
Capital Adequacy and Risk Management Regulatory Disclosures

on a Consolidated Basis
of June 30th, 2024 (Pillar III)

Version 1.0

**PIRAEUS
FINANCIAL HOLDINGS**



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List of Abbreviations	
Abbreviation	Description
ALCO	Assets & Liabilities Committee
ALM	Asset/Liability management
ALMM	Additional Liquidity Monitoring Metrics
AML	anti-money laundering
ASF	Available Stable Funding
AT1	Additional Tier 1
AVA	additional valuation adjustments
BCBS	Basel Committee on Banking Supervision
BCP	Business Continuity Plan
BIS	Bank of International Settlements
BoD	Board of Directors
BoG	Bank of Greece
BRRD	Bank Resolution and Recovery Directive (EU) 2014/59, as it currently stands
CCB	capital conservation buffer
CCF	credit conversion factor
CCP	central counterparty
CCR	counterparty credit risk
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CLO	collateralized loan obligation
Covid-19	coronavirus disease
CRD	Capital Requirements Directive IV, EU Directive 2013/36, as it currently stands
CRM	credit risk mitigation
CRO	Chief Risk Officer
CRR	Capital Requirements Regulation, Regulation (EU) No 575/2013, as it currently stands
CSA	Credit Support Annex
CSRD	Corporate Sustainability Reporting Directive
CTF	counter-terrorism financing
CVA	credit valuation adjustment
DTA	deferred tax asset
EBA	European Banking Authority
ECAI	External Credit Assessment Institution
ECB	European Central Bank
ECL	expected credit loss
EFSS	European Financial Stability Fund
ESG	environmental, social, and governance (risks)
ESM	European Stability Mechanism
ESRB	European Systemic Risk Board
EU	European Union
EVE	Economic Value of Equity
FRTB	Fundamental Review of the Trading Book, as per the BCBS Minimum capital requirements for market risk published Jan 2019
FTP	Funds Transfer Pricing
FVTOCI	fair value through other comprehensive income

FX	foreign exchange
FY	fiscal year
GDPR	General Data Protection Regulation, as published Apr 2016
GMRA	Global Master Repurchase Agreement
GRM	Group Risk Management
HAPS	Hellenic Asset Protection Scheme ("Hercules")
HBA	Hellenic Banking Authority
HFSF	Hellenic Financial Stability Fund
HQLA	high-quality liquid assets
HR	(Group) Human Resources
ICAAP	Internal Capital Adequacy Assessment Process
ICD	Internal Control Deficiency
ICS	Internal Control System
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IORP	Institutions for Occupational Retirement Provisions
IRRBB	Interest rate risk in the banking book
ISDA	International Swaps and Derivatives Association
ITS	Implementing Technical Standards
KRI	key risk indicator
LBCM	Liquidity Buffer & Collateral Management
LCR	liquidity coverage ratio
LoD	(Three) Lines of Defense
LTRO	Long Term Refinancing Operations
MB	Management Body
MNA	master netting agreement
MREL	minimum requirement for own funds and eligible liabilities
MRT	Material Risk Takers
NCA	national competent authority
NFRD	Non-Financial Reporting Directive
NII	net interest income
NMD	non-maturity deposit
NPE	non-performing exposure
NPL	non-performing loan
NSFR	net stable funding ratio
OCR	Overall Capital Requirement
ORAP	Operational Risk Assessment Process
ORCO	Operational Risk Committee
ORMF	Operational Risk Management Framework
O-SII	other systemically important institution
OTC	over-the-counter
P&L	profit and loss
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirements
PD	probability of default
PFE	potential future exposure
POCI	purchased or originated credit-impaired

PSI	Private Sector Involvement
PWG	product working groups
QCCP	qualifying central counterparty
RAF	Risk Appetite Framework
RC	Risk Committee
RCSA	Risk & Control Self Assessment
RemCo	Remuneration Committee
RMF	Risk Management Framework
RRM	Risk Reduction Measures, referring to the package of regulations released by the European Commission on May 20, 2019
RSF	Required Stable Funding
RWEA, RWA	risk weighted exposure amount, risk weighted assets
SFDR	Sustainable Finance Disclosure Regulation
SFT	security financing transaction
SME	small and medium size enterprises
SRB	Single Resolution Board
SREP	Supervisory Review and Evaluation Process
SRF	Single Resolution Fund
SRM	Single Resolution Mechanism
SRT	significant risk transfer
SSM	Single Supervisory Mechanism
ST	stress test
STE	Short Term Exercise
STS	simple, transparent, and standardized (securitization)
TLTRO	Targeted Long Term Refinancing Operations
TSCR	Total SREP Capital Requirement
VaR	Value-at-Risk
VES	Voluntary Exit Scheme

1. General Information

1.1. Introduction

Piraeus Financial Holdings S.A. (hereinafter “the Group”) is a Financial Holdings Company incorporated and headquartered in Greece with its registered office located at 4 Amerikis str., Athens, providing services mainly in Greece. It is listed on the Athens Stock Exchange, and it is the parent company of the banking institution Piraeus Bank S.A. (hereinafter “the Bank”). Subsequent to the corporate transformation that took place on December 30th, 2020, the banking operations were hived down to a new wholly owned banking subsidiary (Piraeus Bank S.A.). The holdings company operates in accordance with the provisions of Law 2190/1920 on sociétés anonymes and Law 4261/2014 on access to the activity of credit institutions and the prudential supervision of credit institutions, while complying with the Greek and European legal framework regarding the operations of banking institutions.

1.2. Piraeus Group Pillar III Report Overview

1.2.1. Compliance with Pillar III Disclosure Requirements

This report constitutes the Pillar III disclosures mandate of the regulatory framework under Part Eight of Regulation (EU) No 575/2013 (CRR) as currently in force, for the first half of 2024 and is available on Piraeus Group’s official website at:

(link: [Piraeus Group Pillar III Disclosures](#))

The report does not constitute either a form of financial statements or an evaluation of the future financial situation or business expectation for Piraeus Group. However, any differences between the figures illustrated in these disclosures and those presented in the H1 2024 consolidated financial statements of the Group, are sufficiently reasoned.

In June 2020, the European Banking Authority (EBA) published a “Final Report on the Guidelines on Disclosure Requirements referred to in Titles I and II under Part Eight of Regulation (EU) No 575/2013” (EBA Guidelines, EBA/GL/2020/04), amending the previous Guidelines released from the EBA. These Implementing Technical Standards (ITS) were introduced in EU legislation through Commission Implementing Regulation (EU) 2021/637 and entered into force in June 2021. They specify instructions for disclosure content and formats (fixed and flexible) through the use of tables and templates, aiming to improve the consistency and comparability of institutions’ regulatory disclosures in accordance with Part Eight of the CRR.

It is noted that guidelines published by the EBA do not waive, contradict, or supersede the CRR disclosure requirements, which still apply entirely even in the case of requirements that are only partially specified or not explicitly specified in the guidelines.

Based on the regulatory disclosure requirements and the Pillar III Disclosures Policy described below, the Group discloses this report via the internet, on a consolidated basis, alongside the H1 2024 Financial Statements.

1.2.2. Capital Adequacy and Risk Management Regulatory Disclosures Policy

Recognizing the increasing complexity of modern financial transactions and the need for complete information to investors about inherent risks, the Group has adopted a Capital Adequacy and Risk Management Regulatory Disclosures Policy (Pillar III Disclosures Policy) in order to:

- ensure valid public disclosures and compliance with the requirements of Pillar III,
- depict the framework and the policies for risk management, capital management, and remuneration at the Group level,
- respond and comply with the technical requirements on disclosures as specified by the EBA, and
- achieve harmonization with best practices of regulatory disclosures.

The internal Pillar III Disclosures Policy sets out the principles governing regulatory disclosures of Pillar III within Piraeus Group, outlines the roles and responsibilities of business units and Senior Management involved in the process of formation and review of the disclosures, and defines the minimum content and extent as well as the means and frequency of information disclosed. The policy constitutes an integral part of the Group Risk Management Framework (RMF).

1.2.3. Approval of Pillar III Report

The information presented in this report is compliant with the relevant regulatory guidelines and is consistent with the Pillar III Disclosures Policy.

Prior to publication, the Disclosures were reviewed by the Senior Management of Piraeus Group. The report has not been formally audited internally or externally prior to its publication; however, it is subject to periodic review by Group Internal Audit.

The Group has not omitted from this report any required information due to confidentiality or proprietary reasons.

1.3. Scope of Regulatory Disclosures

1.3.1. Accounting Consolidation

Accounting consolidation is conducted according to the provisions of the International Financial Reporting Standards (IFRS). The consolidated financial statements incorporate the financial statements of the Group, its subsidiaries (including structured entities) that are entities controlled by the Group, its associates, and its joint ventures. Subsidiaries are fully consolidated, while investments in associates and joint ventures are consolidated using the equity method of accounting.

Control is achieved if and only if the Group has:

- a) power over the subsidiaries,
- b) exposure or rights to variable returns from its involvement with the subsidiaries, and
- c) the ability to use its power over the subsidiaries to affect the amount of the Group's returns.

Income and expenses and other comprehensive income of subsidiaries acquired or disposed of during the year are included in the consolidated income statement and in the consolidated statement of comprehensive income, respectively, from the effective date of acquisition and up to the effective date of disposal, as appropriate. Profit (or loss) for the period and total comprehensive income (or expense) of subsidiaries is attributed to the owners of the Group and to the non-controlling interests, even if these result in a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group. All intra-group transactions, balances, income, and expenses are eliminated in full on consolidation.

Associates are all entities over which the Group has significant influence but not a controlling interest. Significant influence is generally presumed when the Group holds, directly or indirectly, more than 20% of the voting rights, unless it can be clearly demonstrated that this is not the case. The existence and effect of potential voting rights that are currently exercisable or convertible are considered in assessing whether the Group has significant influence.

1.3.2. Regulatory Consolidation

The Group's consolidation perimeter for regulatory reporting to the supervisory authorities does not differ from the accounting consolidation. Moreover:

- the proportional consolidation method is not used in any of the Group's companies, neither regulatory-wise, nor accounting-wise, and
- there are no other companies that are either consolidated or deducted from own funds.

The Group does not make use of the exemption contemplated in Article 49 of the CRR, and therefore the disclosure of template EU INS1 (Non deducted participations in insurance undertakings) does not apply.

The following table provides a reconciliation of the Group's consolidated balance sheet as of June 30th, 2024, on an accounting consolidation basis (as per the H1 2024 Annual Financial Report) to the Group's consolidated balance sheet under the regulatory scope of consolidation. The basis of consolidation for financial accounting purposes does not differ from that used for prudential purposes. The reference-columns presented below reconcile to the references-columns as presented in the Appendix II (template "EU CC1—Composition of regulatory own funds").

Table 01: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements

Jun 2024 (€ 000's)	a = b	c
	Carrying values as reported in published financial statements = Carrying values under scope of regulatory consolidation	References
ASSETS		
1 Cash and balances with Central Banks	8,754,698	
2 Due from banks	1,453,297	
3 Financial assets at FVTPL	963,815	
4 Financial assets mandatorily measured at FVTPL	239,016	
5 Derivative financial instruments	143,705	
6 Loans and advances to customers at amortised cost	37,605,211	
7 Loans and advances to customers mandatorily measured at FVTPL	50,216	
8 Investment securities	14,232,903	
9 Investment property	1,801,868	
10 Investments in associated undertakings and joint ventures	1,269,237	G
11 Property and equipment	798,672	
12 Intangible assets	365,888	D
13 Tax receivables	185,709	
14 Deferred tax assets	5,505,987	E
15 Other assets	3,037,510	
16 Assets held for sale	218,117	
17 TOTAL ASSETS	76,625,849	
LIABILITIES		
18 Due to banks	3,506,832	
19 Due to customers	59,757,434	
20 Liabilities at FVTPL	97	
21 Derivative financial instruments	296,519	
22 Debt securities in issue	2,420,682	
23 Other borrowed funds	1,007,747	I
24 Current income tax liabilities	14,215	
25 Deferred tax liabilities	9,561	
26 Retirement and termination benefit obligations	49,275	
27 Provisions	125,584	
28 Other liabilities	1,647,029	
29 Liabilities held for sale	4,249	

Table 01: EU CC2 – Reconciliation of regulatory own funds to balance sheet in the audited financial statements			
Jun 2024 (€ 000's)		a = b	c
		Carrying values as reported in published financial statements = Carrying values under scope of regulatory consolidation	References
30	Fair Value changes of hedged items in portfolio hedges of interest rate risk	(17,824)	
31	TOTAL LIABILITIES	68,821,400	
EQUITY			
32	Share capital	1,162,842	A
33	Share premium	3,254,584	A
34	Other equity instruments	600,000	H
35	Less: Treasury shares	(15,753)	F
36	Other reserves and retained earnings	2,746,353	B
37	Capital and reserves attributable to equity holders of the parent	7,748,026	
38	Non controlling interest	56,423	C
39	TOTAL EQUITY	7,804,449	
40	TOTAL LIABILITIES AND EQUITY	76,625,849	

2. Capital Management

2.1. Regulatory Framework

2.1.1. Banking Union - Single Supervision

On November 4th, 2014, the Single Supervisory Mechanism (SSM) was activated on the grounds of implementing the necessary policies for the integration of the European banking system. Earlier, on October 15th, 2013, the European Commission adopted Regulation (EU) No 1024/2013, conferring specific tasks on the European Central Bank (ECB) concerning policies relating to the prudential supervision of credit institutions, as well as its publication on the official journal of the EU on October 29th, 2013 (activated five days later).

