EUROBANK
Holdings

EUROBANK ERGASIAS SERVICES AND HOLDINGS S.A.

CONSOLIDATED PILLAR 3 REPORT

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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1. Introduction – General Information

Eurobank Ergasias Services and Holdings S.A. (the Company or Eurobank Holdings) is the parent company of Eurobank S.A. (the Bank), which resulted from the demerger of Eurobank Ergasias S.A. through its banking sector's hive down that was completed in March 2020. Further information is provided in note 44 "Corporate Transformation-Hive down" of the Consolidated Financial Statements for the year ended 31 December 2020.

Following the demerger, "Eurobank Ergasias Services and Holdings S.A." is supervised on a consolidated basis and "Eurobank S.A." is supervised on a standalone basis by the European Central Bank (ECB) and the Bank of Greece (BoG).

The Company and its subsidiaries (the Group), consisting mainly of Eurobank S.A. Group, are active in retail, corporate and private banking, asset management, treasury, capital markets and other services. The Group operates mainly in Greece and in Central and Southeastern Europe. The Company is incorporated in Greece and its shares are listed on the Athens Stock Exchange.

1.1 Operational targets for Non-Performing Exposures (NPEs)

In line with the regulatory framework and SSM requirements for NPEs management, in March 2021 the Group submitted its NPE Management Strategy for 2021-2023, along with NPE stock annual targets at both Bank and Group level. The submitted plan has taken into account a new NPE securitization of gross carrying amount of ca. € 3.2 billion and envisages the decrease of NPE ratio at 8.8% at the end of 2021, 6.4% in 2022 and below 6% in 2023.

With the significant progress of the project "Mexico" (sale of 95% mezzanine and junior "Mexico" securitization notes) and the subsequent classification of the underlying securitised loan portfolio of € 3.2 billion (consisting primarily of NPEs) as held for sale, the Group reduced significantly its NPE stock by € 2.8 billion to € 2.9 billion (31 December 2020: € 5.7 billion), driving the NPE ratio, pro-forma with the recognition of Mexico senior notes in total loans, at 7.3% (31 December 2020: 14.0%), while the NPE coverage ratio stood at 72.8% (31 December 2020: 61.9%).

Eurobank has been taking all appropriate actions to address liquidity difficulties of businesses and individuals caused by the limited or suspended operations of businesses resulting from the impact of Covid-19. In this context, Eurobank has defined a set of emergency relief measures that have been applied to specific segments that are affected by Covid-19. Since January 2021 when the vast majority of moratoria measures expired, the priority of the Bank is to take timely action to minimize any cliff effects, capitalising on all available schemes and offering customised solutions that will gradually lead to pre Covid-19 payment patterns.

1.2 "Project "Mexico" – loans classification as Held For Sale

In line with the regulatory framework and Single Supervisory Mechanism (SSM) requirements for the NPE management, the Group contemplated another significant NPE securitisation transaction (project "Mexico") in order to decrease further its NPE ratio by the end of 2021 and strengthen its balance sheet de-risking. The project ''Mexico'' represents, the continuation of the Group's NPE reduction plan that was successfully completed in 2020, where NPEs are transferred to Eurobank Holdings (parent company), the group company responsible for the overall management and supervision of the Group's NPE. The Group targets to include project "Mexico" under the Hellenic Asset Protection Scheme (HAPS) thus benefit from the Greek State's guarantee, which is subject to the accounting, derecognition of the underlying loan portfolio from the Group's balance sheet.

In particular, in May 2021, the Bank, through its special purpose financing vehicle 'Mexico Finance Designated Activity Company' (SPV), issued senior (Class A), mezzanine (Class B) and junior (Class C) notes of total nominal amount of ca. € 5.2 billion, via a securitisation of a mixed portfolio comprising primarily NPEs of total principle amount due of ca. € 5.2

billion and gross carrying amount of ca. € 3.2 billion, which were fully retained by the Bank. The control of the SPV resides with the majority holder of the Class B notes. Accordingly, the Group, being the sole holder of the issued notes, controls the SPV and the related real estate company 'Mexico Estate Single Member S.A.', and continues recognising the underlying loan portfolio on its balance sheet on the basis that it retains substantially all risks and rewards of the portfolio's ownership.

On 1 June 2021, the General Shareholders' Meeting of the Bank (GM), following the relevant decision of its Board of Director's (BoD), approved the distribution of the 95% of the mezzanine and junior notes of Mexico securitisation to its parent company through the decrease in kind of the Bank's share capital. The aforementioned GM's approval for the Bank's share capital reduction and the relevant amendment of its articles of association were subject to the regulator's approval.

In August 2021, the Bank was granted the required regulatory approval by the European Central Bank (ECB) and the relevant amendments of its articles of association were subsequently approved by the Ministry of Developments and Investments and registered to the General Electronic Commercial Registry (G.E.MI.).

The settlement of the aforementioned distribution in kind , that took place in September 2021, resulted in the de-recognition of the underlying loan portfolio and the related assets and liabilities from the Bank's balance sheet on the basis that the latter transferred substantially all risks and rewards of the portfolio's ownership and relinquished its control over it. In addition, the Bank ceased to control the SPV and the related real estate company, which resides with the majority stake of Class B noteholders. At the same time, Eurobank Holdings accounted for the distribution in kind as dividend, recognizing in profit and loss the fair value of the distributed notes, i.e. 95% of the mezzanine and junior notes. Moreover, Eurobank Holdings obtained the control of the SPV and the related real estate company.

The distribution of the notes from the Bank to its parent company under a share capital reduction, as analysed above, is an intercompany transaction thus it does not affect the consolidation of the SPV and the related real estate company as well as the recognition assessment of the underlying loan portfolio, at Holding's Group level, since the latter continues to retain the 100% of the issued notes.

In August 2021, a commitment letter was signed between Eurobank Holdings, Eurobank and doValue S.p.A. for the sale of 95% of mezzanine and junior notes of Mexico securitisation that were distributed to Eurobank Holdings, subject to the fulfillment of certain conditions, including the settlement of the mezzanine and junior notes' distribution from the Bank to Eurobank Holdings which was completed in September 2021, as well as the issuance of the Ministerial Decision on the inclusion of the Mexico securitization under HAPS and the regulatory approval on underlying loan portfolio's significant risk transfer by the SSM for the risk transfer of the underlying loan portfolio.

In September 2021, the BoD of Eurobank Holdings approved to proceed with the sale of 95% of the mezzanine and junior notes of Mexico securitization and the ongoing servicing of the portfolio by doValue Group. The aforementioned BoD decision clearly demonstrates Management's commitment to a specific plan for the notes' disposal as a last step of the project 'Mexico' which will lead eventually to the underlying loan portfolio's de-recognition from the Group's balance sheet on the basis that the Group will transfer substantially all risks and rewards of the portfolio's ownership and will cease to have control over the portfolio, which resides with the majority stake of Class B noteholders.

Further information is provided in the Interim Consolidated Financial Statements notes 15 and 24.

1.3 Eurobank A.D. Beograd, Serbia

On 1 July 2021, Eurobank S.A. announced that it has concluded an agreement with the shareholders and principals of Direktna Banka a.d. Kragujevac ("Direktna"), for the merger of Direktna with Eurobank's subsidiary in Serbia, Eurobank a.d. Beograd ("Eurobank Serbia"), with absorption of Direktna by Eurobank Serbia. After the completion of the Transaction, Eurobank S.A. will control c. 70% of the combined bank, while Direktna's shareholders will own the remaining 30%. Part of the Transaction is the payment of a dividend/capital return to Eurobank. The Transaction is capital neutral for Eurobank and earnings per share (EPS) accretive by 3% post synergies.

The Transaction is consistent with Eurobank's strategy to further strengthen its position in the countries where the Group retains presence and further grow with bolt-on acquisitions and friendly mergers.

The completion of the Transaction is subject to customary approvals by the competent regulatory and supervisory authorities and is expected to take place in December 2021.

Further information is provided in the Interim Consolidated Financial Statements note 17.

1.4 Hellenic Bank

On 23 July 2021, Eurobank S.A. announced the acquisition of a 9.9% holding in Hellenic Bank Public Company Limited and the entering into a share purchase agreement with Third Point Hellenic Recovery Fund L.P. for the acquisition of an additional 2.7%, subject to all customary regulatory approvals.

Hellenic Bank is one of the largest financial institutions in Cyprus, active in personal, business and international banking. The above investment is aligned with the overall strategy of the Group to further strengthen its presence in all key markets in which retains a strategic interest and thus has been designated at FVOCI.

1.5 Tier 2 Capital instruments

In January 2018, Eurobank Ergasias S.A. issued Tier 2 capital instruments of face value of € 950 million, in replacement of the preference shares which had been issued in the context of the first stream of Hellenic Republic's plan to support liquidity in the Greek economy under Law 3723/2008. The aforementioned instruments, which have a maturity of ten years (until 17 January 2028) and pay fixed nominal interest rate of 6.41%, that shall be payable semi-annually, as at 30 September 2021, amounted to € 963 million, including € 15 million accrued interest and € 3 million unamortized issuance costs.

