



**Board Risk Committee**  
**of**  
**Eurobank Ergasias**  
**Services and Holdings S.A.**

**Terms of Reference**

**31.3.2022**

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## 1. INTRODUCTION

The Board Risk Committee (“Committee” or “BRC”) of Eurobank Ergasias Services and Holdings S.A. (the Holding) is a Board Committee established by the Board of Directors (“Board” or “BoD”) of Holding.

The Terms of Reference (“ToR”) are in accordance with international best practices and comply with the applicable regulatory framework<sup>1</sup>.

The ToR are approved by the Board and are reviewed at least once every two (2) years and revised if necessary, unless significant changes in the role, responsibilities, organization and/or regulatory requirements necessitate earlier revision.

## 2. PURPOSE

The purpose of the BRC is to assist the BoD in the following risk related issues regarding the Holding and its subsidiaries (the Group):

- a) To advise and support Holdings’s BoD regarding the monitoring of the Group’s overall actual and future risk appetite and strategy, taking into account all types of risks to ensure that they are in line with the business strategy, objectives, corporate culture and values of the Group;
- b) To provide Holding’s BoD with recommendations on necessary adjustments to the risk strategy;
- c) To assist Holding’s BoD in overseeing the implementation of the Group’s risk strategy and the corresponding limits set;
- d) To oversee the implementation of the strategies for capital and liquidity management as well as for all other relevant risks of the Group, such as credit and market risks as well as non-financial risks such as operational, reputational, conduct, legal, cyber, outsourcing, climate and environmental, in order to assess their adequacy against the approved risk appetite and strategy;
- e) To review a number of possible scenarios, including stressed scenarios, to assess how Holdings’s risk profile would react to external and internal events;
- f) To provide advice on the appointment of external consultants that Holding’s BoD may decide to engage for advice or support;
- g) To assess the recommendations of internal or external auditors and follow up on the appropriate implementation of measures taken;
- h) To ensure that the Group has developed an appropriate risk management framework which is embedded in the decision making process throughout the Group;
- i) To define the Group risk management principles and ensure that there are the appropriate methodologies, data sources and sufficient and competent staff to identify, assess, monitor and mitigate risks; and

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<sup>1</sup> Such as the Bank of Greece’s Governor’s Act 2577/9.3.2006, the law 3864/2010 the law 4261/2014 all as currently in force, EBA’s Guidelines on internal governance as well as, the Tripartite Relationship Framework Agreement (TRFA) signed between the Hellenic Financial Stability Fund (HFSF), Eurobank Holdings and Eurobank 23.3.2020.

- j) To set, approve and oversee the implementation of the institution's risk culture, core values and expectations regarding all risks.

### **3. AUTHORITY**

The BRC is authorized:

- To have unrestricted access to information and cooperation with members of the Management and employees, who support the Committee in its role.
- To obtain external professional advice, as it deems necessary, provided that no conflict of interest arises. To that effect the Committee shall receive appropriate funding.
- To work and liaise as necessary with all other Board Committees.
- To be assisted in the performance of its duties and responsibilities by Management Committees of Eurobank S.A., including the Management Risk Committee ("MRC"), which provides oversight of the Group's risk management framework and of the implementation of risk policies, ICAAP, ILAAP and stress testing.

### **4. MEMBERSHIPS**

- The BRC members are appointed by the BoD, following the recommendation of the Nomination Committee, in accordance with legal and regulatory framework where applicable.
- The BoD may propose the change of the composition of the BRC at any time it deems necessary.
- The BRC members should not exceed 40% (rounded to the nearest integer) of the total BoD members (excluding the HFSF Representative) with a minimum of 3 members. All BRC members should be non-executive.
- The majority of the members (excluding the HFSF Representative and rounded to the nearest integer) should be independent non-executive. The independent members of the Committee fulfill the requirements of the applicable local legislation, the Joint ESMA and EBA Guidelines on the assessment of the suitability of members of the management body and key function holders (EBA/GL/2021/06) and the European Commission recommendation 2005/162/EC.
- The HFSF Representative appointed to the Holding's BoD, as per the provisions of L. 3864/2010 and the TRFA, should be also a member of the BRC.
- The Chairperson who qualifies as independent member and the Vice-Chairperson of the Committee are appointed by the BoD in accordance with legal and regulatory requirements where applicable. The appointment of the Chairperson and the Vice-Chairperson shall go through the Nomination Committee's proposal process.
- The Chairperson of the BRC should not also serve as the Chairperson of the Board's Audit Committee and should be independent non-executive with a solid experience in commercial banking and preferably risk and/or Non-Performing Exposures management, as well as, be familiar with Greek and international regulatory framework.