The SSM, which consists of the ECB and the relevant national competent authorities (NCA), supervises over 6,000 financial institutions in countries that are part of the Eurozone, as well as financial institutions of countries not in the Eurozone, but that choose to participate on a voluntary basis. Since the establishment of the SSM, the ECB directly supervises all systemically important institutions, including Piraeus Group.

2.1.2. Single Rulebook

On July 17th, 2013, the CRD IV regulatory framework for prudential supervision of financial institutions was introduced, implementing the proposals of the Bank of International Settlements (BIS) for strengthening the resilience of the banking system (Basel III regulatory framework). It consists of Regulation (EU) 575/2013, also known as the Capital Requirements Regulation (CRR), and Directive (EU) 2013/36, also known as the Capital Requirements Directive (CRD). Since that date, the legislation has been amended on several occasions. The most recent amendments are described in Section 2.1.4 of these disclosures.

For the CRR, no transposition in national law is required, while the CRD IV was incorporated into Greek law under Law 4261/2014 (as amended by Law 4799/2021), replacing Law 3601/2007.

An online version of the core documents of the regulatory framework for EU financial institutions can be accessed via the following address:

(link: [EBA-Interactive-Single-Rulebook](#))

2.1.3. The CRD IV Regulatory Framework

The CRD IV regulatory framework calls for controls related to measurement, monitoring, and management of undertaken risks, coupled with detailed disclosure requirements (Pillar III). Within the framework:

- emphasis is given to Common Equity Tier 1 (CET1) capital;
- the following capital adequacy minimum requirements are defined:
 - for the CET1 ratio, a minimum threshold of 4.5%,
 - for the Tier 1 ratio, a minimum threshold of 6%, and
 - for the Total Capital ratio, a minimum threshold of 8%;
- financial institutions maintain capital buffers comprising of CET1 capital;
- financial institutions monitor credit valuation adjustment (CVA) risk and maintain adequate capital;
- financial institutions monitor central counterparty (CCP) risk;
- financial institutions calculate a leverage ratio, for monitoring excessive leverage; and
- financial institutions calculate a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) for monitoring liquidity risk.

Furthermore, based on the supervisory review and evaluation process (SREP) that occurs annually, the Group is subject to a binding Pillar 2 Requirement (P2R), which covers risks that are either underestimated or not covered by the above minimum requirements. The SREP also determines the level of the Pillar 2 Guidance (P2G), which indicates to banks the adequate level of capital to be maintained to provide a sufficient buffer to withstand stressed situations.

2.1.4. Further strengthening the resilience of the banking sector

On May 20th, 2019, the European Commission released the Risk Reduction Measures (RRM) package, a comprehensive set of legislative reforms that amend the current regulatory framework (CRD IV package) and that intend to further strengthen the resilience of Banks in the EU. The package included significant amendments to the CRR via Regulation (EU) 2019/876, which was published in the Official Journal of the European Union on June 7th, 2019. It also included significant amendments to the CRD via Directive (EU) 2019/878.

The updates to the CRR included the following capital adequacy and risk management requirements:

- more risk sensitive methodologies for calculating market risk and counterparty credit risk (CCR) capital requirements,
- a new large exposures framework,
- more favorable risk weighted asset (RWA) relief for small and medium size enterprises (SME) as well as qualifying infrastructure exposures,
- a binding leverage ratio of 3% to safeguard institutions against excessive leverage,
- a binding NSFR of 100% to address the excessive reliance on short-term wholesale funding and to reduce long-term funding risk, and
- more extensive supervisory reporting and disclosure requirements.

The majority of requirements Regulation (EU) 2019/876 have been in effect since June 28th, 2021, with the exception of the revised market risk capital requirements, which are expected to become fully binding by January 1st, 2025.

On April 28th, 2020, the European Commission released another banking package including several additional amendments to the CRR as a response to the Covid-19 pandemic. Among other changes, the package brought forward the implementation dates of the SME and infrastructure RWA relief factors, effective June 2020.

On October 27th, 2021, the European Commission released a proposal for the latest banking package, which includes additional amendments to the CRR and CRD. Among other changes, the proposal finalizes the integration of the Basel III regulatory framework in the EU and introduces a framework for identifying, monitoring, and disclosing environmental, social, and governance (ESG) risks. According to the European Commission's proposal, the entry into force of the amendments to the CRR is planned for January 1st, 2025. These measures include the following outstanding Basel III standards:

- The implementation of the Basel III standards finalized in December 2017, including the revisions to the credit risk, operational risk, CVA risk, and leverage exposure frameworks (including the accompanying transitional arrangements for the output floor).
- The implementation of the revised market risk framework, commonly referred to as the Fundamental Review of the Trading Book (FRTB) finalized in January 2019.
- The implementation of the revised Pillar III disclosure requirements finalized in December 2018.

2.1.5. Bank Resolution and Recovery Directive

On June 2nd, 2014, the European Parliament and the Council of the EU approved the Bank Resolution and Recovery Directive (EU) 2014/59 (BRRD). The BRRD is part of the Single Rulebook that is enforced in the EU financial institutions' market and establishes a common framework for the resolution and recovery of credit institutions and investment firms.

The BRRD provides a common resolution regime in the EU that not only allows authorities to deal with failing institutions but also ensures cooperation between home and host authorities. In the future, shareholders and creditors should primarily undertake the costs of bank failure in order to minimize moral hazard and risks to taxpayers.

On July 23rd, 2015, the BRRD was incorporated into Greek legislation and was put in force through Law 4335/2015. Law 4335/2015 was established following the negotiations for a new financial support program with the participation of the European Stability Mechanism (ESM) with the exception of provisions regarding the bail-in tool. The BoG was named by virtue of Law 4335/2015 the national resolution authority for financial institutions in Greece. The Hellenic Deposit and Investment Guarantee Fund was appointed the national resolution fund for the effective application of the resolution tools to these financial institutions.

To avoid institutions structuring their liabilities in a way that impedes the effectiveness of the bail in or other resolution tools, and to avoid the risk of contagion or a bank run, the directive requires that institutions meet at all times a robust minimum requirement for own funds and eligible liabilities (MREL).

The form of MREL includes capital instruments (e.g. CET1, Additional Tier 1, Tier 2), other subordinated debt, senior debt, and other eligible liabilities. The level and eligibility of liabilities for MREL is individually determined for each institution by the relevant resolution authority based on a set of harmonized criteria.

If the failure of the bank would adversely influence financial stability, the level of MREL should be sufficient to ensure that the conditions for use of the Single Resolution Fund (SRF) would be met.

Regarding the implementation and design of the MREL framework for other systemically important institutions (O-SII), a final report was published by the EBA on December 14th, 2016, which details eligible liabilities and other modifications of the MREL.

The RRM package mentioned in the previous section includes Directive (EU) 2019/879, the BRRD II, which introduces potentially stricter requirements in addition to MREL, to be determined by the relevant competent authorities. The Group is subject to a MREL ratio reporting requirement since June 30th, 2021.

2.1.6. Single Resolution Mechanism

On January 1st, 2016, the Single Resolution Mechanism (SRM) for Eurozone Banks, of which Piraeus Bank is a part, became fully operational. The SRM ensures that if a bank that belongs to the SRM has serious difficulties despite tighter supervision, its resolution can be treated effectively and with minimum cost to taxpayers and the real economy. The SRM applies in practice the strict rules of the directive for the recovery and resolution of credit institutions (i.e. BRRD).

Based on the SRM, a SRF was established in the Eurozone that is under the control of a Single Resolution Board (SRB). The SRF ensures the availability of medium-term funding support, and the SRB consists of representatives from the European Commission, the ECB, and the NCA. The European Commission decides whether and when a bank should be placed under a resolution regime and sets the framework for the use of resolution tools and the SRF, based on the recommendations of the SRB.

2.2. Capital Adequacy

Capital adequacy is monitored by the responsible bodies of the Group and is submitted quarterly to the supervisory authority, the SSM, through the relevant NCA, the BoG.

The main objectives related to the Group's capital adequacy management are the following:

- comply with the capital requirements regulation according to the supervisory framework,
- preserve the Group's ability to continue its operations unhindered,
- retain a sound and stable capital base supportive of the Bank's business plans, and
- maintain and enhance existing infrastructures, policies, procedures, and methodologies for the adequate coverage of supervisory needs, in Greece and abroad.

2.2.1. Overall Capital Requirement and Capital Ratios

The regulatory framework requires financial institutions to maintain a minimum level of regulatory capital related to risks undertaken. During FY 2023, Piraeus Group is required to maintain on a consolidated basis an Overall Capital Requirement (OCR) of 14.50%¹, deconstructed as follows:

- the minimum Pillar I total capital requirements of 8.00%, in accordance with Article 92(1) of the CRR,
- an additional Pillar II capital requirement of 3.00%, as per Article 16(2) of Regulation 1024/2013/EU,
- the fully loaded capital conservation buffer (CCB) of 2.50%, under Greek Law 4261/2014, and
- the fully loaded O-SII capital buffer of 1.00%, under Greek Law 4261/2014.

¹ For H1 2024, minimum capital ratios include an institution-specific countercyclical capital buffer (CCyB) of 0.08% applied to the Group's exposures to countries that have a positive countercyclical buffer. The countercyclical capital buffer is a tool designed to fluctuate relative to a country's economic state, aiming to safeguard capital adequacy in times of stress. Templates EU CCyB1 and EU CCyB2 are presented in Appendix VI of these Disclosures.

The following table summarizes the minimum thresholds for the Piraeus Group capital:

Table 02: Piraeus Group Minimum Capital Requirement Levels	
Jun 2024	Requirements
CET1 capital	9.77%
Tier 1 capital	11.83%
Total capital	14.58%

As at 30 June 2024, the TCR for the Group stood at 18.56% and the CET1 ratio stood at 13.85% covering the minimum OCR levels. The Group's interim profits for the second quarter of 2024 are included in the CET1 ratio as of 30 June 2024, subject to approval from the regulatory authorities. Further, the Group's CET1 ratio takes into account specific prudential adjustments in line with article 3 of the CRR and supervisory expectations (including any NPE stock / Addendum calendar shortfall, which also affects government guaranteed exposures). Specifically for the Greek State guaranteed exposures, the Bank applied a prudential cumulative adjustment of € 100 million as at 30 June 2024. The Bank adheres to supervisory expectations, by applying the minimum NPE coverage level in line with the SREP recommendation on coverage of the NPE stock and the Addendum to the ECB Guidance to banks on non-performing loans, for the Greek State guaranteed exposures. The carrying amount of these exposures amounted to € 625 million as at 30 June 2024, of which € 79 million are non credit impaired. The total amount of called exposures is € 577 million (€ 117 million and € 459 million presented within "loans and advances to customers at amortised cost" and "other assets", respectively). Since 1 January 2023 and up to 30 June 2024 the total recoveries from the called Greek State guaranteed exposures amounted to € 83 million. This prudential treatment does not affect the respective accounting treatment.

The following table presents key regulatory metrics and ratios as well as related input components as defined by the amended versions of the CRR and CRD (i.e. own funds, RWAs, capital ratios, additional requirements based on SREP, capital buffer requirements, leverage ratio, LCR, and NSFR), by quarter over the past year:

Table 03: EU KM1 – Key metrics template						
Jun 2024 (€ 000's)		a	b	c	d	e
		Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2023
AVAILABLE OWN FUNDS (AMOUNTS)						
1	Common Equity Tier 1 (CET1) capital	4,729,210	4,494,476	4,326,738	4,110,370	3,866,016
2	Tier 1 capital	5,329,210	5,094,476	4,926,738	4,710,370	4,466,016
3	Total capital	6,336,957	6,085,082	5,821,888	5,604,987	5,360,433
RISK-WEIGHTED EXPOSURE AMOUNTS						
4	Total risk exposure amount	34,143,285	33,051,265	32,765,055	32,172,904	31,617,132
CAPITAL RATIOS (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
5	Common Equity Tier 1 ratio (%)	13.85%	13.60%	13.21%	12.78%	12.23%
6	Tier 1 ratio (%)	15.61%	15.41%	15.04%	14.64%	14.13%
7	Total capital ratio (%)	18.56%	18.41%	17.77%	17.42%	16.95%
ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS RISKS OTHER THAN THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.00%	3.00%	3.00%	3.00%	3.00%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.69%	1.69%	1.69%	1.69%	1.69%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.25%	2.25%	2.25%	2.25%	2.25%
EU 7d	Total SREP own funds requirements (%)	11.00%	11.00%	11.00%	11.00%	11.00%
COMBINED BUFFER AND OVERALL CAPITAL REQUIREMENT (AS A PERCENTAGE OF RISK-WEIGHTED EXPOSURE AMOUNT)						
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%	2.50%	2.50%

Table 03: EU KM1 – Key metrics template						
Jun 2024 (€ 000's)		a	b	c	d	e
		Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2023
EU 8a	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%
9	Institution specific countercyclical capital buffer (%)	0.08%	0.08%	0.07%	0.04%	0.03%
EU 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer (%)	1.00%	1.00%	1.00%	1.00%	1.00%
11	Combined buffer requirement (%)	3.58%	3.58%	3.57%	3.54%	3.53%
EU 11a	Overall capital requirements (%)	14.58%	14.58%	14.57%	14.54%	14.53%
12	CET1 available after meeting the total SREP own funds requirements (%)	7.36%	7.16%	6.77%	6.39%	5.88%
LEVERAGE RATIO						
13	Total exposure measure	77,353,571	77,627,281	76,506,029	78,639,767	75,687,005
14	Leverage ratio (%)	6.89%	6.56%	6.44%	5.99%	5.90%
ADDITIONAL OWN FUNDS REQUIREMENTS TO ADDRESS THE RISK OF EXCESSIVE LEVERAGE (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)						
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14c	Total SREP leverage ratio requirements (%)	3.00%	3.00%	3.00%	3.00%	3.00%
LEVERAGE RATIO BUFFER AND OVERALL LEVERAGE RATIO REQUIREMENT (AS A PERCENTAGE OF TOTAL EXPOSURE MEASURE)						
EU 14d	Leverage ratio buffer requirement (%)	0.00%	0.00%	0.00%	0.00%	0.00%
EU 14e	Overall leverage ratio requirement (%)	3.00%	3.00%	3.00%	3.00%	3.00%
LIQUIDITY COVERAGE RATIO						
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	21,726,551	21,524,365	20,880,056	19,923,499	18,649,003
EU 16a	Cash outflows - Total weighted value	9,443,909	9,387,230	9,357,830	9,433,228	9,435,229
EU 16b	Cash inflows - Total weighted value	404,729	399,198	437,094	464,680	475,739
16	Total net cash outflows (adjusted value)	9,039,180	8,988,032	8,920,737	8,968,548	8,959,490
17	Liquidity coverage ratio (%)	240.45%	239.50%	233.93%	222.29%	208.59%
NET STABLE FUNDING RATIO						
18	Total available stable funding	61,889,745	61,388,226	61,564,593	63,754,933	61,898,549
19	Total required stable funding	46,451,330	46,110,173	46,241,684	45,966,674	45,780,961
20	NSFR ratio (%)	133.24%	133.13%	133.14%	138.70%	135.21%

Note: In the table above, CET1 regulatory capital includes interim profits of the respective periods, excluding dividend according to maximum pay-out ratio, following regulatory approval, in accordance with ECB Decision (EU) 2016/656.