1.6 Regulatory framework

The general Basel III framework is structured around three mutually reinforcing pillars:

- Pillar 1 defines the minimum regulatory capital requirements, based on principles, rules and methods specifying and measuring credit, market and operational risk. These requirements are covered by regulatory own funds, according to the rules and specifications of CRR.
- Pillar 2 addresses the internal processes for assessing overall capital adequacy in relation to risks (Internal Capital Adequacy Assessment Process - ICAAP and Internal Liquidity Assessment Process - ILAAP). Pillar 2 also introduces the Supervisory Review & Evaluation Process (SREP), which assesses the internal capital adequacy of credit institutions.
- Pillar 3 deals with market discipline by developing a set of quantitative and qualitative disclosure requirements, which allow market participants to assess key pieces of information on the scope of application, capital, risk exposures, risk assessment processes and hence the capital adequacy and the internal liquidity adequacy of credit institutions.

Introduction – General Information

According to the CRD IV provisions (with gradual implementation until 2019):

- Minimum Common Equity Tier 1 (CET1) ratio: 4.5%;
- Minimum Tier 1 ratio: 6%;
- Minimum Total Capital ratio: 8%
- Furthermore, banks are required to maintain in addition to the Common Equity Tier 1 capital a capital conservation buffer equal to 2.5% (from 1 January 2019) of their total risk exposure amount calculated.

As a result the minimum ratios which must be met, including the capital conservation buffer and which shall apply from 1 January 2019 are:

- Minimum CET1 capital ratio 7% and
- Total capital adequacy ratio 10.5%.

Additional capital buffers that CRD IV introduces are the following:

a) Countercyclical buffer. The purpose of this buffer is to counteract the effects of the economic cycle on banks' lending activity, thus making the supply of credit less volatile and possibly even reduce the probability of credit bubbles or crunches. Credit institutions are required under the CRD IV to build up an additional buffer of 0 - 2.5% of CET1 during periods of excess credit growth, according to national circumstances. According to relevant BoG Executive Committee Act No 190, the countercyclical buffer was set at 0% for the third quarter of 2021.

b) Global systemic institution buffer (G-SIIs). CRD IV includes a mandatory systemic risk buffer of CET1 for banks that are identified by the relevant authority as globally systemically important, which is not applicable to Greek banks.

c) Other systemically important institutions buffer (O-SIIs). On 15.04.2021, European Banking Authority (EBA) published the updated list of O-SIIs in the EU, which, together with G-SIIs, are identified as systemically important by the relevant authorities according to harmonised criteria laid down in the EBA Guidelines. This list reflects also the additional capital buffers that the relevant authorities have set for the O-SIIs. The list of O-SIIs is disclosed on an annual basis, along with any CET1 capital buffer requirements, which may need to be set or reset. Higher capital requirements will become applicable in case relevant authorities decide to set institution specific buffer requirements following the O-SII identification. For each O-SIII, the list includes the overall score in terms of basis points resulting from the EBA scoring methodology.

   The EBA methodology has been applied to compute the scores for all the institutions operating in Greece using consolidated data. Based on the above scoring system, all Greek O-SIIs are classified in bucket 4, which corresponds to a capital buffer up to 1% initially to be phased in until 2022. In order to provide further flexibility to credit institutions in reaction to the coronavirus and mitigate the subsequent financial impact, the initial phasing-in period has been adjusted until 2023. The date of activation was 1 January 2016 and BoG's Executive Committee Acts 163/1.11.2019 and 174/26.6.2020 set the O-SII buffer for Greek Institutions for the years 2020 and 2021 at 0.50% respectively.

Regulatory Developments

On 17 December 2020, the European Commission published Regulation 2021/451, which lays down uniform reporting formats and templates, instructions, frequency and dates of reporting. This Regulation is applicable from 28 June 2021 except from the reporting on leverage ratio buffer requirement for G-SIIs and own funds / own funds requirements for investment firms which shall apply from 1 January 2023 and 26 June 2026 respectively.

Introduction – General Information

On 29 May 2020, the European Banking Authority (EBA) published its Guidelines on loan origination and monitoring that expect Banks to develop robust and prudent standards to ensure newly originated loans are assessed properly. The Guidelines set requirements for assessing the borrowers' creditworthiness together with the handling of information and data for the purposes of such assessments. In these requirements, the Guidelines bring together the EBA's prudential and consumer protection objectives. The application of the Guidelines for newly originated loans needs to be in place within Q2 2021, while gradually and until Q2 2024 the application of the Guidelines need to be expanded to existing loans that have been renegotiated and to the stock of existing loans.

On 27 November 2020, ECB published its final and amended guide on climate-related and environmental risks. The guide explains how ECB expects bank to prudently manage and transparently disclose such risks under current prudential rules. In early 2021, the banks to conduct a self-assessment in light of the supervisory expectations outlined in the guide and to draw up action plans on that basis. In 2022 it will conduct a full supervisory review of banks' practices, take concrete follow-up measures where needed and it will include in the next supervisory stress test the climate related risks.

On 22 December 2020, EBA published an update to the reporting framework 3.0 and the ITS on institutions' Pillar 3 public disclosures, the mapping of quantitative disclosure data and supervisory reporting and also a summary of the frequency of disclosure of each template and table, in accordance with the Regulation (EU) No 876/2019 (CRR2). The disclosure requirements are applicable from June 2021.

On 1 March 2021, EBA published a consultation paper on draft implementing technical standards (ITS) on Pillar 3 disclosures on Environmental, Social and Governance (ESG) risks. The draft ITS put forward comparable disclosures that show how climate change may exacerbate other risks within institutions' balance sheets, how institutions are mitigating those risks, and their green asset ratio on exposures financing taxonomy-aligned activities, such as those consistent with the Paris agreement goals. These disclosure requirements are applicable from June 2022 on an annual basis during the first year and biannually thereinafter.

On 15 April 2021, EBA published its final draft RTS specifying the conditions according to which consolidation shall be carried out in line with Article 18 of the CRR. The aim of these draft RTS is to ensure that the appropriate method of prudential consolidation is applied for the calculation of the CRR requirements on a consolidated basis. Entities to be included in the scope of prudential consolidation are, in particular, institutions, financial institutions and ancillary services undertakings.

In May 2021, Law 4261/2014 was amended by Law 4799/2021, which introduced Directive 2019/878 (CRD V) into Greek law. The key changes introduced by Law 4799/2021 include:

- the obligation for financial holding companies to seek approval by the consolidating supervisory authority in order to be brought under the direct scope of supervisory powers pursuant to CRD IV and CRR and ensure compliance with consolidated prudential requirements;
- the requirement for banks to meet at least three quarters of the P2R with Tier 1 capital and at least 75% of this Tier 1 capital to be made up of CET1 capital;
- the increase of the upper limit for the O-SII buffer to 3% (from 2% under the previous regime).

On 26 May 2021, EBA published final draft RTS on own funds and eligible liabilities. Since their entry into force, the RTS on own funds have significantly enhanced regulatory harmonisation of prudential rules and contributed to strengthening the quality of regulatory capital. The draft RTS align existing provisions to changes introduced in the revised CRR in the area of own funds. This is the case, in particular, for provisions relating to the regime of supervisory prior permission for the reduction of own funds. In addition, the draft RTS specify some of the newly introduced criteria for eligible liabilities instruments derived from the own funds regime. These include the absence of direct or indirect funding for the acquisition of ownership of eligible liabilities, the absence of incentives to redeem, the need for the resolution authority's prior permission for the reduction of eligible liabilities.

On 28 May 2021, EBA launched a public consultation on draft ITS on Pillar 3 disclosures regarding exposures to IRRBB. The draft ITS put forward comparable disclosures that would allow stakeholders to assess institutions' IRRBB risk management framework as well as the sensitivity of institutions' economic value of equity and net interest income to changes in interest rates. The proposed standards will amend the comprehensive ITS on institutions' public disclosures, in line with the strategic objective of developing a single and comprehensive Pillar 3 package that should facilitate implementation by institutions and further promote market discipline.

On 21 June 2021, EBA published its updated Report on the monitoring of AT1 instruments including an update on the monitoring of the implementation of the EBA's Opinion on legacy instruments and its considerations on ESG capital bonds. The objective of this update is to further strengthen the robustness and quality of EU institutions' own funds and eligible liabilities instruments. In addition, the EBA has identified differences in the clauses of the environmental, social and governance (ESG) issuances made for capital/loss absorbency purposes. In this regard, the EBA is providing best practices or practices that should be avoided for these issuances. The purpose is to give views and recommendations on how ESG capital bonds features are meant to interact with the eligibility criteria for own funds and eligible liabilities instruments, and ultimately to safeguard the quality of the instruments from a prudential perspective.