- All BRC members should have prior experience in the financial services or commercial banking industry, with at least one member (expert) having solid risk and capital management experience as well as familiarity with local and international regulatory framework.
- The tenure of the BRC members coincides with the tenure of the BoD, with the option to renew their appointment, but in any case the service in the BRC should not be more than nine (9) years in total.
- The BRC members are not allowed to hold positions and conduct transactions through which a conflict regarding the BRC's mission might arise. In this regard, the Committee members should be demonstrably independent of Management.
- The BRC members may participate in other Committees of the Holdings's BoD and/or in the BoDs and Board Risk Committees of subsidiary entities.

## 5. MEETINGS

- The BRC shall meet at least on a monthly basis. The Chairperson shall update the BoD members on the material matters covered by the Committee during the previous period (if any) at the quarterly meetings of the BoD.
- The meeting agenda will be prepared by the Chairperson of the BRC and distributed to the BRC members. The agenda together with the relevant material shall be sent to the BRC members and the HFSF Observer, by written notice at least five (5) calendar days prior to the meeting.
- Quorum requires the majority of members (half plus one) to be present or represented<sup>2</sup>, provided that no less than three (3) Committee members are present. The Chairperson or the Vice Chairperson must be one of the participating members. In determining the number of members for the quorum, fractions, if any, will not be counted.
- Members may attend the meetings by video or audio conference while mandatory minimum attendance should be achieved as described in the Board and Board Committees' Attendance Policy. In particular, each Board member is expected to achieve mandatory minimum attendance to the Board and Board Committees where they participate of not less than 85% every calendar year, while individual meetings up to 15% can be missed only if a valid excuse is provided.
- Only BRC members have the right to attend the BRC's meetings. However, the AC members may also attend BRC sessions when common issues are discussed. In addition, the Chairperson of the BRC may invite to the meetings members of Management, Eurobank's Directors of Group Risk Management General Division, the Chairperson of the subsidiaries' Risk Committee or outside advisors or experts, as deemed appropriate. The number of additional invitees should be restricted, so as not to impact the effectiveness and efficiency of the meeting.
- The Chief Risk Officer ("CRO") has a key reporting role to the BRC and is a permanent attendee in the BRC meetings. The CRO's performance assessment is conducted annually by the BRC members.
- The HFSF Observer in the BRC shall act as an Observer and will have no voting rights.

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<sup>2</sup> Each member of the Committee may validly represent only one of the other Committee members. Representation in the Committee may not be entrusted to persons other than the members thereof.

- The BRC resolutions require a majority vote of the members who are present or represented. In case of a tie, the Chairperson and in case of his/her absence the Vice Chairperson of the Committee has the casting vote. Decisions may be taken through the drawing up and signing of minutes by circulation, by all BRC members or their representatives, which is equal to a decision of the Committee, even if no meeting has preceded.
- The BRC appoints its Secretary, who reports to the Group Company Secretariat and cooperates with the Chairperson of the Committee and the CRO. The Secretary is responsible to minute the proceedings and resolutions of all BRC meetings, including the names of those present and in attendance and the action plans and follow ups for assignments, as well as for issuance of extracts. In case of non-unanimous decisions, the views of the minority should be also minuted.
- The minutes and the decisions shall be submitted to the HFSF Representative, in line with the TRFA requirements. Additionally, after their finalization, the minutes shall be signed by all Committee members in attendance.
- Once approved, minutes shall be available to all BoD members through the software application of the BRC's meetings support (Diligent Boards).