The calculation of the capital adequacy ratios of the Group takes into account the deferred tax assets (DTA) which have been recognized on the basis of the relevant provisions of the IFRS.

Under the CRR, DTA, which are based on the future profitability of the Group, are deducted from CET1 capital if they exceed specific limits. However, it is allowed – under certain conditions – for credit institutions to transform DTAs that have been

recognized due to losses from the Private Sector Involvement (PSI) and accumulated provisions due to credit risk in relation to existing receivables as of June 30th, 2015, into directly enforceable claims (tax credits) against the Greek State. In that case, these tax credits are not deducted from the CET1, but are included in the RWA of the Group.

Additional information regarding the recognition of DTA for the calculation of the Group's capital adequacy ratios, is available in the H1 2024 Financial Report, notes 10 and 28.

(link: [Piraeus Group Financial Statements](#))

2.2.2. Analysis of Risk Weighted Assets and Capital Requirements

The Group applies the following methodologies for the calculation of Pillar I capital requirements:

- the standardized approach for calculating credit risk,
- the standardized approach for calculating CCR,
- for calculating securitization risk, the standardized approach (SEC-SA) where the Group acts as an originator and the external-ratings based approach (SEC-ERBA) where the Group acts as an investor,
- the standardized approach for calculating market risk,
- the standardized approach for calculating CVA risk, and
- the standardized approach for calculating operational risk.

The table below shows RWAs and regulatory capital requirements broken down by risk types and model approaches compared to the previous year-end results:

Table 04: EU OV1 - Overview of RWA				
(€ 000's)		a	b	c
		Total risk exposure amounts		Total own funds
		Jun 2024	Dec 2023	Jun 2024
1	Credit risk (excluding CCR)	29,498,872	28,216,349	2,359,910
2	Of which the standardized approach	29,498,872	28,216,349	2,359,910
3	Of which the Foundation IRB (F-IRB) approach			
4	Of which slotting approach			
EU 4a	Of which equities under the simple riskweighted approach			
5	Of which the Advanced IRB (A-IRB) approach			
6	CCR	285,971	251,061	22,878
7	Of which the standardized approach	223,658	208,534	17,893
8	Of which internal model method (IMM)			
EU 8a	Of which exposures to a CCP	1,881	4,650	150
EU 8b	Of which credit valuation adjustment - CVA	36,809	31,274	2,945
9	Of which other CCR	23,623	6,604	1890
15	Settlement risk	17	0	1
16	Securitization exposures in the non-trading book (after the cap)	700,473	732,325	56,038
17	Of which SEC-IRBA approach			
18	Of which SEC-ERBA (including IAA)	101,801	93,150	8,144

Table 04: EU OV1 - Overview of RWA				
(€ 000's)		a	b	c
		Total risk exposure amounts		Total own funds
		Jun 2024	Dec 2023	Jun 2024
19	Of which SEC-SA approach	598,673	639,176	47,894
EU 19a	Of which 1250%			
20	Position, foreign exchange and commodities risks (Market risk)	415,982	323,350	33,279
21	Of which the standardised approach	415,982	323,350	33,279
22	Of which IMA			
EU 22a	Large exposures			
23	Operational risk	3,241,970	3,241,970	259,358
EU 23a	Of which basic indicator approach			
EU 23b	Of which standardized approach	3,241,970	3,241,970	259,358
EU 23c	Of which advanced measurement approach			
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	1,772,010	1,707,617	141,761
29	Total	34,143,285	32,765,055	2,731,463

The Group's capital requirements for H1 2024, amounted to € 2.73 bn. Credit risk accounted for 87.1% of total RWA, operational risk for 9.5%, securitization risk for 2.1%, and market risk for 1.3%.

2.3. Regulatory Own Funds

The Group's Regulatory Own Funds as of June 30th, 2024, as defined in the CRR, are comprised of CET1, Additional Tier 1, and Tier 2 capital.

CET1 capital includes:

- shareholders' equity (common shares) plus share premium,
- other reserves, and
- retained profit or loss and minority interests.

Treasury Shares are excluded from CET1 capital.

Regulatory adjustments on CET1 capital, as defined in the CRR, include mainly:

- intangible assets in accordance with Article 36 (1)(b) of the CRR and the provisions of the Commission Delegated Regulation (EU) 2020/2176 regarding the prudential treatment of software assets,
- goodwill,
- DTAs relying on future profitability, and
- part of the minority interests, according to the rules set in Article 84 of the CRR.
- specific prudential adjustments in accordance with article 3 of the CRR and supervisory expectations (including any NPE stock / Addendum calendar shortfall, which also affects government guaranteed exposures)
- Additional information regarding prudential adjustment of government guaranteed exposures is available in the H1 2024 Financial Report, chapter 28.

The table below presents the Group's Regulatory Own Funds structure:

Table 05: Regulatory Own Funds Summary		
Jun 2024 (€ 000's)	Jun 2024	Dec 2023
Share Capital (common shares)	1,162,842	1,162,842
Share Premium	3,254,584	3,254,584
Contingent Convertible bonds		
Less: Treasury Shares	(15,753)	(15,223)
Legal Reserve and Other Reserves	508,190	522,407
Retained Earnings	2,097,379	1,694,505
Minority Interest	56,423	55,539
Less: Intangible Assets	(241,763)	(229,860)
Other Regulatory Adjustments to Common Equity Tier 1 Capital	(2,092,692)	(2,118,055)
Total Common Equity Tier 1 Capital	4,729,210	4,326,738
Additional Tier 1 instruments	600,000	600,000
Total Regulatory Adjustments to Additional Tier 1 Capital		
Total Additional Tier 1 Capital	600,000	600,000
Total Tier 1 Capital	5,329,210	4,926,738
Subordinated Debt	1,007,747	895,150
Total Regulatory Adjustments to Tier 2 Capital		
Total Tier 2 Capital	1,007,747	895,150
Total Regulatory Capital	6,336,957	5,821,888

Note: In the table above CET1 regulatory capital as at June 30th, 2024, and December 31st, 2023, includes interim and year-end profits of the respective periods, excluding dividend according to maximum pay-out ratio, following regulatory approvals in accordance with ECB Decision (EU) 2016/656.

2.4. Leverage

The CRD IV regulatory framework recognizes the need to monitor a ratio that is not risk-sensitive, in order to depict the financial state of the Group more effectively and to complement the prudential requirements set by the minimum capital adequacy thresholds. The objective is to limit excessive leverage from on and off-balance sheet items in the European banking system.

The Group monitors and submits to the regulatory authorities the leverage ratio, as defined in Regulation (EU) No 2015/62 of October 10th, 2014. Group Risk Management (GRM) regularly reports its evolution and suggests suitable limits to the Management Body.

The leverage ratio is defined as Tier 1 capital divided by the total leverage exposure measure, a function of on - and off-balance sheet amounts, derivative and securities financing transaction (SFT) exposures calculated in accordance with the CCR framework, and amounts deducted from regulatory capital.

Regulation (EU) 2019/876 introduced various changes to the leverage ratio and the determination of the leverage exposure, applicable as of June 30th, 2021, including:

- a minimum regulatory leverage ratio of 3%, and
- calculation of derivative exposures based on the revised standardized approach for CCR (SA-CCR).

The capital levels of the Group, along with the extensive deleveraging, which is still reflected in the Greek banking system, drastically reduces the risk of excessive leverage. As a result, the leverage ratio of the Group as at June 30th, 2024, stood at 6.89%, which is over the regulatory threshold required under the CRR.

Table 06: Group Leverage Ratio		
(€ 000's)	Jun 2024	Dec 2023
Regulatory Capital for Leverage Ratio	5,329,210	4,926,738
Total Leverage Ratio Exposure	77,353,571	76,506,029
Leverage Ratio	6.89%	6.44%

Note: Tier 1 regulatory capital as at June 30th, 2024, includes H1 2024 interim profits, excluding dividend according to maximum pay-out ratio, and Tier 1 regulatory capital as at December 31st, 2023, includes 2023 year-end profits, following regulatory approval, in accordance with ECB Decision (EU) 2016/656.

Detailed disclosures on the Group's leverage ratio are presented in Appendix II.

3. Credit Risk and Counterparty Credit Risk

Credit risk is defined as the potential risk that a borrower or counterparty will fail to meet its obligations in accordance with agreed terms and conditions. Credit risk is the most significant risk for the Group and therefore its effective monitoring and management constitutes a top priority for Senior Management. The Group's exposure to credit risk arises mostly from corporate and retail credit, various investments and over-the-counter (OTC) derivatives transactions, as well as from transactions settlement. The amount of risk associated with such credit exposures depends on various factors, including general economic conditions, market developments, the debtor's financial condition, the amount/type/duration of the exposure, and the existence of collateral and guarantees.

The implementation of the Credit Policy, which describes the principles of credit risk management of the Group, ensures effective and uniform credit risk monitoring and control. The Group applies a uniform policy and practice with respect to the credit assessment, approval, renewal, and monitoring procedures. Credit limits are reviewed and/or renewed at least annually and the responsible approval authorities are determined based on the size and the category of the total credit risk exposure undertaken by the Group for each debtor or group of connected debtors (one obligor principle).

Under GRM, Credit Risk Management operates with the objective of identifying, monitoring, and managing credit risk according to the RAF, as approved by the BoD, in compliance with the respective obligations towards the supervisory authorities.

Total gross loans² (both amortized cost and at fairvalue through profit or loss) of the Group amounted to € 39.6 bn in June 2024, including € 1.0 bn loans to credit institutions. Regarding the breakdown of gross loans to customers by business line, Group business loans amounted to € 30.5 bn, accounting for 78.9% of the loans to customers portfolio, while retail loans amounted to € 8.1 bn or 21.1%.

The table below presents the values of loans and debt security exposures, analyzed by residual maturity, before applying credit conversion factors (CCF) and credit risk mitigation (CRM) techniques. Exposures are disclosed in the columns corresponding to their contractual maturity. When the amount is repaid in instalments, the exposure is allocated to the maturity bucket corresponding to the instalment.

Table 07: EU CR1-A – Maturity of exposures						
Jun 2024 (€ 000's)	a	b	c	d	e	f
	Net exposure value					
	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1 Loans and advances	1,464,793	12,497,048	14,410,721	23,723,673	3,152,766	55,249,001
2 Debt securities		261,436	2,413,046	11,528,753	34,788	14,238,022
3 Total	1,464,793	12,758,484	16,823,767	35,252,426	3,187,553	69,487,022

Note: The table does not include items not subject to credit risk or items directly deducted from CET1 capital.

3.1. Credit Risk Measurement and Reporting Systems

Reliable credit risk measurement is a top priority within the Group's RMF. The continuous development of infrastructure, systems, and methodologies aimed at quantifying and evaluating credit risk is essential in order to timely and efficiently support Senior Management and the Business Units in relation to decision-making, policy formulation, and compliance with regulatory requirements.

² Including €224 mn state guaranteed loans reported in other assets line of the balance sheet

3.1.1. Loans and Advances

For the purposes of credit risk measurement and monitoring of loans and advances, the following are performed at a counterparty level:

- the debtor's creditworthiness and probability of default (PD) on its contractual obligations are systematically assessed, and
- the Group's probability of potential recovery in the event of the debtor defaulting on its obligations is estimated based on existing collateral, guarantees provided, and curing levels.

The Group assesses the creditworthiness of borrowers and estimates the PD on their obligations by applying credit rating models appropriate to their special characteristics and features. Whenever possible, the models are tested by benchmarking against externally available information.

Borrowers are rated when their credit limit is initially determined and thereafter re-rated on at least an annual basis. The ratings are also updated in cases when there is available information that may have a significant impact on the level of credit risk. The Group regularly tests the predictive capability of the creditworthiness evaluation and rating models, thus ensuring its potential of accurately depicting credit risk and allowing for the timely implementation of measures addressing potential problems.

3.1.2. Corporate Credit

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the retail banking portfolio covering different stages of the credit cycle.

Additional information regarding the ratings classification and the credit lending policy is available in the 2023 Annual Financial Report, chapter 4.