On 15 September 2021, EBA published the Final Guidelines specifying the criteria to assess the exceptional cases when institutions exceed the large exposure limits of Article 395(1) of Regulation (EU) No 575/2013 (CRR) and the time and measures to return to compliance pursuant to Article 396(3) of CRR. The guidelines contain the criteria to determine the exceptional cases referred to in Article 396(1) of CRR, information to be provided to the competent authority in case of a breach of the Large Exposure limits, criteria to determine the appropriate time to return to compliance and measures to be taken to ensure the timely return according to Article 395(1).

On 22 September 2021, ECB published the results of its economy-wide climate stress test. The exercise tested the impact of climate change on more than four million firms worldwide and 1,600 euro area banks under three different climate policy scenarios. The results show that firms and banks clearly benefit from adopting green policies early on to foster the transition to a zero-carbon economy. The exercise also reveals that the impact of climate risk is concentrated in certain regions and sectors of the euro area. In particular, firms located in regions most exposed to physical risk could face very severe and frequent natural disasters, which would in turn affect their creditworthiness. The final climate stress test results are in line with the preliminary results published in March 2021 and complement these findings by including assessments of banks' resilience to climate risks through loans, security and equity holdings.

On 18 October 2021, ECB published information on participation in the 2022 ECB Climate Risk Stress Test (CST). The ECB considers the CST to be a learning exercise for banks and supervisors alike. The exercise will be conducted from March 2022 to July 2022. It will comprise several phases including data collection, quality assurance and the computation of results. The output of the stress test exercise will be integrated into the Supervisory Review and Evaluation Process (SREP) using a qualitative approach. No direct capital impact via the Pillar 2 Guidance is envisaged. A possible impact of the exercise will be indirect, via the SREP scores on Pillar 2 Requirements.

COVID-19 regulatory measures

The COVID-19 pandemic constitutes an unprecedented challenge with very severe socio-economic consequences. Regulatory authorities have responded to this challenge with a number of regulatory measures.

Introduction – General Information

On 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Specifically, banks are allowed, among others, to operate temporarily below the level of capital defined by the Pillar 2 Guidance and the Combined Buffer Requirement. Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital, for example Additional Tier 1 (AT1) or Tier 2 instruments, to meet the Pillar 2 Requirements (P2R).

On 20 March 2020, the ECB published FAQs on supervisory measures in reaction to the coronavirus. The relief measures cover the following: a) asset quality deterioration and non performing loans, b) operational aspects of supervision and c) capital and liquidity requirements.

Following the ECB recommendation of 27 March of 2020 (2020/19) on dividend distribution, the ECB recommends that at least until 1 October 2020 no dividends are paid out and no irrevocable commitment to pay out dividends is undertaken by the credit institutions for the financial year 2019 and 2020 and that credit institutions refrain from share buy-backs aimed at remunerating shareholders. On 15 December 2020, ECB extended its recommendation to banks on dividend distributions and share buy-backs until 30 September 2021, meaning the next decisions to pay dividends should take place in the fourth quarter of 2021. ECBasked banks to be extremely moderate with regard to variable remuneration. On 2 April 2020, the EBA published “Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis before 30 June 2020”. On 25 June 2020, EBA introduced a new deadline of 30 September 2020 replacing the previous date of 30 June 2020. The aim of these Guidelines was to clarify the requirements for public and private moratoria, which if fulfilled, help avoid the classification of exposures under the definition of forbearance or as defaulted under distressed restructuring.

On 2 December 2020, EBA has decided to reactivate its Guidelines on Legislative and non-legislative moratoria due to the exceptional circumstances of the second COVID-19 wave. This reactivation ensures that loans, which had previously not benefitted from payment moratoria, can now also benefit from them. These Guidelines, which applied until 31 March 2021, included additional safeguards against the risk of an undue increase. The role of banks to ensure the continued flow of lending to clients remains of utmost importance in unrecognised losses on banks’ balance sheet.

On 28 April 2020, the European Commission has proposed targeted ‘quick fix’ amendments to Regulation (EU) No 575/2013 (Capital Requirements Regulation) and Regulation (EU) 2019/876 (CRR2) in order to mitigate the economic impact of the 2019 coronavirus disease (COVID-19) pandemic.

The changes include exceptional temporary measures to alleviate the immediate impact of Coronavirus-related developments, by adapting the timeline of the application of international accounting standards on banks' capital, by treating more favourably public guarantees granted during this crisis, by postponing the date of application of the leverage ratio buffer and by modifying the way of excluding certain exposures from the calculation of the leverage ratio.

The Commission also proposed to advance the date of application: a) of several agreed measures that incentivise banks to finance employees, SMEs and infrastructure projects and b) of the exemption of certain software assets from capital deductions. The Commission called for the Council and the Parliament to adopt the amending Regulation before the end of June 2020.

On 9 June 2020, the Economic and Monetary Affairs Committee MEPs agreed to apply specific changes to the capital requirements regulation (CRR), which will have to be coherently applied in the EU. Banks will have to monitor the effects of the pandemic on their balance sheets, pay close attention to non-performing loans and apply know-your-customer standards. The material changes include:

- Extension by two years of the transitional arrangements for IFRS 9 (international accounting standard) and further relief measures (capital add back);

- Alignment of minimum coverage requirements for non-performing loans guaranteed by the public sector with those guaranteed by official export credit agencies;
- Deferred application of the leverage ratio buffer by one year to January 2023;
- Advanced application of a more favourable prudential treatment of loans to pensioners or employees with a permanent contract that are backed by the borrower's pension or salary;
- Advanced application of both, the SME and infrastructure supporting factors, which allows for a more favourable prudential treatment of certain exposures to SMEs and infrastructure;
- Temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in relation to exposures to central of governments, to regional governments, to local authorities and public sector entities;
- Banks will no longer be required to fully deduct software assets from their capital.

The plenary session vote on the CRR 'quick fix' took place on 19 June 2020.

On June 24, 2020, the EU Council announced that it had adopted Regulation (EU) 2020/873 (CRR 'quick fix') amending Regulations (EU) No 575/2013, as amended ("CRR") and (EU) 2019/876 ("CRR2").

The CRR 'quick fix' legislation intends to help credit institutions to mitigate impact of the COVID-19 outbreak and to provide incentives for banks to continue lending to business and consumers.

On 18 June 2021, the ECB announced that euro area banks under its direct supervision may continue to exclude certain central bank exposures from the leverage ratio as exceptional macroeconomic circumstances due to the COVID-19 pandemic continue. This extends until March 2022 the leverage ratio relief granted in September 2020, which was set to expire on 27 June 2021.

On 14 October 2020, the EBA published its final draft regulatory technical standards (RTS) specifying the prudential treatment of software assets according to Art. 36(4) of the Capital Requirements Regulation (CRR), based on a prudential amortisation of software assets. EBA has concluded that the prudential amortization approach would best fit its purpose and objectives. This method implies that the positive difference between prudential and accounting accumulated depreciation shall be fully deducted from CET1, while the residual portion of the carrying amount shall be risk-weighted. If the useful life of software estimated for accounting purposes is shorter than the prudential amortization period, the former shall be used also for prudential purposes. Additionally, the prudential amortization period has been set at maximum 3 years, starting from the date on which the software asset is available for use. The prudential amortizations and deductions shall be made separately for each software asset. All the investments made for maintaining, enhancing or upgrading the existing software assets shall be treated as separate assets, considering that those investments are recognized as an intangible asset on the balance sheet. In line with the recent CRR 'quick fix', the date of entry into force of the RTS was moved forward to the day following its publication in the Official Journal of the EU, i.e. 23 December 2020.

On 6 April 2021, the EU adopted earlier two regulations to amend the securitisation framework (the review planned for 2022). The Regulation (EU) 2021/557 amending the Securitisation Regulation (2017/2402) provides a general framework for securitisation and creates a specific framework for simple, transparent and standardised (STS) securitisations. The Regulation (EU) 2021/558 makes changes to the CRR with respect to certain adjustments to securitisation framework. Both regulations came into force on 9 April 2021.

Furthermore the Basel Committee's oversight body, the Group of Central Bank Governors and Heads of Supervision (GHOS), has endorsed a set of measures to provide additional operational capacity for banks and supervisors to respond to the immediate financial stability priorities resulting from the impact of the coronavirus disease (COVID-19) on the global banking system:

- The implementation date of the Basel III standards finalised in December 2017 has been deferred by one year to 1 January 2023. The accompanying transitional arrangements for the output floor has also been extended by one year to 1 January 2028;
- The implementation date of the revised market risk framework finalised in January 2019 has been deferred by one year to 1 January 2023;
- The implementation date of the revised Pillar 3 disclosure requirements finalised in December 2018 has been deferred by one year to 1 January 2023.