## **6. DUTIES AND RESPONSIBILITIES**

The duties and responsibilities of the BRC are described below:

### **6.1 Risk Strategy and Appetite**

1. To ensure that the Group has a well-defined risk and capital strategy and risk appetite in line with its business plan and that the risk appetite is articulated via a set of quantitative and qualitative statements for all relevant risks. To this end, the BRC assesses on an annual basis and recommends to the BoD for approval: a) the Group Risk & Capital Strategy, b) the Risk Identification and Materiality Assessment (RIMA) report and c) the Risk Appetite Statements (RAS).
2. Similarly to the above, the BRC recommends to the BoD for approval any necessary adjustments to the Group Risk & Capital Strategy, Risk Identification and Materiality Assessment (RIMA) Framework, Risk Appetite Framework (RAF) and RAS.
3. To ensure that the Group's risk appetite is clearly communicated throughout the Group.
4. To be informed of and review any deviation from the approved risk strategy and risk appetite, and propose to the BoD corrective actions.

### **6.2 Capital and Liquidity**

1. To maintain a sound and effective overall architecture for the implementation of the Group Internal Capital Adequacy Assessment Process ("ICAAP") and the Group Internal Liquidity Adequacy Assessment Process ("ILAAP"), ensuring that the ICAAP and the ILAAP are integral parts of the Bank's overall management framework. To this end, the BRC ensures that the Bank implements, at least on an annual basis, the ICAAP and the ILAAP, in compliance with the regulatory requirements and guidelines.
2. To review and approve the key elements of the Group's ICAAP and ILAAP including the governance framework, the Risk identification and Materiality Assessment (RIMA) report, the methodologies employed, the high-level assumptions and parameters, as well as the outcomes of the Group's

ICAAP and ILAAP. To this end, to assess and recommend to the BoD for approval the Group Capital and Liquidity Adequacy Statements.

3. To ensure that appropriate stress tests are performed at Consolidated level with respect to credit, market, operational, liquidity and other risks.

### **6.3 Risk Profile and Asset Quality**

1. To ensure that the Group develops, maintains and constantly updates an appropriate range of solutions for the mitigation of delinquencies and preservation of the value of its loan assets.
2. To review at least on a monthly basis, the Bank's risk profile vs. the Bank's risk appetite, based on reports prepared by Group Risk Management General Division ("GRMGD").

### **6.4 Risk Policies and other internal regulations**

1. To determine the principles which govern risk management across the Holding and the Group in terms of the identification, measurement, monitoring, control, and mitigation of risks.
2. To review and propose to the BoD for approval:
  - a. the Consolidated Pillar 3 disclosures policy and
  - b. the Group Recovery Plan and the Group Recovery Playbook.
3. To ensure adherence to Holding's policies for the management of operational risk (i.e. legal and compliance risk, conduct risk, cyber risk, internal and external fraud etc.).

### **6.5 Risk Management Framework**

1. To assess compliance with the approved risk appetite and risk capacity levels, the appropriateness of risk limits, and in general, the capital adequacy in relation to the risks undertaken by the Group.
2. To oversee the implementation of the strategies for capital and liquidity management, as well as credit and market risks, in order to assess their adequacy against the approved risk appetite and strategy.
3. To ensure high focus, provide oversight and oversee the implementation of strategies for managing and containing the universe of "Non-Financial Risks" that can collectively/individually have significantly large downside impact. To ascertain that there is appropriate risk-taking/management framework for the Board to build a forward-looking perspective of the top Non-Financial risks, and provides assurance/tracking of the adequacy of the overall control system to keep the Bank within its agreed risk-tolerance thresholds. To verify that any control gaps are addressed, by reviewing quantitative/qualitative indicators and the control effectiveness across various NFR control themes: like reputation, cybersecurity, Conduct, Service quality, Regulatory penalties, External/Internal audit comments, delayed resolution of issues raised by regulator/auditors and/or 2nd line control functions, Service quality issues, Operational/technology failures, Outsourcing, ineffective 3-LOD implementation, reputation, etc.
4. To ensure that the Holding updates, at least on an annual basis, the Group Recovery Plan in compliance with the regulatory requirements and guidelines.
5. To ensure that there is adequate focus on operational risk and that there are appropriate oversight mechanisms and controls for the monitoring of effective management of operational risk.

