>							
Common Equity Tier 1 (as percentage of risk exposure amount)	15.57%	16.17%	15.75%	14.95%	16.06%	16.86%	14.04% <sup>1</sup>
Common Equity Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.59%	15.19%	14.77%	13.95%	15.07%	14.89%	11.79% <sup>1</sup>
Tier 1 (as percentage of risk exposure amount)	15.57%	16.17%	15.75%	14.95%	16.06%	16.86%	14.04%
Tier 1 (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	14.59%	15.19%	14.77%	13.95%	15.07%	14.89%	11.79%
Total capital (as percentage of risk exposure amount)	16.71%	17.31%	16.88%	16.11%	17.22%	17.51%	14.65% <sup>1</sup>
Total capital (as percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.73%	16.34%	15.91%	15.11%	16.23%	15.54%	12.41% <sup>1</sup>
<b>Leverage ratio</b>							
Leverage ratio total exposure measure	81,146	81,166	80,056	79,618	79,654	79,919	78,047
Leverage ratio	6.72%	6.99%	6.90%	6.44%	6.93%	7.32%	6.54%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6.28%	6.55%	6.45%	5.99%	6.48%	6.43%	5.45%

\* 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.

## REGULATORY OWN FUNDS AND PRUDENTIAL REQUIREMENTS

## 3.4 Capital requirements under Pillar I

The next table presents the risk exposure amounts (or Risk Weighted Assets - RWAs) and the capital requirements at Group level under Pillar I as of 30.09.2022 and 30.06.2022, 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 86.5% Credit (including Counterparty Credit Risk), 5.5% Market and 8.0% Operational RWAs, respectively.

On a quarterly basis total Group RWAs remained almost stable at €35Bn. Concerning Credit RWAs, new disbursements in Corporate portfolio (+€0.26Bn) & introduction of claim from CAC CORAL sale (+€0.15Bn) was almost offset by decreases due to finalization of sale of CAC Coral (-€0.1Bn), repayments of loans covered by CRE (-€0.12Bn) and Other Items by €0.16Bn. Market Risk RWAs decreased by €0.07Bn.

Table 4: EU OV1 - Overview of RWAs

Overview of RWAs		RWAs		Minimum Capital Requirements
		30.09.22	30.06.22	30.09.22
1	<b>Credit risk (excluding CCR)</b>	<b>29,858</b>	<b>29,910</b>	<b>2,389</b>
2	<i>Of which the standardised approach</i>	29,858	29,910	2,389
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>524</b>	<b>468</b>	<b>42</b>
7	<i>Of which the standardised approach</i>	321	265	26
8	<i>Of which internal model method (IMM)</i>	0	0	0
EU 8a	<i>Of which exposures to a CCP</i>	10	8	1
EU 8b	<i>Of which credit valuation adjustment-CVA</i>	192	190	15
9	<i>Of which other CCR</i>	1	5	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>77</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	77	6
EU 19a	<i>Of which 1250%/ deduction</i>			
20	<b>Position, foreign exchange and commodities risks (Market risk)</b>	<b>1,726</b>	<b>1,796</b>	<b>138</b>
21	<i>Of which the standardised approach</i>	524	521	42
22	<i>Of which IMA</i>	1,203	1,276	96
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>1,431</b>	<b>114</b>
29	<b>Total</b>	<b>35,011</b>	<b>35,077</b>	<b>2,801</b>



### 3.5 Leverage Ratio

Leverage ratio is calculated in accordance with the methodology set out in article 429 of the regulation (EU) No 575/2013 of the European Parliament and of the Council, as amended by European Commission delegated Regulation 62/2015 of 10 October 2014. It is defined as an institution's capital measure divided by that institution's total leverage exposure measure and is expressed as a percentage. The Group submits to the competent authority the leverage ratio on a quarterly basis. The following table includes the summary of the Group's leverage ratio with reference dates 30.09.2022 and 30.06.2022 (amounts in € mio):

**Table 5:** Leverage ratio

Leverage Ratio	Q3 22	Q3 22*	Q2 22
<b>Tier I</b>	5,451	5,670	5,524
<b>Total Exposure Measure</b>	81,146	81,166	80,056
<b>Leverage Ratio</b>	<b>6.72%</b>	<b>6.99%</b>	<b>6.90%</b>

\* including profit for the period

During the third quarter of 2022, the Group's leverage ratio, according to the transitional definition of Tier I and the EU Regulation 62/2015, slightly dropped by 0.18%, due to the increase of the Total leverage exposures by €1.1Bn, attributed mainly to increase of Deposits to BoG, as well as the Tier1 capital decrease by €0.08Bn qoq, well above the proposed minimum threshold of 3%.

## MARKET RISK

## 4 MARKET RISK

The Market Risk RWAs, based on the Internal Model Approach, in Q3 2022 remained at the same level as at the end of the previous quarter.