1.7 Stress Tests

In January 2021, the EBA launched the 2021 EU-wide stress test exercise, which provided valuable input for assessing the resilience of the European banking sector, notably its ability to absorb shocks under adverse macroeconomic conditions.

This exercise was coordinated by the EBA in cooperation with the ECB and national authorities, and was conducted according to the EBA's methodology, which was published in November 2020. It was carried out on the basis of year-end 2020 figures and assessed the resilience of EU banks under a common macroeconomic baseline scenario and a common adverse scenario, covering the period of 2021-2023. The baseline scenario for EU countries was based on the projections from the national central banks of December 2020, while the adverse scenario assumed the materialisation of the main financial stability risks that have been identified by the European Systemic Risk Board (ESRB) and which the EU banking sector is exposed to. The adverse scenario also reflected ongoing concerns about the possible evolution of the Covid-19 pandemic coupled with a potential strong drop in confidence and was designed to ensure an adequate level of severity across all EU countries.

In parallel, the ECB also conducted its own stress test for the banks it directly supervises but that was not included in the EBA-led stress test sample. This exercise was consistent with the EBA's methodology and applied the same scenarios, while also including proportionality elements as suggested by the overall smaller size and lower complexity of these banks. Eurobank Holdings Group participated in the ECB-led stress test.

2021 Eurobank Stress Test Results

On 30 July 2021, the Company announced that Eurobank Holdings Group successfully completed the 2021 SSM Stress Test (ST), which was coordinated and conducted by the ECB. The starting point of the ST exercise was the financial and capital position of the Group as at 31 December 2020 and the ST horizon covered the period until the end of 2023.

Under the baseline scenario, the Group is capital accretive by 290 bps over the three-year ST horizon, reaching, on a fully loaded (FL) basis, total CAD ratio of 17.5%, and CET1 ratio of 14.9%, as at the end of 2023.

Under the adverse scenario, the capital depletion in terms of FL CET1 ratio amounts to 433 bps as at the end of 2023 and to 517 bps at the year with the highest impact (2021). Accordingly, the FL CET1 ratio stands at 7.6% as at the end of 2023 and at 6.8% at the year with the highest impact (2021). On a transitional basis, the CET1 ratio at the end of 2023 stands at 8%.

The Group's performance in the ST confirmed its resilience and ability to withstand a significant downturn, especially under the severe assumptions of the adverse scenario. In addition, the results of ST will be used to determine the Pillar 2 capital recommendation ("Guidance") in the context of the SREP.

1.8 Scope of Pillar 3

The purpose of Pillar 3 report is to provide updated information the Group's risk management practices, risk assessment processes and regulatory capital adequacy ratios.

Pillar 3 disclosures consist of both qualitative and quantitative information and are provided on a consolidated basis. They have been prepared in accordance with Part 8 of the Capital Requirements Regulation within CRD IV (Regulation 2013/575/EU) and according to the regulatory consolidation framework, which is described in the following section.

In December 2016, EBA published EBA/GL/2016/11 guidelines on revised Pillar 3 disclosures requirements to improve the consistency and comparability of institutions' regulatory disclosures. These guidelines harmonised the frequency of disclosures and updated the list of requirements to be considered for more frequent disclosures.

According to the above guidelines, for templates that require the disclosure for current and previous reporting periods, the previous reporting period is always referred to as the last data disclosed according to the frequency of the template. When the disclosure is being reported for the first time, the data of the previous period is not required.

In December 2018 EBA published EBA/GL/2018/10 guidelines, which include enhanced disclosure formats for credit institutions for disclosures related to non-performing exposures, forborne exposures and foreclosed assets. Some templates are applicable to significant credit institutions that have a gross NPL ratio of 5% or above, as is the case for the Group.

In June 2019 the European Parliament (EP) and the Council published the Regulation (EU) No 876/2019 or CRR2 amending the CRR, regarding among others the reporting and disclosure framework. The CRR 2 rules follow a phased implementation with significant elements entering into force in 2021.

In response to the COVID-19 pandemic, EBA published EBA/GL/2020/07 guidelines, which introduce additional requirements in relation to the disclosure on exposures subject to the EBA Guidelines on legislative and non-legislative moratoria on loan repayments applied in the light of the COVID-19 crisis and on newly originated exposures subject to public guarantee schemes. The disclosure requirements apply semi-annually.

In addition to the CRR 'quick fix', EBA issued EBA/GL/2020/12 guidelines, which amend the EBA/GL/2018/01 on uniform disclosures under Article 473a of Regulation (EU) No 575/2013 (CRR) as regards the transitional period for mitigating the impact of the introduction of IFRS 9 on own funds, to provide clarity to institutions and users of information on the implementation of part of the disclosure requirements included in the CRR 'quick fix' and how institutions should disclose the information required.

In June 2020, EBA published new Implementing Technical Standards (ITS) on public disclosures by institutions and revised final draft ITS on supervisory reporting that implements changes introduced in the revised Capital Requirements Regulation (CRR2) and the Prudential Backstop Regulation. The two ITS aim to promote market discipline through enhanced and comparable public disclosures for stakeholders and to keep the reporting requirements in line with the evolving needs for Supervisory Authorities' risk assessments.

On 6 August 2021, EBA 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.

Following new requirements, the Group performed several changes to the tables disclosed in Pillar 3 Report and also adopted these changes in the previous periods, in order to provide comparative information.

1.8.1 Location, timing and frequency of disclosures

Pillar 3 disclosures are provided on a quarterly basis in electronic format, after taking into consideration the relevant recommendation of EBA Guidelines 2016/11, which include the list of requirements to be considered for more frequent, than annual basis, disclosures.

Pillar 3 disclosures are provided with reference date (corresponding period) the close of the previous quarter and in conjunction with the date of publication of the financial statements. Equivalent disclosures made by the Group under accounting, listing or other requirements are deemed to constitute compliance with the requirements of the aforementioned Regulation (EU) No 575/2013 (Part Eight) taking into consideration any existing relevant implementing Regulations as well as the EBA guidelines.

Pillar 3 disclosures are a standalone document that provides a readily accessible source of prudential information for users and is available on a designated location on the Company's website (https://www.eurobankholdings.gr/en/investor-relations/financial-results) in chronological order and cover both quantitative and qualitative information.

Quantitative information, which is included in the Group's Consolidated Financial Statements, is also provided at the above location. In this way, the Company secures easy access of the market participants to continuous and complete information without cross-reference to other locations or media of communication.

Regarding the timing of disclosures, CRR clarifies that disclosures shall be published on the same date as the date on which the institution publishes its financial reports or as soon as possible thereafter. The Group's Pillar 3 disclosures will be published the latest either within one month from the publication of the financial statements or within the deadline of relevant Financial statements publication, as defined in Law 3556/2007.

The information contained in the Pillar 3 Disclosures has been verified by the Audit Committee and was approved by the Board of Directors on 24 November 2021.

1.9 Regulatory versus accounting consolidation

There is no difference between regulatory and accounting consolidation.

List of all Company's subsidiaries can be found in the Interim Consolidated Financial Statements note 17.

The table below shows the Group's regulatory and accounting Balance Sheet as at 30 September 2021 and 30 June 2021.

Table 1: Regulatory and accounting Balance Sheet

Balance sheet per published financial statements and per regulatory consolidation	*Ref.*	**30 September 2021** **€ million**	30 June 2021 € million
Assets			
Cash and Balances with central banks		11,288	9,822
Due from credit institutions		2,795	2,538
Securities held for trading		149	100
Derivative financial instruments		2,046	2,106
Loans and advances to customers		36,108	37,511
Investment securities		9,908	9,362
Investments in associates and joint ventures		286	282
Property, plant and equipment		809	803
Investment property		1,459	1,479
Intangible assets	*a*	270	265
Deferred tax asset		4,437	4,465
of which deferred tax assets that rely on future profitability excluding those arising from temporary differences	*b*	1	1
of which deferred tax credit		3,585	3,624
of which deferred tax assets arising from temporary differences	*c*	851	840
Other assets		2,115	2,081
Assets of disposal group classified as held for sale		1,704	52
Total assets		**73,374**	70,866
Liabilities			
Due to central banks		8,745	8,763
Due to credit institutions		1,544	1,262
Derivative financial instruments		2,393	2,302
Due to customers		51,136	49,742
Debt securities in issue		2,535	2,014
Other liabilities		1,459	1,330
Liabilities of disposal group classified as held for sale		92	-
Total liabilities		**67,904**	65,413
Equity			
Ordinary share capital		816	816
Share premium		8,056	8,055
Reserves and retained earnings		(3,402)	(3,418)
of which cash flow hedge reserves	*d*	(27)	(27)
Total equity	*e*	**5,470**	5,453
Total equity and liabilities		**73,374**	70,866

2. Capital Management

2.1 Key Metrics

The table below provides an overview of Group's prudential regulatory metrics.