6. To receive and review reports, as and when appropriate, from Internal Audit regarding the results of audits in risk management related areas.
7. To be informed of and approve the GCRO's annual report (prepared in accordance with relevant requirements of BoG Governor's Act 2577/2006).
8. Approve the IRB rating systems and results monitoring and reporting:
  - i. To review and approve the IRB rating systems and estimation processes including IRB roll-out plan status and progress report.
  - ii. To regularly monitor IRB ratings systems results and analysis of differences between the realized and expected default rates.
9. To review the Committee's annual plan, referring to the annual schedule of the Committee's meetings and the allocation of the main agenda items to each meeting.
10. Considering the risks overseen by the BRC, the Holding has in place appropriate accountabilities for the day-to-day management of respective risks and the provision of all necessary feedback required by the BRC for the effective discharge of its duties. Within this context, the BRC ensures that the Risk Governance principles as set out below, are complied with.

#### Chief Risk Officer ("CRO")

- The CRO should oversee the implementation of the risk policies. The CRO has a dual reporting line to the BRC and the CEO, with direct access to the Chairperson of the BRC, whenever the CRO considers necessary.
- Following consultation with the Nomination Committee, the BRC proposes to the BoD the appointment of the CRO and if necessary his dismissal.
- The CRO's compensation is approved by the Remuneration Committee, after consultation with the BRC.
- The CRO should have sufficient authority, access to the BoD, independence from the business units and should not be in charge of any revenue generating activity.
- The CRO has an active and essential engagement in the strategic planning and budgeting processes, assessing the compliance with risk appetite, capital adequacy levels and the potential of downside risks. The CRO reports issues of non-compliance to the BRC promptly.

#### **6.6 Additional duties and responsibilities**

Further to what has been specifically stipulated above, in any case, the BRC is competent to:

- develop proposals, for consideration by the BoD, regarding any matter within the purview of this ToR;
- perform any other activities within the purview of this ToR, at the request of the BoD or as required by the Hellenic Corporate Governance Code; and
- oversee issues within its purview in the overall context of maintaining a sustainable business model for the Bank.

#### **6.7 Reporting**

Following BRC meetings, the BRC Chairperson keeps the BoD (and the AC where relevant) updated on risk related issues as necessary.



## **7. PERFORMANCE EVALUATION**

The BRC's performance is evaluated annually according to the provisions of the BoD and the Board Committees Evaluation Policy of the Bank. In order to perform their role effectively, the BRC members need to maintain and develop their skills and knowledge.

## **8. FRAMEWORK OF CO-OPERATION WITH HFSF**

Specific requirements in relation to the cooperation of the BRC with the HFSF have been added throughout the Terms of Reference as appropriate. In addition, the following specific rules apply:

- The HFSF Representative has the right to include items in the agenda of the BRC meeting scheduled. For this purpose, the HFSF Representative will submit in writing to the Chairperson of the BRC the proposed additional items of the agenda at least one (1) day prior to the date of the BRC meeting.
- The HFSF Representative has the right to request that the BRC is convened within the next seven (7) calendar days from the HFSF Representatives' written request to the Chairperson of the BRC. The relevant request shall be addressed to the Chairperson of the BRC in writing and include the proposed items on the agenda. If the Chairperson of the BRC does not proceed to the convocation of the BRC within the above deadline or does not include all the proposed items in the invitation, then the HFSF Representative shall be entitled to convoke the BRC within five (5) days as of the expiry of the above seven (7) days period. Such invitation shall be notified to all the BRC members and to the HFSF Observer.
- The BRC will co-operate with the HFSF in order to allow the latter to carry out an overall evaluation of the BRC's performance, if required.