**Table 6: EU MR2-B – RWA flow statements of market risk exposures under the IMA (€ mio) 30.09.2022**

	VaR	SVaR	IRC	Comprehensive risk measure	Other	Total RWAs	Total own funds requirements
<b>1 RWAs as of June 30, 2022</b>	<b>373</b>	<b>903</b>				<b>1276</b>	<b>102</b>
1a Regulatory adjustment	281	702				984	79
1b RWAs at the previous quarter-end (end of the day)	92	200				292	23
2 Movement in risk levels	38	(7)					
3 Model updates/changes							
4 Methodology and policy							
5 Acquisitions and disposals							
6 Foreign exchange movements							
7 Other	5	13					
8a RWAs at the end of the reporting period (end of the day)	135	206				341	27
8b Regulatory adjustment	304	558				862	69
<b>8 RWAs as of September 30, 2022</b>	<b>439</b>	<b>763</b>				<b>1203</b>	<b>96</b>

**Table 6: 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
<b>1 RWAs as of March 31, 2021</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
<b>8 RWAs as of June 30, 2022</b>	<b>373</b>	<b>903</b>				<b>1276</b>	<b>102</b>

## 5 LIQUIDITY RISK

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

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

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

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

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

### Liquidity Developments in Q3 2022

During the third quarter of 2022, NBG's liquidity position remained strong despite the persistent inflation and the geopolitical uncertainty.

Moreover, LCR and NSFR, as well as the Bank's liquidity buffer continue to stand at the highest historical levels, driven by the strong and stable core deposit base.

### Sources of liquidity

The Bank's principal source of liquidity is its customer deposits, 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.

Throughout the third quarter of 2022, the liquidity risk profile of the Bank improved further, due to the significant inflow of stable deposits. On 30 September 2022, the balance of the Bank's customer deposits stood at €54.3 billion, which constitutes a 3% increase compared to 30 June 2022 and the most stable deposit class, the savings deposits increased by €0.9 billion during the same period.

Additionally, the Bank's LCR and NSFR remained significantly above the regulatory and internal limits. More specifically, LCR stood on 30 September 2022 at 240.4% (Group 248.7%). Moreover, the stable deposit inflows pushed the Bank's NSFR to its highest historical level on 30 September 2022 of 143.5% (Group 143.3%). Loan-to-Deposit ratio stood at 55.1% and 56.2% as of 30 September 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 were almost set at zero as at 30 September 2022.

The Bank's funding cost was at 4bps as of 30 September 2022, an increase of 3bps compared to the respective figure as of 30 June 2022, mainly driven by the rising cost of time deposits in foreign currency.

Finally, the Bank's ample liquidity buffer, which stood at €26.2 billion as at 30 September 2022, increased by €0.4 billion compared to the respective figure as of 30 June 2022.

The next tables present the key components of NBG's LCR, as per the respective guidelines on LCR 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 €26.2 billion as of 30 September 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 7: 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	30.09.2022	31.03.2022	30.06.2022	30.09.2022
Number of data points used in the calculation of averages		12	12	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>22.870</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>34.752</b>	<b>1.924</b>	<b>1.987</b>	<b>2.049</b>
3	Stable deposits	29.229	29.867	30.446	1.461	1.493	1.522
4	Less stable deposits	3.822	4.059	4.306	462	493	527
5	Unsecured wholesale funding	<b>12.572</b>	<b>13.011</b>	<b>13.510</b>	<b>5.300</b>	<b>5.496</b>	<b>5.652</b>
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks						
7	Non-operational deposits (all counterparties)	12.572	13.011	13.510	5.300	5.496	5.652
9	Secured wholesale funding		<b>0</b>	<b>0</b>		<b>3</b>	<b>3</b>
10	Additional requirements	<b>1.125</b>	<b>1.032</b>	<b>1.091</b>	<b>1.125</b>	<b>1.032</b>	<b>1.091</b>
11	Outflows related to derivative exposures and other collateral requirements	1.125	1.032	1.091	1.125	1.032	1.091
13	Credit and liquidity facilities						
14	Other contractual funding obligations	<b>527</b>	<b>532</b>	<b>478</b>	<b>508</b>	<b>512</b>	<b>457</b>
15	Other contingent funding obligations	<b>9.882</b>	<b>10.633</b>	<b>11.345</b>	<b>565</b>	<b>608</b>	<b>649</b>
16	<b>TOTAL CASH OUTFLOWS</b>				<b>9.422</b>	<b>9.638</b>	<b>9.900</b>
<b>CASH-INFLOWS</b>							
18	Inflows from fully performing exposures	711	725	727	578	595	603
19	Other cash inflows	200	154	160	197	151	158
20	<b>TOTAL CASH INFLOWS</b>	<b>911</b>	<b>879</b>	<b>887</b>	<b>774</b>	<b>746</b>	<b>760</b>
EU-20c	<b>Inflows Subject to 75% Cap</b>	911	879	887	774	746	760
21	<b>LIQUIDITY BUFFER</b>				<b>21.999</b>	<b>22.642</b>	<b>22.870</b>
22	<b>TOTAL NET CASH OUTFLOWS</b>				<b>8.648</b>	<b>8.892</b>	<b>9.139</b>
23	<b>LIQUIDITY COVERAGE RATIO (%)</b>				<b>254,7</b>	<b>254,7</b>	<b>250,5</b>



## LIQUIDITY RISK

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

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

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

It is evident from the tables above that the Bank's LCR has been steadily increasing during the year of 2021, reflecting the continuous improvement of NBG's liquidity profile during this period. Moreover, it has remained close to its highest historical level during the period that ended on 30.09.2022. The key driver for its evolution, was the significant increase in the stock of customer deposits, despite the persistent inflation and the geopolitical uncertainty.

#### 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, which are considered relevant for the Bank's liquidity profile and are not captured in the LCR disclosure template.

# List of abbreviations

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