Table 2: EU KM1 - Key Metrics template

	30 September 2021 (1) & (2) € million	30 September 2021 € million	30 June 2021 (1) € million	31 March 2021 (1) € million	31 December 2020 € million	30 September 2020 € million
Available own funds (amounts)						
Common Equity Tier 1 (CET1) capital	**5,401**	5,205	5,447	5,319	5,604	5,248
Tier 1 capital	**5,401**	5,205	5,447	5,319	5,604	5,248
Total capital	**6,365**	6,221	6,441	6,314	6,554	6,198
Risk-weighted exposure amounts						
Total risk-weighted exposure amount	**40,598**	41,848	41,159	40,800	40,237	39,795
Capital ratios (as a percentage of risk-weighted exposure amount)						
Common Equity Tier 1 ratio (%)	**13.3%**	12.4%	13.2%	13.0%	13.9%	13.2%
Tier 1 ratio (%)	**13.3%**	12.4%	13.2%	13.0%	13.9%	13.2%
Total capital ratio (%)	**15.7%**	14.9%	15.6%	15.5%	16.3%	15.6%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)						
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%
of which: to be made up of CET1 capital (percentage points)	**1.69%**	1.69%	1.69%	1.69%	1.69%	1.69%
of which: to be made up of Tier 1 capital (percentage points)	**2.25%**	2.25%	2.25%	2.25%	2.25%	2.25%
Total SREP own funds requirements (%)	**11.00%**	11.00%	11.00%	11.00%	11.00%	11.00%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)						
Capital conservation buffer (%)	**2.50%**	2.50%	2.50%	2.50%	2.50%	2.50%
Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Institution specific countercyclical capital buffer (%)	**0.05%**	0.05%	0.06%	0.06%	0.05%	0.05%
Systemic risk buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Global Systemically Important Institution buffer (%)	**0.00%**	0.00%	0.00%	0.00%	0.00%	0.00%
Other Systemically Important Institution buffer	**0.50%**	0.50%	0.50%	0.50%	0.50%	0.50%
Combined buffer requirement (%)	**3.05%**	3.05%	3.06%	3.06%	3.05%	3.05%
Overall capital requirements (%)	**14.05%**	14.05%	14.06%	14.06%	14.05%	14.05%
CET1 available after meeting the total SREP own funds requirements (%)	**4.73%**	3.86%	4.65%			

	30 September 2021 (1) € million	30 September 2021 € million	30 June 2021 (1) € million	31 March 2021 (1) € million	31 December 2020 € million	30 September 2020 € million
Leverage ratio						
Leverage ratio total exposure measure	65,193	65,171	63,967	63,867	63,634	63,888
Leverage ratio	8.35%	7.99%	8.51%	8.33%	8.81%	8.21%
Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)						
Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%			
of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%			
Total SREP leverage ratio requirements (%)	3.50%	3.50%	3.44%			
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)						
Leverage ratio buffer requirement (%)	**0.00%**	0.00%	0.00%			
Overall leverage ratio requirements (%)	**3.50%**	3.50%	3.44%			
Liquidity Coverage Ratio						
Total high-quality liquid assets (HQLA) (Weighted value - average)	**10,054**	10,054	8,807	7,784	7,233	6,793
Cash outflows - Total weighted value	**7,977**	7,977	7,680	7,460	7,397	7,110
Cash inflows - Total weighted value	**1,126**	1,126	1,142	1,166	1,238	1,195
Total net cash outflows (adjusted value)	**6,851**	6,851	6,539	6,294	6,160	5,915
Liquidity coverage ratio (%) (adjusted value) (2)	**145.93%**	145.93%	133.61%	123.25%	117.30%	114.85%
Liquidity coverage ratio (%)	**168.16%**	168.16%	166.43%	140.59%	123.68%	
Net Stable Funding Ratio						
Total available stable funding	**56,555**	56,555	55,659			
Total required stable funding	**46,223**	46,223	45,970			
NSFR ratio (%)	**122.35%**	122.35%	121.08%			

(1) Including year to date interim profits € 216 million for the 9M 2021, € 190 million for the 1H 2021 and € 70 million for the 1Q 2021.
(2) Pro-forma with the derecognition of the Mexico loans.
(3) Average figures based on previous monthly data points.

2.2 Regulatory Capital

The Group has sought to maintain an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the European Union and the SSM in supervising the Bank.

The table below shows the composition of the Group's regulatory capital as at 30 September 2021 and 30 June 2021 which is calculated according to CRD IV.

Table 3: EU CC2 - Reconciliation of regulatory own funds to balance sheet in the audited financial statements

	Ref.	**30 September 2021 (1) & (2) € million**	30 September 2021 € million	30 June 2021 (1) € million	30 June 2021 € million	31 March 2021 (1) € million	31 March 2021 € million
Total equity	e	5,470	5,470	5,453	5,453	5,321	5,321
Regulatory adjustments							
Part of interim or year-end profit not eligible		-	(216)	-	(190)	-	(70)
Cash flow hedge reserves	d	22	22	27	27	30	30
Adjustments due to IFRS 9 transitional arrangements		529	552	553	553	563	563
Intangible assets	a	(202)	(202)	(197)	(197)	(194)	(194)
of which Goodwill		(2)	(2)	(2)	(2)	(1)	(1)
IRB shortfall of credit risk adjustments to expected losses		(162)	(153)	(153)	(153)	(153)	(153)
Deferred tax assets that rely on future profitability (unused tax losses)	b	(1)	(1)	(1)	(1)	(1)	(1)
Deferred tax assets arising from temporary differences (amount above 10% threshold)	c	(226)	(238)	(206)	(225)	(222)	(229)
Prudent Valuation Adjustments		(9)	(9)	(9)	(9)	(9)	(9)
Other regulatory adjustments		(20)	(20)	(20)	(20)	(16)	(16)
Amount exceeding the 17.65% threshold		-	-	-	-	-	-
Common Equity Tier I capital		**5,401**	5,205	5,447	5,238	5,319	5,242
Regulatory adjustments		-	-	-	-	-	-
Total Tier I capital		**5,401**	5,205	5,447	5,238	5,319	5,242
Tier II capital - subordinated debt		950	950	950	950	950	950
IRB Excess of impairment allowances over expected losses eligible		14	65	44	44	45	45
Total Regulatory Capital		**6,365**	6,221	6,441	6,232	6,314	6,237
Risk Weighted Assets		**40,598**	41,848	41,159	41,112	40,800	40,782
Ratios							
Common Equity Tier I		**13.3%**	12.4%	13.2%	12.7%	13.0%	12.9%
Tier I		**13.3%**	12.4%	13.2%	12.7%	13.0%	12.9%
Total Capital Adequacy Ratio		**15.7%**	14.9%	15.6%	15.2%	15.5%	15.3%

(1) Including year to date interim profits € 216 million for the 9M 2021, € 190 million for the 1H 2021 and € 70 million for the 1Q 2021.
(2) Pro-forma with the derecognition of the Mexico loans.
(3) The Group's CET1 ratio as at 30 September 2021 based on the full implementation of the Basel III rules in 2025 (fully loaded CET1), would be 12.3% including interim profits and pro-forma for Mexico transaction (30 June 2021 including interim profits: 12.1%).

As depicted in table above, pro-forma for Mexico transaction CET1 ratio has increased during the 3rd quarter 2021, mainly due the decrease of Mexico loans RWAs partly offset by the recognition of € 72 million losses for Mexico transaction and the increase of the RWAs from increased lending volumes and the acquisition of new investment securities.

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

As at 30 September 2021, pursuant to the Law 4172/2013, as in force, the Bank's eligible DTAs/deferred tax credits (DTCs) against the Greek State amounted to € 3,585 million (30 June 2021 € 3,624 million). The decrease is due to the annual amortization of PSI losses and DTC eligible crystallized loan losses from write-offs and disposals. The DTCs will be converted into directly enforceable claims (tax credit) against the Greek State provided that the Bank's after tax accounting result for the year is a loss. In particular, DTCs are accounted for on: (a) the losses from the Private Sector Involvement (PSI) and the Greek State Debt Buyback Program and (b) on the sum of (i) the unamortized part of the crystallized loan losses from write-offs and disposals, (ii) the accounting debt write-offs and (iii) the remaining accumulated provisions and other losses in general due to credit risk recorded up to 30 June 2015. For further details, please refer to Consolidated Financial Statements, Note 12.

According to Regulation (EU) No. 575/2013, article 39, deferred tax assets that can be replaced with a tax credit, shall not be deducted from CET1, but instead be risk weighted by 100%.

2.3 IFRS 9 capital impact

Regarding IFRS 9 adoption from 1.1.2018 and according to Regulation (EU) 2017/2395 of the European Parliament and the Council, a five year transition period is introduced, which allows banks to add back to their CET 1 capital 95% of IFRS 9 impact in 2018 and 85%, 70%, 50% and 25% in the subsequent four years. The full impact is expected as of 1 January 2023.