(link: [Piraeus Group Financial Statements](#))

3.1.3. Retail Credit

Regarding the retail credit portfolio, there are scorecards of client credit assessment in the retail banking portfolio covering different stages of the credit cycle.

Additional information regarding scorecards of client credit assessment is available in the 2023 Annual Financial Report, chapter 4.

(link: [Piraeus Group Financial Statements](#))

3.1.4. Recovery based on existing collateral, security and guarantees.

Along with the assessment of counterparties' creditworthiness, rating evaluation and during the process of setting and reviewing credit limits, the Group estimates the recovery rate related to the exposure in the event of default of a debtor based on the existence and the quality of collateral/security or guarantees. In line with standard practice, the lower the rating of a borrower, the greater the collateral/security and guarantees required, so as to maximize the recovery rate in case of default of a borrower on its contractual obligations to the Group.

3.1.5. Securities and other bills

The Group holds a portfolio of sovereign, bank, and corporate debt, including Greek and international issues. For the proper management and monitoring of risks, all positions in securities are subject to approved limits, according to the Group's policies and procedures.

For the measurement and evaluation of credit risk entailed in debt securities and other bills, external ratings from rating agencies are used.

The amount of the Group's exposure to credit risk from debt securities and other bills is monitored for each portfolio category according to the relevant IFRS provisions.

3.1.6. Concentration Risk

Credit risk concentration may arise from various types of portfolio incomplete diversification such as the concentration risk on large borrowers, economic sectors, geographic areas, and types of collateral.

Credit Risk Management monitors concentration risk on a regular basis, through a reporting framework which respectively informs Senior Management and the supervisory authorities. In addition to monitoring supervisory limits, the Group has set internal limits within the RAF, which are revised annually.

3.1.7. Country Risk

Country risk reflects the risk of loss arising from macro-economic instability, social events, or political uncertainty in a country, including nationalization and expropriation of assets and debt restructuring affecting the Group and the Bank's earnings and/or capital. It includes sovereign, transfer, and political risks.

3.1.8. Counterparty Credit Risk

CCR is defined as the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows.

CCR is applicable to:

- OTC derivative transactions,
- repurchase (repo) transactions,
- credit derivatives, and
- long settlement transactions.

Exposure values for CCR are measured in accordance with the standardized method (SA-CCR). More specifically, the exposure value for a derivative transaction is calculated at the netting set level as the sum of the current replacement cost and the potential future exposure (PFE), but also considers a multiplier "alpha" ($\alpha = 1.4$) set by the Basel Committee on Banking Supervision (BCBS). The PFE portion consists of a multiplier that allows for the partial recognition of excess collateral and an aggregate add-on, which is derived from add-ons developed for each asset class (i.e. interest rate, foreign exchange, credit, equity, and commodity). The methodology for calculating the add-ons for each asset class hinges on the key concept of a "hedging set", a group of transactions that share common characteristics. Moreover, this new risk-sensitive approach differentiates between margined and unmargined transactions and focuses on a more meaningful recognition of netting as well as collateralization.

The table below presents the distribution of CCR and CCP trade exposure values deriving from the Group's derivative and security financing transactions (SFT) per contract type, before and after CRM techniques, incurred CVA, and netting:

Table 08: CCR Breakdown of Derivatives and SFTs				
Jun 2024 (€ 000's)	Original Exposure	Effects of Margining and Unilateral CVA	Final CCR Exposure (E*)	Capital Requirements
CCP Activities:	2,017,045	1,714,333	302,713	150
OTC derivatives	1,767,181	1,702,996	64,186	103
Exchange-traded derivatives	31,090	11,337	19,753	32
Segregated initial margin	211,888	0	211,888	0
Default fund contributions	6,886	0	6,886	16
OTC Derivatives:	432,199	92,163	340,036	17,893
With sovereign counterparties	50,093	0	50,093	0
With financial institutions	152,817	92,163	60,654	1,964
With non-financial counterparties	229,289	0	229,289	15,928
SFTs:	2,709,654	2,597,388	112,267	1,889.83
Total Counterparty Credit Risk	5,158,898	4,403,883	755,015	19,933

Notes: Exposure value (E*) for derivatives is comprised of the contract's replacement cost and the potential future exposure add-on.

As at June 30th, 2024, the Group had no active credit derivative exposures. Therefore, the disclosure of template EU CCR6 (Credit derivatives exposures) does not apply.

Piraeus Group manages CCR by setting appropriate credit limits, requiring adequate financial collateral, and signing master netting agreements (MNA).

Piraeus Group has signed International Swaps and Derivatives Association (ISDA) and Global Master Repurchase Agreement (GMRA) MNA with a number of financial institutions. These agreements are complemented with the standardized form of

Credit Support Annexes (CSA) and European Financial Stability Fund (EFSF) Annexes, where deemed necessary. For calculating the capital requirements of a netting set, where netting leads to a net obligation for the Group, the current replacement cost is equal to zero. Furthermore, depending on the net to gross ratio derived from all replacement costs in a netting set, the PFE of the netting set is appropriately adjusted.

It should be noted that, given the current state of the interbank market, no material changes are expected on the Group's collateral postings due to rating downgrades.

3.2. Credit Risk Mitigation & Control

3.2.1. Credit limits

The Group sets credit limits in order to manage and control its credit risk exposures and concentration risk and define the maximum acceptable level of risk undertaken. Collateral or security provided, which reduces the overall level of risk assumed, is taken into consideration. The Group categorizes the risk of credits into risk classes based on the type of associated collateral/security and its liquidation potential. The maximum credit limits that may be approved per risk class are determined by the BoD. For the Group, no credit is approved by one sole person since the procedure regularly requires the approval of a minimum of three authorized officers, with the exception of consumer loans and credit cards, with the prerequisite that all criteria set in the Credit Policy are met. Approval authorities are designated based on the level of risk exposure, and their role in contributing to the quality of the Group's total credit portfolio is particularly significant.

Credit limits are set with an effective duration of up to 12 months, and they are subject to annual or more frequent review. The responsible approval authorities may, in special circumstances, set a duration shorter than 12 months. The outstanding balances along with their corresponding limits are monitored and any limit excesses are promptly reported and dealt with accordingly.

3.2.2. Collateral use

Along with the evaluation of the creditworthiness of counterparties, the Group estimates the recovery rate against exposures when limits are set or reviewed. This estimation is based on the type of debt claim and the existence of any connected collateral and/or guarantees.

According to standard practice, when a borrower's credit rating is low, then additional collateral/guarantees are requested in order to secure a higher recovery rate to account for the borrower's PD.

The Group receives collateral or security against its credit to customers, thus minimizing the overall credit risk and ensuring the timely repayment of its debt claims.

For this scope, the Group has defined categories of acceptable collateral and has incorporated them in its Credit Policy. The Group regards collateral as liquid assets, which are pledged to secure timely repayment of its debt claims, while on the other hand, the Group considers guarantees as assets that are not easily liquidated.

The main types of acceptable collateral are the following:

- pledged deposits and cheques,
- mortgages on real estate property,
- ship mortgages,
- Greek government guarantees,
- bank letters of guarantee,
- guarantees by Development Bodies (i.e. the Hellenic Fund for Entrepreneurship & Development S.A),
- pledged financial instruments such as stocks, bonds, Treasury Bills, or mutual fund shares, and
- receivables.

The collateral/security associated with a credit is initially evaluated during the credit approval process, based on its current or fair value, and is reevaluated at regular intervals.

The table below provides an analysis of credit risk exposures (excluding CCR and CCP exposures) before and after the application of CCF and CRM techniques, as well as RWA and RWA densities broken down by regulatory exposure classes and a split by on and off-balance sheet exposures:

Table 09: EU CR4 – Standardized approach: Credit risk exposure and CRM effects

Jun 2024 (€ 000's)	a	b	c	d	e	f
	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
1 Central governments or central banks	23,965,351	197	30,141,014	10	4,988,584	17%
2 Regional government or local authorities	42,002	2,921	40,954	55	8,202	20%
3 Public sector entities	1,334,453	5,577	1,958,988	379	319,446	16%
4 Multilateral development banks	289,834		1,122,129	140		0%
5 International organizations						
6 Institutions	1,451,546	113,578	1,611,814	35,164	758,312	46%
7 Corporates	13,520,084	14,020,100	11,543,755	1,690,659	10,781,987	81%
8 Retail	3,209,436	1,876,635	2,467,879	25,003	1,630,420	65%
9 Secured by mortgages on immovable property	10,186,260	521,116	9,713,758	122,041	4,269,658	43%
10 Exposures in default	1,085,888	57,836	610,390	5,600	647,140	105%
11 Higher-risk categories	36,534		36,455		54,682	150%
12 Covered bonds	10,150		10,150		1,015	10%
13 Institutions and corporates with a short-term credit assessment						
14 Collective investment undertakings	126,683		126,683		83,608	66%
15 Equity	1,358,137		1,358,137		1,416,696	104%
16 Other items	6,027,569		6,027,569		4,539,123	75%
17 Total	62,643,927	16,597,960	66,769,673	1,879,052	29,498,872	43%

Notes: The table does not include items not subject to credit risk or items directly deducted from CET1 capital. The amounts represent exposures before applying substitution effects. Row 13 (Institutions and corporates with a short-term credit assessment) is not disclosed, as short-rate assessments are not utilized in the credit risk calculation process.

3.2.3. Collateral Valuation

Collateral/security is valued initially during the credit approval process based on its current or fair value and is then revalued regularly.

Bonds received as collateral are valued on a daily basis and monitored through a collateral system that takes into account the specific characteristics of every contract.

Equities listed on the stock exchange are also taken into account. Their valuation is based on the official daily closing prices of the previous day for each share while the entire valuation process is conducted in the collateral system.

Additional information regarding the market value assessment of properties is available in the 2023 Annual Financial Report, chapter 4.3.3.

(link: [Piraeus Group Financial Statements](#))

The table below provides an analysis of unsecured and secured credit risk exposures and credit risk exposures secured by various forms of CRM for all loans and debt securities accompanied by the carrying amounts of the total exposures, which are in default. The table below excludes CCR exposures:

Table 10: EU CR3 – Use of credit risk mitigation (CRM) techniques					
Jun 2024 (€ 000's)	a	b	c	d	e
	Unsecured carrying amount	Secured carrying amount			
			Of which secured by collateral	Of which secured by financial guarantees	
					Of which secured by credit derivatives
1 Loans and advances	16,077,370	31,345,318	19,567,357	11,777,961	
2 Debt securities	14,238,020				
3 Total	30,315,391	31,345,318	19,567,357	11,777,961	
4 Of which non-performing exposures	40,312	939,578	591,755	347,823	
5 <i>Of which defaulted</i>	40,312	939,578			

For the correct interpretation of the figures presented in the table above, the following are noted:

- Unsecured carrying amount: includes the carrying amount of exposures (net of allowances/impairments) that do not benefit from a CRM technique;
- Secured carrying amount: includes the carrying amount of exposures (net of allowances/impairments) that have at least one CRM mechanism (collateral, financial guarantees, credit derivatives) associated with them;
- Of which secured by collateral: Includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by collateral (collateral includes cash, stocks, bonds, movable property, mortgages on immovable property);
- Of which secured by financial guarantees: includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by financial guarantees;
- Of which secured by credit derivatives: includes the carrying amount of exposures (net of allowances/impairments) partly or totally secured by credit derivatives.

The allocation of the carrying amount of multi-secured exposures to their different CRM mechanisms is made by order of priority, starting with the CRM mechanism expected to be called first in the event of a loss and within the limits of the carrying amount of the secured exposures.

In case an exposure is secured by collateral and other CRM mechanisms, the carrying amount of the exposures secured by collateral is the remaining share of the exposures secured by collateral after consideration of the shares of the exposures already secured by other CRM mechanisms expected to be called beforehand in the event of a loss, without considering over-collateralization.

3.2.4. Credit-Related Commitments

The Group uses credit-related commitments to provide customers with funds when requested. These commitments entail credit risk and mainly concern letters of credit and letters of guarantee.

The remaining duration of credit-related commitments is systematically analyzed and monitored, since in general, commitments with longer duration entail greater risk compared to those with shorter duration.

3.3. Impairment Policy

The Group recognizes an expected credit loss (ECL) impairment on loans and advances to customers at amortized cost when it is estimated that it will not be in a position to receive all payments due, as defined by the contract of the loan. The amount of the ECL allowance for impairment on loans and advances to customers at amortized cost is the difference between all contractual cash flows that are due in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original effective interest rate of the loan (or credit-adjusted effective interest rate for purchased or originated credit impaired – POCI – financial assets).

The Group assesses at each reporting period whether there is objective evidence that a loan or a group of loans is impaired.

At each reporting date, an impairment loss equal to 12-month ECL (allocated to Stage 1) is recognized for all financial assets for which there is no significant increase in credit risk since initial recognition. For financial assets that:

- exhibit a significant increase in credit risk since their initial recognition (allocated to Stage 2),
- are credit impaired (allocated to Stage 3), or
- are POCI,

an impairment loss equal to lifetime ECL is recognized.

The Group applies the EBA NPE definition. In accordance with the Group's Impairment Policy, a financial asset is considered as credit impaired and is classified into Stage 3, when it is classified as NPE.

The Group considers as individually significant, facilities to Corporate and Individual customers that satisfy all of the following criteria:

- the aggregate exposure at debtor level at the period end reporting date exceeds the amount of € 1 mn or the equivalent in foreign currency, and
- the exposures are classified as NPE.

The result of the individual assessment is further adjusted by incorporating the effect of macroeconomic scenarios, determined on the basis of the estimates of the collective projection models.