According to the CRR 'quick fix' relief package, the IFRS 9 transitional arrangements have been extended by two years and a new calculation has been introduced where 100% relief is applied in 2020 and 2021 for increases in stage 1 and stage 2 provisions from 1 January 2020. Accordingly, the relief applied for 2022 is 75%, for 2023 50% and for 2024 25%.

The Group has elected to apply the phase in approach for mitigating the impact of IFRS 9 transition on the regulatory capital.

In addition, the CRR 'quick fix' with the Article 468 introduces a temporary treatment that allows institutions to remove from the calculation of their CET1 items unrealised gains and losses measured at fair value through other comprehensive income during the period from 1 January 2020 to 31 December 2022.

The Group is not applying the temporary treatment specified in Article 468 therefore the own funds, capital and leverage ratios reflect the full impact of unrealised gains and losses measured at fair value through other comprehensive income.

Capital Management

Table 4: EU IFRS - FL - Template on the comparison of Institutions' own funds and capital and leverage ratios with and without the application of transitional arrangements for IFRS 9 or analogous ECLs

Available capital	**30 September 2021 (1) & (2) € million**	**30 September 2021 € million**	30 June 2021 (1) € million	31 March 2021 (1) € million	31 December 2020 € million	30 September 2020 € million
Common Equity Tier 1 (CET1) capital	5,401	5,205	5,447	5,319	5,604	5,248
Common Equity Tier 1 (CET1) capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,032	4,805	5,045	4,907	4,923	4,559
Fully Loaded Common Equity Tier 1 (CET1) capital	4,958	4,720	4,961	4,818	4,778	4,443
Tier 1 capital	5,401	5,205	5,447	5,319	5,604	5,248
Tier 1 capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	5,032	4,805	5,045	4,907	4,923	4,559
Fully Loaded Tier 1 capital	4,958	4,720	4,961	4,818	4,778	4,443
Total capital	6,365	6,221	6,441	6,314	6,554	6,198
Total capital as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	6,076	5,853	6,092	5,952	5,968	5,604
Fully Loaded Total capital	6,002	5,769	6,007	5,863	5,824	5,489
Risk weighted assets						
Total risk-weighted assets	40,598	41,848	41,159	40,800	40,237	39,795
Total risk-weighted assets as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	40,428	41,678	40,989	40,619	39,975	39,539
Fully Loaded Total risk-weighted assets	40,428	41,678	40,989	40,619	39,975	39,539
Capital ratios						
Common Equity Tier 1 (as a percentage of risk exposure amount)	13.3%	12.4%	13.2%	13.0%	13.9%	13.2%
Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.4%	11.5%	12.3%	12.1%	12.3%	11.5%
Fully Loaded Common Equity Tier 1 (as a percentage of risk exposure amount)	12.3%	11.3%	12.1%	11.9%	12.0%	11.2%
Tier 1 (as a percentage of risk exposure amount)	13.3%	12.4%	13.2%	13.0%	13.9%	13.2%
Tier 1 (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	12.4%	11.5%	12.3%	12.1%	12.3%	11.5%
Fully Loaded Tier 1 (as a percentage of risk exposure amount)	12.3%	11.3%	12.1%	11.9%	12.0%	11.2%
Total capital (as a percentage of risk exposure amount)	15.7%	14.9%	15.6%	15.5%	16.3%	15.6%
Total capital (as a percentage of risk exposure amount) as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	15.0%	14.0%	14.9%	14.7%	14.9%	14.2%
Fully Loaded Total capital (as a percentage of risk exposure amount)	14.8%	13.8%	14.7%	14.4%	14.6%	13.9%

Leverage ratio	**30 September 2021 (1) € million**	**30 September 2021 € million**	30 June 2021 (1) € million	31 March 2021 (1) € million	31 December 2020 € million	30 September 2020 € million
Leverage ratio total exposure measure	65,193	65,171	63,967	63,867	63,634	63,888
Leverage ratio	8.35%	7.99%	8.51%	8.33%	8.81%	8.21%
Leverage ratio as if IFRS 9 or analogous ECLs transitional arrangements had not been applied	7.72%	7.36%	7.74%	7.66%	7.72%	7.13%
Fully Loaded Leverage ratio	7.59%	7.23%	7.87%	7.53%	7.49%	6.94%

(1) Including year to date interim profits € 216 million for the 9M 2021, € 190 million for the 1H 2021 and € 70 million for the 1Q 2021.
(2) Pro-forma with the derecognition of the Mexico loans.

2.4 Supervisory Review and Evaluation Process (SREP) capital requirements

According to the decision of the 2020 Supervisory Review and Evaluation Process (SREP) performed by the ECB and the capital relief measures granted by the ECB in response to the Covid-19 outbreak starting from 18 March 2020, Eurobank Holdings is required to meet on a consolidated basis a Common Equity Tier 1 ratio of at least 9.24% and a Total Capital Adequacy Ratio of at least 14.05% (Overall Capital Requirements including the Capital Conservation Buffer of 2.5%, the Other Systemically Important Institution buffer of 0.5% and the applicable Countercyclical Capital Buffer of 0.05% for the third quarter of 2021 stemming from the exposures in Bulgaria and Luxemburg).

The table below shows the capital requirements of the Group for 30 September 2021.

Table 5: Pillar 2 Requirements

	30 September 2021	
	CET1 Capital Requirements	Total Capital Requirements
Minimum regulatory requirement	4.50%	8.00%
Pillar 2 Requirement (P2R)	1.69%	3.00%
Total SREP Capital Requirement (TSCR)	**6.19%**	**11.00%**
Combined Buffer Requirement (CBR)		
Capital conservation buffer (CCoB)	2.50%	2.50%
Countercyclical capital buffer (CCyB)	0.05%	0.05%
Other systemic institutions buffer (O-SII)	0.50%	0.50%
Overall Capital Requirement (OCR)	**9.24%**	**14.05%**

In response to the Covid-19 outbreak, on 12 March 2020, the ECB announced a number of measures to ensure that its directly supervised banks can continue to fulfil their role in funding the real economy. Specifically, banks have been allowed, among others, to operate temporarily below the level of capital defined by the Pillar 2 Guidance and without prejudice to the restrictions set out in CRD IV, the Combined Buffer Requirement (i.e. Capital Conservation Buffer (CCB), Countercyclical Capital Buffer, Other Systemically Important Institutions Buffer) until at least the end of 2022. Banks are also allowed to partially use capital instruments that do not qualify as CET1 capital (i.e. AT1 or Tier 2 instruments), to meet the Pillar 2 Requirement (P2R).

At consolidated level, the Pillar 2 Requirement is set at 3% for 2021 and part of that (1.69%) must be held in the form of CET1 capital while the Group may use AT1 and Tier 2 capital, where available, for the remaining part. The amount of additional own funds required on a consolidated basis to be met with CET1 capital is € 707 million (based on RWAs of € 41,848 million).

As at 30 September 2021, Eurobank's transitional CET1 ratio and Total Capital ratio, including 9M 2021 interim profit € 216 million and pro-forma for Mexico transaction, were 13.3% and 15.7% respectively, which exceeded the 2021 transitional minimum requirements of 9.24% and 14.05%. The respective amount of additional own funds required on a consolidated basis to be met with CET1 capital is € 686 million.

2.5 Capital requirements under Pillar 1

The table below shows the Group's risk weighted assets (RWAs) and capital requirements as at 30 September 2021 and 30 June 2020. The minimum capital requirements under Pillar 1 are calculated as 8% of RWAs.