The collective impairment assessment is carried out on all loans classified in Stages 1 and 2, as well as those in Stage 3 provided that they have not been individually assessed.

Additional information concerning impairment methodology, key modeling concepts, and significant increase in credit risk is presented in chapter 4 of the 2023 Annual Financial Report.

(link: [Piraeus Group Financial Statements](#))

3.4. Non-performing and Forborne Exposures

The Group's non-performing loans ratio was 4.0%³ in June 2024.

The Group's coverage ratio of non-performing loans by total cumulative provisions⁴ reached 47.8%.

From January 1st, 2021, and onwards Piraeus Financial Holdings and Piraeus Bank apply the new Definition of Default (DoD) regulatory requirements issued by the EBA (EBA/GL/2016/07).

The new DoD applies to all the entities of the Group, considering local regulations and specific characteristics of each jurisdiction. In line with the guidelines for the identification of default, the Group implements both an objective indicator (past due criterion), as well as a set of quantitative and qualitative unlikelihoods to pay indicators to capture indications where the obligor is considered by the Group as unlikely to pay its credit obligations in full. More specifically, a default is considered to have occurred with regard to a particular obligor when either or both of the following two events have taken place:

- **Past Due Criterion:** The obligor is past due for more than 90 consecutive days on any material credit obligation to the Group.
- **Unlikelihood to Pay:** The Group considers that the obligor is unlikely to repay its obligations in full, without recourse by the Group to actions such as realizing security, based on the criteria that the Group has specified.

In principle, the DoD is applied at the contract level for the retail portfolio and at the obligor level for the non-retail portfolio.

³ including €1 bn loans to credit institutions and €303 mn non-performing state guaranteed loans mainly reported in other assets line of the balance sheet.

⁴ including €6 mn provisions related to state guaranteed loans mainly reported in other assets line of the balance sheet.

In order for an exposure classified as defaulted to return to a non-defaulted status, the behavior of the contract for the retail portfolio or the obligor for the non-retail portfolio is monitored for a pre-defined period of time (i.e. probation period) within which the exposure continues to be classified in default status. If the Group considers that for a previously defaulted exposure no trigger of default continues to apply at the end of the probation period, then a return to a non-defaulted status takes place.

The non-performing exposures reported in the following tables include €303 mn state guaranteed loans mainly reported in other assets line of the balance sheet.

The following table provides a summary of the credit quality of forborne exposures:

Table 11: EU CQ1 – Credit quality of forborne exposures									
Jun 2024 (€ 000's)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne			On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures
	Of which defaulted		Of which impaired						
005	Cash balances at central banks and other demand deposits								
010	Loans and advances	601,334	499,732	499,732	499,498	(17,982)	(228,462)	827,684	263,039
020	Central banks								
030	General governments								
040	Credit institutions								
050	Other financial corporations	11	2,482	2,482	2,482	(3)	(2,318)	172	164
060	Non-financial corporations	442,312	333,881	333,881	333,742	(6,946)	(202,695)	556,968	129,543
070	Households	159,011	163,369	163,369	163,274	(11,033)	(23,449)	270,544	133,332
080	Debt securities								
090	Loan commitments given	44,524				341		37,837	
100	Total	645,858	499,732	499,732	499,498	(17,641)	(228,462)	865,521	263,039

Note: The table includes debt instruments at fair value through profit and loss, with the exception of held for trading.

The following table presents a summary of the credit quality of NPE and related impairments, provisions, and valuation adjustments by portfolio and exposure class:

Table 12: EU CR1 – Performing and non-performing exposures and related provisions																
Jun 2024 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	8,596,942	8,596,942	-	-	-	-	(102)	(102)	-	-	-	-	-	-	-
010	Loans and advances	38,008,713	34,504,196	3,018,791	1,566,703	-	1,438,812	(160,002)	(49,221)	(101,222)	(589,567)	-	(520,151)	(1,035,598)	30,405,739	939,578
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	105,261	102,919	464	651	-	651	(370)	(319)	-	(641)	-	(641)	(15)	73,086	7
040	Credit institutions	952,877	952,877	-	-	-	-	(3)	(3)	-	-	-	-	-	316	-
050	Other financial corporations	7,771,179	7,694,569	63,584	5,903	-	2,618	(6,594)	(6,127)	(123)	(5,705)	-	(2,420)	(36,709)	6,365,740	191
060	Non-financial corporations	20,417,993	18,974,888	1,278,904	977,944	-	898,715	(67,891)	(25,045)	(39,891)	(449,738)	-	(393,826)	(888,475)	16,714,730	514,849
070	Of which SMEs	10,333,775	9,298,651	871,888	691,375	-	623,225	(52,073)	(15,939)	(34,375)	(267,296)	-	(220,396)	(495,953)	9,427,511	411,217
080	Households	8,761,403	6,778,943	1,675,840	582,206	-	536,828	(85,143)	(17,727)	(61,208)	(133,483)	-	(123,263)	(110,400)	7,251,866	424,532
090	Debt securities	14,251,637	14,191,215	-	7,509	-	7,509	(16,371)	(16,371)	-	(4,755)	-	(4,755)	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	11,936,508	11,936,508	-	-	-	-	(12,618)	(12,618)	-	-	-	-	-	-	-
120	Credit institutions	1,899,350	1,897,355	-	-	-	-	(2,631)	(2,631)	-	-	-	-	-	-	-

Table 12: EU CR1 – Performing and non-performing exposures and related provisions																
Jun 2024 (€ 000's)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount/nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures			Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
005	Cash balances at central banks and other demand deposits	8,596,942	8,596,942	-	-	-	-	(102)	(102)	-	-	-	-	-	-	-
130	Other financial corporations	253,039	194,612	-	7,509	-	7,509	(539)	(539)	-	(4,755)	-	(4,755)	-	-	-
140	Non-financial corporations	162,740	162,740	-	-	-	-	(582)	(582)	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	16,573,384	15,840,754	726,074	208,476	-	208,476	13,735	10,601	2,871	67,330	-	67,330	-	4,574,726	52,210
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
170	General governments	5,802	5,802	-	29	-	29	1	1	-	-	-	-	-	1,575	29
180	Credit institutions	225,411	225,411	-	-	-	-	208	208	-	-	-	-	-	1,567	-
190	Other financial corporations	1,674,965	1,669,204	5,761	328	-	328	2,433	2,433	-	80	-	80	-	247,149	248
200	Non-financial corporations	13,219,188	12,649,831	569,228	199,800	-	199,800	9,290	7,396	1,894	66,954	-	66,954	-	3,983,680	51,376
210	Households	1,448,018	1,290,506	151,085	8,319	-	8,319	1,803	563	977	296	-	296	-	340,756	557
220	Total	77,430,677	73,133,107	3,744,865	1,782,689	-	1,654,798	(190,107)	(76,192)	(104,093)	(661,653)	-	(592,237)	(1,035,598)	34,980,466	991,789

Note: The table includes debt instruments at fair value through profit and loss, with the exception of held for trading.

The following table provides an analysis of the Group's credit quality of loans and advances to non-financial customers per NACE code, before applying CCF and CRM techniques:

Table 13: EU CQ5 – Credit quality of loans and advances by industry							
Jun 2024 (€ 000's)		a	b	c	d	e	f
		Gross carrying amount/nominal amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
010	Agriculture, forestry and fishing	388,015	140,232	140,232	388,015	(68,528)	-
020	Mining and quarrying	125,793	3,823	3,823	125,793	(3,648)	-
030	Manufacturing	3,795,609	318,207	318,207	3,795,609	(94,583)	-
040	Electricity, gas, steam and air conditioning supply	2,694,213	18,938	18,938	2,694,213	(16,190)	-
050	Water supply	48,875	44	44	48,875	(147)	-
060	Construction	1,284,850	65,625	65,625	1,284,850	(42,109)	-
070	Wholesale and retail trade	3,296,502	141,916	141,916	3,296,282	(91,255)	(137)
080	Transport and storage	4,079,842	95,546	95,546	4,079,842	(86,295)	-
090	Accommodation and food service activities	2,768,461	47,867	47,867	2,724,872	(26,087)	-
100	Information and communication	359,596	5,935	5,935	359,596	(7,554)	-
110	Financial and insurance activities	-	-	-	-	-	-
120	Real estate activities	999,626	55,608	55,608	999,626	(31,396)	-
130	Professional, scientific and technical activities	229,670	8,153	8,153	229,670	(3,042)	-
140	Administrative and support service activities	519,165	4,781	4,781	519,165	(2,801)	-
150	Public administration and defence, compulsory social security	15,750	13	13	15,750	(61)	-

Table 13: EU CQ5 – Credit quality of loans and advances by industry							
Jun 2024 (€ 000's)		a	b	c	d	e	f
		Gross carrying amount/nominal amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which loans and advances subject to impairment		
				Of which defaulted			
160	Education	38,822	1,310	1,310	38,822	(892)	-
170	Human health services and social work activities	486,219	13,082	13,082	486,219	(6,983)	-
180	Arts, entertainment and recreation	20,674	3,061	3,061	20,674	(2,597)	-
190	Other services	244,254	53,804	53,804	244,254	(33,321)	-
200	Total	21,395,936	977,945	977,945	21,352,127	(517,489)	(137)

Note: The table includes loans and advances (with the exception of held for trading) to non-financial corporations by NACE code.

The following table provides an analysis of the Group's credit quality of loans, debt securities, and off-balance-sheet exposures, per incorporation country, before applying CCF and CRM techniques:

Table 14: EU CQ4 – Quality of non-performing exposures by geography									
Jun 2024 (€ 000's)		a	b	c		d	e	f	g
		Gross carrying amount/nominal amount					Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment				
				Of which defaulted					
010	On-balance-sheet exposures	53,834,563	1,574,213	1,574,213		53,723,692	(770,463)		(232)
020	GREECE	44,737,739	1,429,120	1,429,120		44,685,301	(640,507)		(232)
030	ITALY	2,384,902	60	60		2,384,902	(2,310)		0
040	IRELAND	779,567	685	685		721,140	(1,966)		0
050	Other Countries	1,570,685	118,490	118,490		1,570,678	(106,426)		0
060	GERMANY	1,090,110	557	557		1,090,110	(700)		0

Table 14: EU CQ4 – Quality of non-performing exposures by geography								
Jun 2024 (€ 000's)		a	b	c	d	e	f	g
		Gross carrying amount/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
				Of which defaulted				
070	UNITED KINGDOM	382,124	8,585	8,585	382,124	(6,158)		0
080	CYPRUS	393,016	8,539	8,539	393,016	(5,546)		0
090	MARSHALL ISLANDS	1,421,846	25	25	1,421,846	(375)		0
100	LIBERIA	976,702	1,444	1,444	976,702	(2,290)		0
110	SERBIA	97,872	6,708	6,708	97,872	(4,185)		0
120	Off-balance-sheet exposures	16,781,861	208,476	208,476			81,065	
130	GREECE	14,835,442	202,955	202,955			78,777	
140	ITALY	6,684	-	-			-	
150	IRELAND	1,241,876	-	-			1,684	
160	Other Countries	204,464	5,414	5,414			41	
170	GERMANY	16,037	98	98			1	
180	UNITED KINGDOM	35,698	-	-			1	
190	CYPRUS	110,089	-	-			152	
200	MARSHALL ISLANDS	93,040	-	-			65	
210	LIBERIA	238,341	9	9			344	
220	SERBIA	191	-	-			-	
230	Total	70,616,424	1,782,689	1,782,689	53,723,692	(770,463)	81,065	(232)

Note: On balance sheet exposures include loans and advances and debt securities.

The Group applies the Implementing Technical Standards (ITS) of the EBA relating to forbore loans.

The alignment of the Restructuring Policy of the Group with the relevant EBA definitions and BoG guidelines was backed up with the creation of new structures and procedures, development of new information systems, and modifications on existing applications, in order to achieve effective and reliable management of past due loans by performing viable restructurings and monitoring the effectiveness of various types of forbearance.

Forborne loans are defined as exposures arising from loan agreements that have been subject to forbearance measures. The measures are considered as a concession of the Bank to a borrower who is facing or is about to face financial difficulties in fulfilling its financial obligations. Forbearance may involve conversion of contractual terms and conditions and/or refinancing of debts.

Forbearance measures do not lead to derecognition unless the modification substantially changes the loan terms of the original contract.

Additional information regarding the Restructuring Policy as well as analysis of restructured loans per portfolio is available in the 2022 Annual Financial Report, chapter 4.4.

(link: [Piraeus Group Financial Statements](#))

As of June 30 2024, forbore loans accounted for € 1.8 bn

The following table provides an overview of the movements (inflows and outflows) of non-performing loans and advances between December 31st, 2023, and June 30th, 2024:

Table 15: EU CR2 – Changes in the stock of non-performing loans and advances		
Jun 2024 (€ 000's)		a
		Gross carrying amount
010	Initial stock of non-performing loans and advances	1,329,320
020	Inflows to non-performing portfolios	518,223
030	Outflows from non-performing portfolios	(280,840)
040	Outflows due to write-offs	(43,256)
050	Outflow due to other situations	(237,584)
060	Final stock of non-performing loans and advances	1,566,703

The following table provides an overview of foreclosed assets obtained from NPE:

Table 16: EU CQ7 – Collateral obtained by taking possession and execution processes			
Jun 2024 (€ 000's)		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	24,342	(3,397)
020	Other than PP&E	1,949,582	(209,006)
030	Residential immovable property	439,077	(24,038)
040	Commercial immovable property	1,419,753	(126,176)
050	Movable property (auto, shipping, etc.)	3	-
060	Equity and debt instruments	84,846	(53,029)
070	Other	5,903	(5,764)
080	Total	1,973,924	(212,403)

3.5. Securitization

Effective January 1st, 2019, two new securitization regulations were released, introducing a more standardized framework for securitizations issued in the EU:

- Regulation (EU) 2017/2402 (the Securitization Regulation), and
- Regulation (EU) 2017/2401 (the Securitization Prudential Regulation).

On March 31st, 2021, the European supervisory authorities introduced major changes to the securitization framework, creating a specific context for simple, transparent, and standardized (STS) securitization transactions, and amending the CRR and the Securitization Regulation to support economic recovery in response to the adverse impact of Covid-19 on the banking sector. The following regulations amending the securitization framework entered into force on April 10th, 2022:

- Regulation (EU) 2021/558 (amending the CRR), and
- Regulation (EU) 2017/557 (amending the Securitization Regulation).

A key component of the aforementioned regulations is the definition of STS transactions, which may benefit from more favorable capital treatment than other non-STS securitizations. In order to realize this benefit, institutions are required to justify compliance with STS criteria and satisfaction of the prudential eligibility tests.

If an institution intends to derecognize the securitized assets from its balance sheet, it is required to prove significant risk transfer (SRT) to a third-party, through prescribed quantitative and qualitative tests. The institution is also required to retain a minimum 5% economic interest in the securitization transaction.

According to the minimum requirements set forth in the aforementioned regulations, with reference date June 30th, 2023, there was significant transfer of credit risk from the Group's securitizations. All securitization positions for which the Group acted as an originator are risk weighted using the standardized approach (SEC-SA) according to the securitization framework, and the securitization positions that the Group acted as an investor are risk weighted using the securitization External Ratings-Based Approach (SEC-ERBA).

As of June 30th, 2024, Piraeus Group has successfully completed the following securitization transactions, for which the Group has received SRT approval. Furthermore, all synthetic securitization transactions meet the definition of STS.

- **Traditional Securitizations:**
 - Phoenix,
 - Vega I,
 - Vega II,
 - Vega III,
 - Sunrise I
 - Sunrise II, and
 - Sunrise III.
- **Synthetic Securitizations:**
 - Ermis I,
 - Ermis II,
 - Ermis III,
 - Ermis M,
 - Ermis VI, and
 - Triton.

A brief summary of these transactions is provided in the paragraphs below.

Phoenix and Vega NPE Securitization

On July 5th, 2021, the Group announced the completion of the Phoenix and Vega securitizations, with an approximate total gross book value € 6.8 bn, following the granting of all necessary approvals.

- Under Project Phoenix, the Group transferred circa € 1.9 bn non-performing retail exposures mainly consisting of mortgage loans.
- Under Project Vega I, the Group transferred circa € 1.0 bn non-performing retail exposures mainly consisting of mortgage loans.
- Under Project Vega II, the Group transferred circa € 2.3 bn NPEs mainly consisting of business loans.
- Under Project Vega III, the Group transferred circa € 1.6 bn NPEs mainly consisting of business loans.

All transactions are covered by the Hellenic Asset Protection Scheme (HAPS, or "Hercules") pursuant to Law 4649/2019.

Sunrise Plan

The Sunrise I, Sunrise II and Sunrise III NPE securitization transactions were completed on September 20th, 2021, December 27th, 2021, and December 22nd 2023 respectively, with an approximate total gross book value € 10.4 bn, following the granting of all necessary approvals.

- Under Project Sunrise I, the Group transferred circa € 7.2 bn NPEs mainly consisting of mortgage loans, SME loans, consumer loans, and business loans.
- Under Project Sunrise II, the Group transferred circa € 2.7 bn NPEs mainly consisting of mortgage loans, SME loans, consumer loans, and business loans.
- Under Project Sunrise III, the Group transferred circa € 0.5 bn NPEs mainly consisting of mortgage loans, SME loans, consumer loans, and business loans.

Ermis Synthetic Securitizations

The Ermis I and Ermis II synthetic securitization transactions received all necessary regulatory approvals and became active for measuring capital requirements in FY 2021, while the Ermis III, Ermis M, and Ermis VI synthetic securitization transactions received regulatory approvals and became active for measuring capital requirements in FY 2022. The gross securitized amount from these transactions sums to € 5.8 bn. All five transactions were structured to meet the requirements of Article 270 of EU Regulation 2017/2401 for STS, in order to apply Article 262 of EU Regulation 2017/2401 when calculating the risk weight of the senior, unprotected tranche retained by the Group.

- Under Project Ermis I, the Bank purchased credit protection on a reference portfolio of € 1.3 bn of performing loans to small businesses, SMEs, and larger corporates.
- Under Project Ermis II, the Group purchased credit protection on a reference portfolio of € 1.1 bn of performing loans to small businesses, SMEs, and larger corporates.
- Under Project Ermis III, the Group purchased credit protection on a reference portfolio of € 541 mn of SME loans.
- Under Project Ermis M, the Group purchased credit protection on a reference portfolio of € 1.5 bn of performing residential mortgage loans.
- Under Project Ermis VI, the Group purchased credit protection on a reference portfolio of € 1.4 bn of performing loans to SMEs and large corporates. For this transaction, the Group applies the treatment described in Article 3 of the CRR, choosing to increase the risk weight of the senior unprotected tranche by 3%.

Triton Synthetic Securitization

The Triton securitization transaction on performing shipping loans received all necessary regulatory approvals and became active for measuring capital requirements in H1 2022.

Under Project Triton, the Group purchased credit protection on a reference portfolio of \$ 0.6 bn of performing shipping loans. The transaction was structured to meet the requirements of Articles 26b to 26e of EU Regulation 2017/2402 as amended by 2021/557 for STS on-balance sheet securitizations, in order to apply Article 262 of EU Regulation 2017/2401 when calculating the risk weight of the senior, unprotected tranche retained by the Group.

Investment in securitization positions

On June 30th 2024, the Group held investments in collateralized loan obligations (CLOs) with a total carrying amount of € 509 mn.

Finally, no securitization positions exist in the trading book (therefore these positions are not subject to general interest rate risk calculations), and thus the disclosure of table EU SEC2 (Securitization exposures in the trading book) does not apply.

The table EU SEC1 details the total non-trading book securitization exposures split by exposure type that Piraeus Group has securitized and acted as originator. Each table provides a breakdown by traditional and synthetic as well as STS and non-STS securitization transactions. The originator columns (a-g) also contain retained positions (i.e. 5% of mezzanine and junior notes under the traditional securitization and 100% of senior notes under the synthetic securitizations) where Piraeus Group achieves SRT.

Table 17: EU SEC1 – Securitization exposures in the non-trading book													
Jun 2024 (€ 000's)		a	b	c	d	e	f	g	l	m	n	o	
		Institution acts as originator							Institution acts as investor				
		Traditional				Synthetic		Sub-total	Traditional		Synthetic	Sub-total	
		STS		Non-STS			of which SRT		STS	Non-STS			
			of which SRT		of which SRT								
1	Total exposures			61,434	61,434	3,750,453	3,750,453	3,811,887		509,003		509,003	
2	Retail (total)			36,423	36,423	947,140	947,140	983,564					
3	residential mortgage			36,423	36,423	947,140	947,140	983,564					
4	credit card												
5	other retail exposures												
6	re-securitization												
7	Wholesale (total)			25,011	25,011	2,803,312	2,803,312	2,828,323		509,003		509,003	
8	loans to corporates			25,011	25,011	2,803,312	2,803,312	2,828,323		509,003		509,003	
9	commercial mortgage												
10	lease and receivables												
11	other wholesale												
12	re-securitization												

Notes:

1. The exposure value corresponding to the senior notes of Phoenix, Vega I, Vega II, Vega III, Sunrise I, Sunrise II and Sunrise III are depicted under exposures to central governments (see table EU CR5), as they are secured under the Hellenic Asset Protection Scheme ("Hercules").
2. The table includes amounts deducted from regulatory own funds amounting to € 49 mn.
3. The table does not include purchased credit protection amounts under Ermis I, Ermis II, Ermis V, Triton, Ermis III, and Ermis VI synthetic securitization programs
4. The table includes mezzanine notes retained by the Bank as per CRR framework under the synthetic securitization programs. The remaining values of the mezzanine notes amounting to € 1.7 mn (purchased credit protection amount) are not included in the above figures.

The table EU SEC3 presents the retained exposures (i.e. 5% of mezzanine and junior notes under the traditional securitization and 100% of senior notes under the synthetic securitizations) and the associated capital requirements in the non-trading book securitizations where the Group acts as originator. The exposure values are broken down by risk-weight bands (columns a-e). Additionally, the exposure values, risk weighted exposure amounts, and capital requirements are presented separately for each regulatory RWA calculation approach (columns f-q). All the above-mentioned values are horizontally broken down into traditional or synthetic transactions, securitizations or re-securitizations, and retail or wholesale, and a specific column is dedicated to STS for traditional transactions.

Table 18 : EU-SEC3 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as originator or as sponsor											
Jun 2024 (€ 000's)	a	b	c	d	e	h	i	l	m	p	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)		RWEA (by regulatory approach)		Capital charge after cap	
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to 1250% RW	1250% RW/ deductions	SEC-SA	1250%/ deductions	SEC-SA	1250% RW	SEC-SA	1250% RW
1 Total exposures	3,750,453	0	54,998	6,436		3,811,887		598,673		47,894	
2 Traditional transactions			54,998	6,436		61,434		105,395		8,432	
3 Securitization			54,998	6,436		61,434		105,395		8,432	
4 Retail underlying			32,571	3,852		36,423		64,196		5,136	
5 Of which STS											
6 Wholesale			22,427	2,584		25,011		41,199		3,296	
7 Of which STS											
8 Re-securitization											
9 Synthetic transactions	3,750,453	0				3,750,453		493,277		39,462	
10 Securitization	3,750,453	0				3,750,453		493,277		39,462	
11 Retail underlying	947,140					947,140		96,976		7,758	
12 Wholesale	2,803,312					2,803,312		396,301		31,704	
13 Re-securitization											

Notes:

1. The table includes amounts deducted from regulatory own funds amounting to € 49 mn.
2. Columns f, g, j, k, o and n (SEC-IRBA) are not disclosed as the Group does not apply the SEC-ERBA and internal ratings-based approaches for securitization risk.

The table EU SEC4 presents the purchased non-trading book securitizations, where the Group acts as an investor:

Table 19: EU-SEC4 – Securitization exposures in the non-trading book and associated regulatory capital requirements - institution acting as investor											
Jun 2024 (€ 000's)	a	b	c	d	e	g	i	k	m	o	q
	Exposure values (by RW bands/deductions)					Exposure values (by regulatory approach)		RWEA (by regulatory approach)		Capital charge after cap	
	≤20% RW	>20% to 50% RW	>50% to 100% RW	>100% to <1250% RW	1250% RW/ deductions	SEC-ERBA (including IAA)	1250%/ deductions	SEC-ERBA (including IAA)	1250% RW	SEC-ERBA (including IAA)	1250% RW
1 Total exposures	509,003					509,003		101,801		8,144	
2 Traditional transactions	509,003					509,003		101,801		8,144	
3 Securitization	509,003					509,003		101,801		8,144	
4 Retail underlying											
5 Of which STS											
6 Wholesale	509,003					509,003		101,801		8,144	
7 Of which STS											
8 Re-securitization											
9 Synthetic transactions											
10 Securitization											
11 Retail underlying											
12 Wholesale											
13 Re-securitization											

Notes: Columns f, h j, l, n and p are not disclosed as the Group does not apply the standardized and internal ratings-based approaches for securitization risk.

The table EU SEC5 presents the outstanding nominal amounts where the Group acts as originator or sponsor, along with exposures which have been classified as defaulted according to Article 178 of the CRR and their associated specific credit risk adjustments in accordance with Article 110 of the CRR. The amounts are broken down by the exposure type of the securitized exposures. The outstanding nominal amounts shown correspond to the Group's underlying securitized loans through the securitization programs.

Table 20: EU-SEC5 – Exposures securitized by the institution - Exposures in default and specific credit risk adjustments

Jun 2024 (€ 000's)	a	b	c
	Exposures securitized by the institution - Institution acts as originator or as sponsor		
	Total outstanding nominal amount		Total amount of specific credit risk adjustments made during the period
		Of which exposures in default	
1 Total exposures	20,247,986	13,886,469	0
2 Retail (total)	10,831,013	8,217,931	0
3 residential mortgage	10,831,013	8,217,931	
4 credit card			
5 other retail exposures			
6 re-securitization			
7 Wholesale (total)	9,416,973	5,668,537	0
8 loans to corporates	9,416,973	5,668,537	
9 commercial mortgage			
10 lease and receivables			
11 other wholesale			
12 re-securitization			

3.6. External Credit Assessment Institutions

Piraeus Group uses external credit ratings from the following institutions for regulatory capital calculation purposes, under the Standardized Approach for Credit Risk and the CRD IV:

- Moody's Investors Service,
- Fitch Ratings,
- Standard & Poor's Rating Services, and
- ICAP Group S.A.

These institutions have been evaluated and acknowledged by the NCA as approved External Credit Assessment Institutions (ECAI).

Table 21: ECAI credit quality step mapping						
Rating Agency	1	2	3	4	5	6
Moody's Investors Service	Aaa to Aa3	A1 to A3	Baa1 to Baa3	Ba1 to Ba3	B1 to B3	Caa1 to C
Fitch Ratings	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C
Standard & Poor's Rating Services	AAA to AA-	A+ to A-	BBB+ to BBB-	BB+ to BB-	B+ to B-	CCC+ to C
ICAP Group S.A.		AAA to AA-	A+ to BBB-	BB+ to B-	CCC+ to CC-	C+ to D

The Group uses ratings by Moody's Investors Service, Fitch Ratings, and Standard & Poor's Rating Services, for the "Credit exposures against Financial Institutions" and "Credit exposures against Central Governments/Central Banks" asset classes. ICAP ratings are used for credit exposures against corporate customers incorporated in Greece, in accordance with the related requirements in the CRR.