Table 6: EU OV1 - Overview of risk weighted exposure amounts

	Risk weighted exposure amounts (RWEAs)				Total own funds requirements
	30 September 2021 [(1)&(2)] € million	30 September 2021 € million	30 June 2021 [(1)&(2)] € million	30 June 2021 € million	30 September 2021 € million
Credit risk (excluding CCR)	**32,984**	**34,323**	33,681	33,681	**2,746**
Of which the standardised approach	17,525	18,063	17,796	17,796	1,445
Of which the foundation IRB (FIRB) approach	7,317	7,355	7,283	7,283	588
Of which: slotting approach	2,697	2,709	2,489	2,489	217
Of which: equities under the simple riskweighted approach	552	552	441	441	44
Of which the advanced IRB (AIRB) approach	4,893	5,644	5,672	5,672	452
Counterparty credit risk - CCR	**533**	**533**	521	521	**43**
Of which the standardised approach	250	250	250	250	20
Of which internal model method (IMM)	-	-	-	-	-
Of which exposures to a CCP	10	10	9	9	1
Of which credit valuation adjustment - CVA	111	111	116	116	9
Of which other CCR	162	162	146	146	13
Settlement risk	**-**	**-**	-	-	-
Securitisation exposures in the non-trading–book (after the cap)	**1,141**	**1,106**	1,092	1,092	**88**
Of which SEC-IRBA approach	27	27	27	27	2
Of which SEC-ERBA (including IAA)	66	66	54	54	5
Of which SEC-SA approach	1,048	1,013	1,011	1,011	81
Of which 1250%/ deduction	-	-	-	-	-
Position, foreign exchange and commodities risks (Market risk)	**1,084**	**1,084**	1,010	1,010	**87**
Of which the standardised approach	363	363	332	332	29
Of which IMA	721	721	678	678	58
Large exposures	-	-	-	-	-
Operational risk	**3,030**	**3,030**	3,030	3,030	**242**
Of which basic indicator approach	-	-	-	-	-
Of which standardised approach	3,030	3,030	3,030	3,030	242
Of which advanced measurement approach	-	-	-	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	**1,826**	**1,772**	1,825	1,778	**142**
Total	**40,598**	**41,848**	41,159	41,112	**3,348**

(1) Including year to date interim profits € 216 million for the 9M 2021, € 190 million for the 1H 2021 and € 70 million for the 1Q 2021.
(2) Pro-forma with the derecognition of the Mexico loans.
(3) The decrease of the RWAs compared to 30 June 2021 is mainly due to decrease of RWAs from Mexico loans partly offset by increased lending volumes and the acquisition of new investment securities.

3. Credit Risk

In June 2008, the Group received the approval of BoG to use the Internal Ratings Based (IRB) approach to calculate the capital requirement for credit risk. Therefore, with effect from 1 January 2008 the Group applies:

- The Foundation IRB approach to calculate risk weighted assets for the corporate loans' portfolio of Eurobank Ergasias S.A. in Greece;
- The Advanced IRB for the majority of the retail loans' portfolio of the Bank, i.e. mortgages, small business lending, credit cards and revolving credits in consumer lending;
- From September 2009 the Foundation IRB approach was applied for the corporate loans' portfolio of Eurobank Ergasias Leasing S.A. in Greece;
- From March 2010, the Advanced IRB approach was applied for the Bank's portfolio of personal and car loans.

The implementation of IRB covers 76.8% of the Group's lending portfolio excluding portfolio segments which are immaterial in terms of size and risk profile as well as, permanent exemptions. The Bank is in the process of reviewing the IRB roll out plan taking into account draft guidelines and its business plan. The updated roll out plan will be subject to ECB approval.

The following table shows the main changes in capital requirements of credit risk exposures under the IRB approach:

Table 7: EU CR8 - RWEA flow statements of credit risk exposures under the IRB approach

	30 September 2021	30 June 2021
	Risk weighted exposure amount € million	Risk weighted exposure amount € million
Risk weighted exposure amount as at 1 July 2021	15,444	15,293
Asset size (+/-)	262	(29)
Asset quality (+/-)	(54)	(202)
Model updates (+/-)	-	391
Methodology and policy (+/-)	-	-
Acquisitions and disposals (+/-)	-	-
Foreign exchange movements (+/-)	56	(7)
Other (+/-)	1	(2)
Risk weighted exposure amount as at 30 September 2021	**15,709**	15,444

Asset size: Under this item, the changes in RWAs due to the changes in EAD are reported. These changes can be due to new originations or repayments of the loans.
Asset quality: The changes to the RWAs due to the borrower risk (i.e. rating grade migration) are reported under this item.
Model updates: The changes to the RWAs due to updates in risk parameters following the annual validation process or regulatory reviews.
Methodology and policy: Under this item, the changes in RWAs due to regulatory framework changes are presented.
Foreign exchange movements: The changes to the RWAs due to the foreign currency translation movements are reported.
Other: Under this item, the changes in RWAs due to other factors that are used in the calculation of RWAs are reported. These, for example, include maturity of exposures.

Credit Risk

In the third quarter of 2021, RWAs show a total increase of € 265 million attributed to new production (€ 262 million) mainly in corporate portfolio and foreign exchange movements (€ 56 million), which was partly compensated by the positive asset quality movements in retail portfolio (€ 54 million).

4. Market Risk

The Bank uses its own internal Value at Risk (VaR) model to calculate capital requirements for market risk in its trading book, for the Bank's activities in Greece. The Bank received the official validation of its model for market risk by the BoG in July 2005. The model is subject to periodic review by the regulator.

In 2011, the Bank updated its models and systems in order to fully comply with the BoG Governor's Act 2646/2011 for the trading book capital. The Bank calculates the capital for stressed VaR and IRC (incremental risk capital charge) since 31.12.2011.

For the measurement of market risk exposure and the calculation of capital requirements for the Bank's subsidiaries in Greece and in International operations, the Standardised approach is applied.

Furthermore, the Bank calculates and monitors the market risk of the banking book for its operations in Greece on a daily basis using the internal VaR model. For its operations abroad, Eurobank applies sensitivity analysis, whereas the VaR methodology is applied on a monthly basis.

The following tables summarise the components of the capital requirement, under the IMM approach applied by the Bank as at 30 September 2021 and 30 June 2021.

Table 8: EU MR2-B - RWA flow of market risk exposures under IMA

	30 September 2021						
	VaR **€ million**	**SVaR** **€ million**	**IRC** **€ million**	**Comprehensive risk measure** **€ million**	**Other** **€ million**	**Total RWAs** **€ million**	**Total own funds requirements** **€ million**
RWAs at 30 June 2021[1]	130	523	25	-	-	678	54
Regulatory adjustment [2]	(87)	(369)	(21)	-	-	(477)	(38)
RWAs at the previous quarter-end (end of the day) [3]	43	154	4	-	-	201	16
Movement in risk levels	(19)	2	60	-	-	43	3
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
RWAs at the end of the reporting period (end of the day)[3]	29	174	68	-	-	271	22
Regulatory adjustment[2]	82	351	17	-	-	450	36
RWAs at 30 September 2021[1]	**111**	**525**	**85**	**-**	**-**	**721**	**58**

	30 June 2021						
	VaR € million	SVaR € million	IRC € million	Comprehensive risk measure € million	Other € million	Total RWAs € million	Total own funds requirements € million
RWAs at 31 March 2021[1]	164	516	118	-	-	798	64
Regulatory adjustment [2]	(116)	(354)	(105)	-	-	(575)	(46)
RWAs at the previous quarter-end (end of the day) [3]	48	162	13	-	-	223	18
Movement in risk levels	(34)	7	(93)	-	-	(119)	(10)
Model updates/changes	-	-	-	-	-	-	-
Methodology and policy	-	-	-	-	-	-	-
Acquisitions and disposals	-	-	-	-	-	-	-
Foreign exchange movements	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
RWAs at the end of the reporting period (end of the day)[3]	43	154	4	-	-	201	16
Regulatory adjustment[2]	87	369	21	-	-	477	38
RWAs at 30 June 2021[1]	130	523	25	-	-	678	54

(1) RWA at previous and current reporting period (quarter end).
(2) Regulatory Adjustment indicates the difference between RWA and RWA (end of day) at previous and current reporting period.
(3) RWA that would be estimated on the basis of the previous or current quarter end figure (instead of the max of it and the 60-day average).

5. Counterparty Risk

5.1 Definition

Counterparty risk is the risk that a counterparty in an off balance sheet transaction (i.e. derivative transaction) defaults prior to maturity and the Bank has a claim over the counterparty (the market value of the contract is positive for the Bank).

5.2 Mitigation of counterparty risk

To reduce the exposure towards single counterparties, risk mitigation techniques are used. The most common is the use of closeout netting agreements (usually based on standardised ISDA contracts), which allow the bank to net positive and negative replacement values in the event of default of the counterparty.

Furthermore, the Bank also applies margin agreements (CSAs) in case of counterparties. Thus, collateral is paid or received on a daily basis to cover current exposure. In case of repos and reverse repos, the Bank applies netting and daily margining using standardised GMRA contracts.

5.3 Credit derivatives

Table 9: EU CCR7 - RWEA flow statements of CCR exposures under the IMM is not included as the Bank does not use an internal model for the calculation of the RWAs of CCR exposures.

6. Leverage ratio

The new regulatory framework has introduced the leverage ratio as a non-risk based measure which is intended to restrict the build-up of excessive leverage from on and off balance sheet items in the banking sector.

The leverage ratio is defined as Tier 1 capital divided by the total exposure measure.

The Bank submits to the regulatory authorities the leverage ratio on quarterly basis and monitors the level of the ratio and the factors that affect it.

The level of the leverage ratio with reference date 30 September 2021 on consolidated basis was at 7.99% (30 June2021: 8.19%), according to the transitional definition of Tier 1 capital, significantly over the proposed minimum threshold of 3% and the overall leverage ratio requirement of 3.50 % applied by the competent authorities.