If there are multiple ratings for a specific exposure, the Group follows the prescribed regulation in order to determine the exposure's risk weight. In particular, if for a specific exposure there are two ratings available then the rating leading to the higher risk weight is selected. In cases where there are more than two available ratings, initially the two ratings leading to the lower risk weights are chosen and then from the aforesaid two choices, the one corresponding to the higher risk weight is selected.

3.7. Capital Requirements - Standardized Approach

3.7.1. Credit Risk

The following table provides an analysis of credit risk exposures (excluding CCR and CCP exposures) after the application of CCF and CRM techniques, per regulatory exposure class, assigned to the standardized approach risk weights. Unrated items are reported separately:

Table 22: EU CR5 – Standardized approach												
Jun 2024 (€ 000's)		a	d	e	f	g	i	j	k	l	p	q
		Risk weight									Total	Of which unrated
Exposure Classes		0%	10%	20%	35%	50%	75%	100%	150%	250%		
1	Central governments or central banks	26,150,572		15,517				3,293,372	11,799	669,764	30,141,024	4,860,657
2	Regional government or local authorities			41,009							41,009	41,009
3	Public sector entities	1,639,921						319,446			1,959,366	944,111
4	Multilateral development banks	1,122,270									1,122,270	654,992
5	International organizations											
6	Institutions	409,659		520,831		120,305		595,270	913		1,646,979	328,742
7	Corporates	154,538				2,780,944		10,012,040	286,893		13,234,414	8,030,140
8	Retail exposures	30,983					2,461,899				2,492,882	2,489,395
9	Exposures secured by mortgages on immovable property				4,499,915	4,112,676	344,242	840,281	38,686		9,835,799	9,099,463
10	Exposures in default							553,689	62,301		615,989	622,121
11	Exposures associated with particularly high risk								36,455		36,455	36,455
12	Covered bonds		10,150								10,150	
14	Units or shares in collective investment undertakings	39,745		723		5,618		80,485	113		126,683	126,683
15	Equity exposures							1,319,097		39,040	1,358,137	1,325,590

Table 22: EU CR5 – Standardized approach											
Jun 2024 (€ 000's)	a	d	e	f	g	i	j	k	l	p	q
	Risk weight									Total	Of which unrated
Exposure Classes	0%	10%	20%	35%	50%	75%	100%	150%	250%		
16 Other items	1,288,291		183,133		107,174	246	4,448,724			6,027,569	5,878,479
17 Total	30,835,978	10,150	761,213	4,499,915	7,126,717	2,806,387	21,462,402	437,159	708,804	68,648,725	34,437,837

Notes: The table does not include items directly deducted from CET1 capital. Row 13 (Institutions and corporates with a short-term credit assessment) is not disclosed, as short-rate assessments are not utilized in the credit risk calculation process. Columns b (2%), c (4%), h (70%), m (370%), n (1250%), and o (Others) are not disclosed because no exposures had been assigned these risk weights as at June 30th, 2024.

3.7.2. Counterparty Credit Risk

The following table provides a comprehensive analysis of the methods used to calculate CCR regulatory requirements and the main parameters used within each method:

Table 23: EU CCR1 – Analysis of CCR exposure by approach								
Jun 2024 (€ 000's)	a	b	d	e	f	g	h	
	Replacement cost (RC)	Potential future exposure (PFE)	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA	
EU1	EU - Original Exposure Method (for derivatives)							
EU2	EU - Simplified SA-CCR (for derivatives)							
1	SA-CCR (for derivatives)	82,740	160,143	1.4	432,199	340,036	329,760	223,658
2	IMM (for derivatives and SFTs)							
3	Financial collateral simple method (for SFTs)							
4	Financial collateral comprehensive method (for SFTs)				2,710,533	112,267	112,267	23,623
5	VaR for SFTs							
6	Total				3,142,731	452,302	442,027	247,281

Note: The values above exclude trade exposures to CCPs, as per the most recent EBA mapping guidelines. Rows 2a, 2b, and 2c and column c are not disclosed as the Group does not apply the internal models method for CCR.

The following table provides an analysis of the Group's exposures and capital requirements to CCP arising from transactions, margins, and contributions to default funds:

Table 24: EU CCR8 - Exposures to CCPs			
Jun 2024 (€ 000's)		a	b
		Exposure value	RWEA
1	Exposures to QCCPs (total)		1,881
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	83,938	1,679
3	(i) OTC derivatives	64,186	1,284
4	(ii) Exchange-traded derivatives	19,753	395
5	(iii) SFTs		
6	(iv) Netting sets where cross-product netting has been approved		
7	Segregated initial margin	211,888	

Table 24: EU CCR8 - Exposures to CCPs		
Jun 2024 (€ 000's)	a	b
	Exposure value	RWEA
8 Non-segregated initial margin		
9 Prefunded default fund contributions	6,886	202
10 Unfunded default fund contributions		
11 Exposures to non-QCCPs (total)		
12 Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which		
17 Segregated initial margin		
18 Non-segregated initial margin		
19 Prefunded default fund contributions		
20 Unfunded default fund contributions		

Note: Rows 12-20 are not disclosed as the Group does not have any exposures to non-QCCPs as at June 30th, 2024.

The following table provides an analysis of the CCR exposures (excluding CCP exposures and default fund contributions) after the application of CRM techniques broken down by standardized approach risk weights and regulatory asset classes:

Table 25: EU CCR3 – Standardized approach - CCR exposures by regulatory portfolio and risk							
Jun 2024 (€ 000's)	a	e	f	h	i	j	l
	Risk weight						Total exposure
Exposure Classes	0%	20%	50%	75%	100%	150%	
1 Central governments or central banks	50,037						50,037
2 Regional government or local authorities							
3 Public sector entities							
4 Multilateral development banks							
5 International organizations							
6 Institutions		128,687	43,205		835		172,727
7 Corporates			24,595		186,705	7,630	218,930
8 Retail				334			334
9 Institutions and corporates with a short-term credit assessment							
10 Other items							
11 Total exposure value	50,037	128,687	67,800	334	187,540	7,630	442,027

Notes: Columns b (2%), c (4%), d (10%), g (70%), and k (Others) are not disclosed because no exposures have been assigned these risk weights as at June 30th, 2024. Row 9 (Institutions and corporates with a short-term credit assessment) is not disclosed, as short-rate assessments are not utilized in the CCR calculation process.

The following table provides a breakdown of all types of collateral, within the Group (cash, sovereign debt, corporate bonds, etc.) posted or received by the Group to support or reduce CCR exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP:

Table 26: EU CCR5 – Composition of collateral for CCR exposures								
Jun 2024 (€ 000's)	a	b	c	d	e	f	g	h
	Collateral used in derivative transactions				Collateral used in SFTs			
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
Collateral Type	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1 Cash – domestic currency	1,095,292	31,227	211,374	5,961		1,983,088		626,687
2 Cash – other currencies			514			1,785		
3 Domestic sovereign debt						320,015		310,687
4 Other sovereign debt						302,429		1,734,231
5 Government agency debt								
6 Corporate bonds								33,081
7 Equity securities								
8 Other collateral								
9 Total	1,095,292	31,227	211,888	5,961		2,607,317		2,704,685

4. Environmental, Social, & Governance Risks

4.1. Introduction

Environmental, Social, and Governance (ESG) risks refer to the potential negative financial and non-financial impacts that an organization's activities may have on the environment and society, as well as the organization's long-term sustainability, reputation, and brand. ESG risks, and in particular climate-related risks, is a topic of increasing importance in the financial industry. As these risks have proven to translate to material losses in recent years, there is more focus from institutions to integrate ESG risk strategy, monitoring, and measurement into their business models and from regulatory authorities to develop a robust supervisory framework to ensure these risks are effectively managed.

The ESG risks of the European Union's Member States are regulated by the EBA, the European Securities and Markets Authority (ESMA), and the European Insurance and Occupation Pensions Authority (EIOPA). While for the nations that also belong to the Eurosystem, these risks are further regulated by the ECB/SSM. Moreover, it is noted that stepping up efforts to address climate change is one of the key supervisory priorities for the SSM.

4.2. Environmental risk

4.2.1. Business strategy and financial planning

Piraeus Group has a Sustainability strategy, to promote, through the subsidiary Piraeus Bank, responsible and sustainable banking, by adopting criteria in its actions concerning the environment, social cohesion, and governance that combine growth and economic performance with social and environmental sustainability. The Strategy is formulated in line with the Paris Agreement, the Sustainable Development Goals (SDGs), and the UN Principles for Responsible Banking (PRB). Piraeus Group emphasizes four dimensions:

- **Reach net zero in own operations** by monitoring and managing environmental impact closely, investing in operational efficiency solutions, and sourcing 100% renewable energy for the Piraeus Bank buildings
- **Steer portfolio towards net zero by 2050** or sooner by focusing on the carbon-intensive sectors and measuring alignment of lending with our climate and nature solutions
- **Support and advise clients in line with a carbon neutral and nature positive economy** by accelerating the green economy, financing transition, and pioneering financing for new technologies and business models
- **Manage climate and nature risks** by fully integrating climate and environmental risks in the risk management framework and by helping clients protect their business from climate, societal and governance related risks, providing advice, and financing their transition

As part of its Sustainability strategy, Piraeus Group promotes responsible and sustainable banking by adopting ESG criteria and has embarked on preparing an Energy Transition Plan that will support its clients in moving to a low carbon economy. Piraeus Group has started its journey to become net-zero by 2050 at the latest and has defined intermediate science-based targets (by 2030). As it aspires to align its loan and investment portfolios to become net zero, the Group committed to SBTi, and submitted targets that were validated in December 2022 and has been taking action and monitoring progress since then.

In line with Greece's national climate targets as stipulated with the legislative framework in force (National Climate Law), the Bank has committed to Zero new investments in new coal mines or/and expansion of existing mines, as part of its exclusion list's enhancement (as described in more detail in Section 4.2.7).

Therefore, Piraeus Group has a clear commitment to sustainability and attaches importance to social and environmental considerations, including climate change. It supports sustainable operations, integrating sustainability criteria into its financing processes, such as RES projects, green buildings, and clean transportation projects.

Project Proteus

Following the ECB's "Guide on climate-related and environmental risks: Supervisory expectations relating to risk management & disclosures", in late 2020 Piraeus Group initiated Project Proteus and allocated resources to align with the 13 expectations of the Guide. Project Proteus' mandate is to integrate ESG risks, initially focused on climate-related and environmental risks (C&E risks), within all functions of the bank. The cross functional governance structure facilitates effective and timely decision-making related to C&E risks, permits the holistic monitoring and implementation of Project Proteus, and ensures Piraeus Group's operational readiness to participate in dedicated regulatory exercises (e.g., Fit for 55 and other regulatory exercises).

The Group, through Project Proteus, identified the business functions across all Three Lines of Defense related to or affected by C&E risks and the respective policies in order to map any gaps and ensure that climate and ESG aspects are incorporated accordingly. Within this framework, the review of Group policies took place through separate working groups per function, to support the responsible Business Units in reviewing policies under their ownership through a C&E lens.

A project plan, as defined in the ECB roadmap, with the underlying work programs, has been submitted to the supervisor, while several updates regarding the progress performed are communicated accordingly. Working groups included the participation of executives who contributed to the Group's smooth transition to the new requirements and the integration of supervisory expectations into its operations. The eight working groups' managers work together with the Project Management Office (PMO) team. A dedicated Steering Committee, chaired by the Group CRO and comprised of executive members across key functions of the Group, has the oversight of the Project. Overall, focus has been placed on redefining and enhancing processes, data management systems, policies, and frameworks, raising awareness and building a robust climate and ESG risks governance. The developments and progress achieved through this project are further detailed per area in the following sections.

Piraeus Group's dedicated Climate Strategy

Under the dedicated Project Proteus and following the Group's participation in the Science-Based Targets initiative, Piraeus Group has developed a Climate Strategy that outlines the climate governance and the framework and methodology for a net-zero pathway. The Strategy also structures the mobilization of private and institutional capital toward investments that facilitate climate change mitigation and adaptation, and the transition to a low-carbon economy. Specific key performance indicators are being selected for monitoring and disclosing the identified climate-related risks and opportunities, aligned with mandatory or voluntary reporting disclosures (e.g., Corporate Sustainability Reporting Directive (CSRD), Task Force on Climate-related Financial Disclosures (TCFD) recommendations).

Business Plan 2024-2026

In February 2024, Piraeus Group published its business plan estimates for 2024-2026. The core of the Group's strategy is to leverage its position as a driving force of growth and innovation for the Greek economy by financing creditworthy investment plans, providing liquidity to businesses, supporting its customers and people, and continuing to create added value for its shareholders.

Over the past few years, Piraeus Bank has been diligently laying the groundwork for a resilient, fully de-risked, and sustainably profitable bank. Building on the transformative success of Project Sunrise completed in 2021 and the strategic initiatives undertaken in 2022 and 2023 to strengthen Piraeus Bank's profitability profile, the 2024-2026 business plan is positioned to set distinct strategic priorities for the medium term. These initiatives have been designed to support stakeholders' confidence in the prospects of the Group's franchise, marking a significant step forward in the Group's commitment to sustained growth and stability.