The below table includes the summary of the Group's leverage ratio with reference dates 30 September 2021 and 30 June 2021.

Table 10: EU LR – Leverage Ratio

	30 September 2021 [1]	30 September 2021	30 June 2021 [1]	30 June 2021
	€ million	€ million	€ million	€ million
Tier 1 capital - transitional definition	**5,443**	**5,205**	5,447	5,238
Total Leverage Ratio exposure measure - using a transitional definition of Tier 1 capital	**65,193**	**65,171**	63,967	63,948
Leverage Ratio - using a transitional definition of Tier 1 capital	**8.35%**	**7.99%**	8.51%	8.19%

[1] *Including year to date interim profits € 216 million for the 9M 2021, € 190 million for the 1H 2021 and € 70 million for the 1Q 2021.*

7. Liquidity Risk

The Group is exposed on a daily basis to events that affect the level of its available cash resources due to deposits withdrawals, maturity of medium or long term notes and maturity of secured or unsecured funding (interbank repos and money market takings), loan draw-downs and forfeiture of guarantees. Furthermore, margin calls on secured funding transactions (with ECB and the market) and on risk mitigation, contracts (CSAs, GMRAs) result in liquidity exposure. The Group maintains cash resources to meet all of these needs. The Board Risk Committee (BRC) sets liquidity limits to ensure that sufficient funds are available to meet such contingencies.

Past experience shows that liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment. This is also the case with credit commitments where the outstanding contractual amount to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest bearing liabilities as they mature, are important factors in assessing the liquidity of the Group.

Liquidity Coverage Ratio (LCR) calculations

LCR as of 30 September 2021 is equal to 168.2% (30 June 2021: 166.4%) on a group level. The next table presents the key components of group's LCR, as per the respective guidelines on LCR disclosure (EBA/GL/2017/01). It should be noted that the data points used in the calculations below, refer to the period after the restoration of the LCR above the minimum regulatory threshold (100%).

Liquidity Risk

The table below shows the level and components of the Liquidity Coverage Ratio.

Table 11: LIQ1 - Quantitative information of LCR

		Total unweighted value				Total weighted value			
	Quarter ending on	30 September 2021	30 June 2021	31 March 2021	31 December 2020	30 September 2021	30 June 2021	31 March 2021	31 December 2020
		€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
	Number of data points used in the calculation of averages	12	12	10	7	12	12	10	7
	HIGH-QUALITY LIQUID ASSETS								
1	**Total high-quality liquid assets (HQLA)**					**10,054**	8,807	7,784	7,233
	CASH-OUTFLOWS								
2	**Retail deposits and deposits from small business customers, of which:**	**28,520**	27,518	26,899	26,365	**1,742**	1,670	1,629	1,594
3	Stable deposits	22,778	22,132	21,689	21,315	1,139	1,107	1,084	1,066
4	Less stable deposits	5,742	5,385	5,210	5,050	602	563	544	528
5	**Unsecured wholesale funding**	**11,706**	11,349	11,103	11,095	**5,074**	4,874	4,758	4,770
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,537	1,429	1,377	1,356	375	348	335	330
7	Non-operational deposits (all counterparties)	10,126	9,877	9,675	9,665	4,656	4,483	4,372	4,367
8	Unsecured debt	43	43	51	73	43	43	51	73
9	**Secured wholesale funding**					**83**	77	79	78
10	Additional requirements	**2,445**	2,387	2,301	2,241	**802**	792	727	687
11	Outflows related to derivative exposures and other collateral requirements	642	638	577	539	642	638	577	539
12	Outflows related to loss of funding on debt products	-	-	-	-	0	-	-	-
13	Credit and liquidity facilities	1,804	1,749	1,724	1,702	161	153	150	148
14	**Other contractual funding obligations**	**78**	73	76	78	**68**	64	66	69
15	**Other contingent funding obligations**	**2,949**	2,896	2,883	2,862	**208**	203	201	199
16	**TOTAL CASH OUTFLOWS**					**7,977**	7,680	7,460	7,397
	CASH-INFLOWS								
17	Secured lending (eg reverse repos)	693	835	992	1,090	5	-	-	-
18	Inflows from fully performing exposures	967	988	1,019	1,076	818	831	866	923
19	Other cash inflows	1,360	1,395	1,398	1,472	303	310	300	314
20	**TOTAL CASH INFLOWS**	**3,020**	3,217	3,409	3,638	**1,126**	1,142	1,166	1,238
EU-20a	*Fully exempt inflows*	-	-	-	-	-	-	-	-
EU-20b	*Inflows Subject to 90% Cap*	-	-	-	-	-	-	-	-
EU-20c	*Inflows Subject to 75% Cap*	**3,020**	*3,217*	*3,409*	*3,638*	**1,126**	*1,142*	*1,166*	*1,238*
						TOTAL ADJUSTED VALUE			
21	**LIQUIDITY BUFFER**					**10,054**	8,807	7,784	7,233
22	**TOTAL NET CASH OUTFLOWS**					**6,851**	6,539	6,294	6,160
23	**LIQUIDITY COVERAGE RATIO (%)**					**145.93%**	133.61%	123.25%	117.30%

Net Stable Funding Ratio (NSFR) calculations

NSFR as of 30 September 2021 is equal to 122.35% (30 June 2021: 121.08%) on a group level. The minimum regulatory threshold for NSFR is set at 100%.

Appendix 1: List of Abbreviations

Abbreviation	Definition
ABSs	Asset Backed Securities
A-IRB	Advanced Internal Rating Based Approach
AQR	Asset Quality Review
AT1	Additional Tier 1
BoD	Board of Directors
BoG	Bank of Greece
BRC	Board Risk Committee
BRRD	Bank Recovery and Resolution Directive
CCB	Capital Conservation Buffer
CCyB	Counter Cyclical Buffer
CCF	Credit Conversion Factor
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CET1	Common equity Tier 1
COREPs	Common Reports
CRD IV	Capital Requirements Directive IV
CRR	Capital Requirements Regulation
CRR2	Capital Requirements Regulation II
CSA	Credit Support Annex
CVA	Credit Value Adjustment
DoD	Definition of Default
EAD	Exposure At Default
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
ECB	European Central Bank
ECL	Expected Credit Loss
F-IRB	Foundation Internal Rating Based Approach
GCRO	Group Chief Risk Officer
GGBs	Greek Government Bonds
GMCRS	Group Market & Counterparty Risk Officer
GMRA	Global Master Repurchase Agreement
HQLA	High Quality Liquid Assets.
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IMA	Internal Model Approach
IRB	Internal Ratings Based Approach
IRR	IRR Interest Rate Risk
IRRBB	Interest Rate risk in the Banking Book
IRC	Incremental Risk Charge
ISDA	International Swaps and Derivatives Association
LCR	Liquidity Coverage Ratio
LGD	Loss Given Default
MRA	Moody's Risk Advice
MREL	Minimum Requirement for own funds and Eligible Liabilities
MRO	Main Refinancing Operations
NPV	Net Present Value
PD	Probability of Default
RBA	Ratings Based Approach
RCSA	Risk & Control Self-Assessment
RSS	Remedial & Servicing Strategy Sector
RWAs	Risk Weighted Assets
SA	Standard Approach
SEC-ERBA	Securitisation-External Ratings Based Approach
SFTs	Securities Financing Transactions
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
ST	Stress Test
SSM	Single Supervisory Fees
TLTRO	Targeted Long Term Refinancing Operations
TTC	Through The Cycle
VAR	Value at Risk

Appendix 2: Guidelines and Regulations mapping on Disclosures Requirements

	EBA/GL/2016/11	
OV1	Overview of risk weighted exposure amounts	*Table 6*
CR8	RWEA flow statements of credit risk exposures under the IRB approach	*Table 7*
CCR7	RWEA flow statements of CCR exposures under the IMM	*Table 9*
MR2-B	RWA flow of market risk exposures under IMA	*Table 8*

	REVISED PILLAR 3 DISCLOSURES REQUIREMENTS - BCBS	
KM1	Key Metrics template	*Table 2*

	GUIDELINES ON LCR DISCLOSURE - EBA/GL/2017/01	
LIQ1	Quantitative information of LCR	*Table 11*

	LEVERAGE RATIO - COMMISSION IMPLEMENTING REGULATION (EU) 2016/200	
LR1	LR: Leverage Ratio	*Table 10*

	GUIDELINES ON UNIFORM DISCLOSURES UNDER ARTICLE 473A OF REGULATION (EU) NO 575/2013 AS REGARDS THE TRANSITIONAL PERIOD FOR MITIGATING THE IMPACT OF THE INTRODUCTION OF IFRS 9 ON OWN FUNDS - EBA/GL/2018/01	
IFRS 9-FL	Comparison of equity, capital ratios and leverage of entities with or with out the application of the transitional arrangements of IFRS 9 or analog ECL	*Table 4*