In addition to the financial performance targets, the Group is actively exploring new commercial and strategic initiatives. These initiatives include a heightened focus on wealth asset management, real estate management, energy transition business building and capitalising on digital ecosystem commercial opportunities. Concurrently, the Group is enhancing its digital offering and value proposition. The Energy Transition Project comprises a concrete commercial program/action plan, which will allow the Group to assume a front running role in its clients' transformations to build a better and more sustainable economy. The Group will leverage a structured approach and build a deep understanding of the specific needs of each sector with priority focus on power generation, real estate/buildings, and agriculture, as well as tailored approaches to support small businesses and individuals.

Beyond financial performance, the Group is committed to advancing sustainable banking. The Group is systematically establishing the infrastructure, policies, and strategies that integrate ESG criteria into its operations. This commitment aligns with the Group's goal to contribute maximally to the Paris Climate Agreement's targets and the United Nations' Sustainable Development Goals (SDGs).

Also, the Group in the context of its Business Plan has further incorporated several actions related to C&E aspects, aiming to ensure that on a forward-looking basis its business model and portfolio will be diversified to be aligned with its net zero strategy. More specifically, the Group has integrated in its Business Plan its commitment to the development of sustainability products, measuring, also, specific indicators (e.g., sustainable loan disbursements, green asset ratio, % of eligible activities, etc.) and setting relevant targets.

In this pathway, the Piraeus Group outlined its updated business plan estimates for the period of 2024-2026. The aspiration set forth for 2030 includes increasing the volumes of its sustainable financing from €2.7 bn, exceeding €10 bn. Furthermore, it aims to enhance the green funding from €0.5 bn to a figure surpassing €5 bn. Additionally, there is an anticipation for the elevation of its sustainable assets under management, escalating from €0.3 bn to a number exceeding €1.5 bn.

4.2.2. C&E opportunities and targets identified by Piraeus Group over the short, medium, and long term

Piraeus Group understands the environmental dimension of sustainability as the management over time of the impacts, risks and opportunities linked to the battle against climate change, the transition to a low-carbon economy and the protection and regeneration of natural capital.

The time horizon is divided up into intervals and relevant risk factors are simulated for each interval. The short-term horizon is defined by Piraeus Group as the one-year period, where the Group performs the materiality assessment of all risk drivers and key risks that it has identified (by taking into consideration the environment in which it operates and its business model) and focuses on delivering its short-term strategic agenda. This is done on an annual basis. During the Group's Risk Identification 2024, climate-related risks have been identified both as risk drivers into many key risk categories, as well as a standalone risk subcategory under ESG & Climate-related Risks.

The medium-term horizon for Piraeus Group is the period between two to five years. It is linked to the Group's strategic aspirations, subject to the expected macro-economic conditions.

The long-term horizon for Piraeus Group is defined as the period after five years. To proceed with a long-term assessment, beyond the typical business planning horizon for corporate clients, a longer period (greater than five years) is required to capture climate related risks, for assessing the resilience of the current business model against a range of possible future scenarios relevant to estimate climate-related and environmental risks.

Piraeus Group recognizes that climate-related risks are expected to intensify in the longer term, and thus, is launching initiatives to take due account of climate change and environmental considerations in the business targets, strategies, risk management and decision-making process.

All strategic decisions related to material climate-related and environmental factors are gradually integrated into the institution's policies. For instance, Piraeus Group has already updated its credit policy framework, incorporated climate-related and environmental considerations into its business planning, budgeting, and Risk Appetite Framework (RAF) procedures, and has augmented its risk reports with additional ESG-related metrics and KPIs.

Based on Piraeus Group's ESG Strategy, the Group has set several targets. More specifically:

- **Inclusive, Healthy Economies and Economic Convergence:** The following targets have been set as part of the Business Plan 2024-2026:
 - Credit expansion driven by business loan demand, with contribution from the Recovery and Resilience Facility (RRF) and structural funds programs.
 - Approximately € 29 bn new loan disbursements to businesses and households in the three-year period, leading to net credit expansion of approximately € 6 bn.
 - Relying on core business strengths and leading market presence to capture new business opportunities arising from the economic landscape and digitization.
 - Leading a positive impact in sustainability to support the financing needs of the country in energy transition with an ambition of: € 5bn energy transition financing by 2026, € 1.5bn in green funding (depos & bonds) by 2026 and approximately, € 0.6 bn in assets under management in-house mutual funds.
- **Climate:** The following targets have been set:
 - Piraeus Bank aspires to align its loan and investment portfolios to be net-zero. The Group committed to SBTi and submitted 2030 targets that were validated in December 2022. The financed emissions targets are for below 2°C and refer to nine asset classes representing well over 50% of total financed emissions.

- Electricity in the Bank's buildings is 100% sourced from renewables, leading to zero Scope 2 emissions (market-based) from 2020 and onwards. A target of 73% reduction of Scope 1 and Scope 2 (2019 reference year) emissions by 2030 has also been set under the SBTi

Piraeus Group also participates in a wide variety of global initiatives for sustainability. Acquiring knowledge from these participations, Piraeus Group has developed a methodology (the PHYSIS toolkit), based on existing databases to assess impacts of its financing on biodiversity. In 2023, Piraeus Group completed its first assessment of impacts of business portfolios on terrestrial ecosystems, freshwater ecosystems, and marine ecosystems. The output is expressed in Potentially Disappeared Fraction of species (PDF) per Km² per year (PDF-Km²-year). Additionally, avoided biodiversity loss for 2022 was estimated from RES projects of the electricity production sector.

4.2.3. Current and future C&E investment activities and sustainable financing

Piraeus Group has recognized the opportunity of ESG investments as stable & safe and in line with its new Sustainability Policy, its Climate Change Strategy and the new ESG Strategy and Business Plan.

ESG Mutual Funds

Piraeus Asset Management MFMC is a subsidiary of Piraeus Group and a member of the PRI initiative (Principles for Responsible Investment). As part of the completion of its annual PRI assessment, the company achieved excellent results and high scores. This internationally acclaimed assessment recognizes the effectiveness of the company's policies and procedures in promoting transparency, promotion, acceptance and application of the Principles for Responsible Investment within the asset management industry.

Finally, the company contributed significantly to the integration of adverse sustainability impacts at Piraeus Bank Group level (PAI Policy).

The above initiatives demonstrate in practice the commitment of Piraeus Asset Management MFMC to the adoption of ESG principles in asset management. As a result of the above strategy, the Company currently manages more than €300 million in Article 8 SFDR Mutual Funds (as of 30.06.2024), conquering its leading position in the Greek market.

Green Bond Framework

Piraeus published its inaugural Green Bond Framework in September 2021. Since then, regulations have evolved and Piraeus aims to incorporate all these developments in its Framework in order to reinforce its transparency on the commitment to a sustainable finance market. In 2024, Piraeus Group reviewed the Piraeus Group Green Bond Framework, under which it will issue green bonds and use the proceeds to finance the low-carbon economy transition in Greece. The Green Bond Framework will support the Group's ambition to align its business strategy with the needs of individuals and the goals of society, as depicted in the SDGs and the Paris Climate Agreement. The Framework is based on principles and guidelines introduced by the Green Bond Principles of the International Capital Markets Association (ICMA) published in May 2024.

The 2024 Green Bond Framework represents an update in order to align with the latest best market practices, Piraeus' sustainable strategy and regulatory developments, in particular the EU Taxonomy and the EU Green Bond Standard, on a best effort basis.

This Framework applies, from the moment of its publication, to any future issuance of green bonds, across the capital structure, including senior unsecured bonds, subordinated bonds and senior secured bonds such as covered bonds, via public or private placements. Issuance of Green Bonds by either of the two issuers (Piraeus Financial Holdings S.A. and Piraeus Bank S.A.) aim at (re)financing Eligible Green Assets and contributing to achieving a carbon neutral Europe by 2050, which is a legally binding target prescribed in the recent EU Climate Law, the cornerstone of the European Green Deal.

The Framework defines eligibility criteria in three green areas:

1. Renewable energy power generation
2. Green buildings
3. Energy storage
4. Energy efficiency
5. Clean transportation

Piraeus at its discretion will use an amount equal to a Green Bond's net proceeds to finance or refinance, in whole or in part, new or existing Eligible Green Assets, that have been specifically selected in accordance with the Eligibility Criteria as outlined in this Framework.

Eligible Green Assets will consist of loans to projects that meet the Eligibility Criteria that have been defined according to:

✓ the ESG policies and strategy of Piraeus as described in the Piraeus Sustainable Finance Framework, or

✓ the substantial contribution criteria on eligible economic activities according to the EU Taxonomy Regulation as indicated in the following table, where possible and relevant.

In addition the Criteria are also based on priorities of the National Recovery and Resilience Plan, and current market best practices.

In July 2024, Piraeus successfully issued a new €650 million Green Senior Preferred Bond at a yield of 4.625%, attracting the interest of a large number of institutional investors.

Sustainable Finance

The fields of energy transition and sustainable banking comprise some of the primary focus areas of the Group for 2024-2026. The Group has a dedicated unit, Development & Sustainable Banking (DSB), which designs products and services to finance and support innovative sustainable ideas, environmentally and socially responsible initiatives, and financial inclusion projects. The DSB Unit monitors national legislation and EU directives, foresees and recognizes investment opportunities, monitors evolving technology, and trains Bank executives and customers.

DSB is also responsible for conducting environmental and social risk assessments for business lending. Part of the Unit's mission involves the handling of relations with the Greek and international banking community. In addition, the unit performs feasibility studies for each financial proposal regarding RES projects and green entrepreneurship and examines, inter alia, the choice of equipment, projected cost, estimated productivity, and experience of the installer, etc. It also creates sustainable financial or banking products that incorporate the regulations stated by the EU and National Framework. Part of the Unit's mission is also the handling of relations with the Greek and international Development Organizations such as the Hellenic Development Bank, the European Investment Bank, and the European Investment Fund.

Overall, the Group's exposure to Sustainability Green Loans amounted to €3.0 bn at the end of June 2024.

Sustainability – Linked Loans

As part of its strategy for supporting the sustainable development of the Greek economy and aligning its operations with the Principles for Responsible Banking, Piraeus Bank has established a dedicated Sustainability-Linked Framework, that describes the methodology for the application of ESG metrics to certain corporate loans, combining growth and profitability alongside social and environmental sustainability criteria.

To assist in examining each borrower's overall ESG profile and suggest indicative Key Performance Indications and Sustainable Performance Targets aligned with the borrower's ESG strategy, Piraeus Bank has created an ESG questionnaire, using the following sustainability reporting frameworks:

- the GRI Standards, which contains widely adopted industrial standards for sustainability reporting
- the SASB Standards
- the European Sustainability Reporting Standards (ESRS)
- the Athex ESG Reporting Guide
- the ICMA Registry for KPIs for Sustainability-Linked Bonds, a list of some 300 KPIs per sector, sub-sector and sustainability theme

The key elements of the framework are outlined below:

- **Key Characteristics (Structure) of an SLL:** The framework lays down specific criteria on the key characteristics of an SLL in terms of the loan type, currency, loan amount, use of proceeds, maturity and applicable spread.
- **Eligibility of corporate clients to receive an SLL:** The framework prescribes that, subject to a relevant credit assessment, any type of borrower may receive SLL regardless of their sector, geography or level of sustainability maturity under the condition that the borrower is able to provide the strategic elements necessary for the structure to be aligned with the framework.
- **Identification of Key Performance Indicators (KPIs):** The framework describes the established process for the selection of appropriate KPIs based on specific criteria, the applicable due diligence process as well as the key components of KPIs definition.

- **Setting of Sustainability Performance Targets (SPTs):** The process established for the setting and calibration of SPTs (e.g., through benchmarking) is outlined within the SLL framework.
- **Verification of SPTs:** The SLL framework sets out the process for the monitoring of the client's progress and the verification of SPTs covering aspects such as the frequency of verification, the need for external opinion/ verification on SPT achievement etc.
- **Financial Incentives:** The SLL framework sets out the linkage of the achievement of the selected SPTs with the financial incentives (e.g., through the revision of interest rate/margin of the loan). Also, the potential mechanisms for that interest spread to be tied to the accomplishment of the SPTs are described.

Taking into consideration the above, Piraeus Bank continued to support borrowers in improving their sustainability performance by providing targeted financing that incorporates performance indicators related to environmental, social and governance (ESG) issues. In accordance with relevant international and EU Standards, Piraeus Bank continued in 2024 to integrate ESG criteria in the lending process for Midcaps and Large Corporates, prompting its customers to achieve measurable targets related to:

- energy efficiency improvements
- CO2 emissions reductions
- efficient water usage
- reduction and management of manufacturing waste
- recycling increases
- labor and social issues

4.2.4. Policies related to C&E business development

Sustainable Development Policy

The Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by aligning its operations with the UNEP FI Principles for Responsible Banking. It echoes the Group's overall approach to sustainable development and sets the strategic directions to support, promote, and finance sustainability.

Sustainable Finance Framework (SFF)

In line with its commitment to sustainability, the Bank has developed a dedicated Sustainable Finance Framework ("SFF") in 2024, that serves as a guide for the classification of environmental and social financial services and products as sustainable. The Framework aims to establish a clear and comprehensive methodology for identifying sustainable financing, thus facilitating the monitoring of the Bank's performance against sustainability-related strategic aspirations and targets.

For the development of the SFF, the Bank leverages on already established internal frameworks (e.g., the Green Bond Framework and the Sustainability-Linked Loans Framework) and globally or regionally recognized initiatives, standards and guidelines, market practices, including:

- United Nations Sustainable Development Goals (UN SDGs)
- International Capital Markets Association (ICMA) Guidance
 - Green Bond Principles (GBP) 2021
 - Social Bond Principles (SBP) 2021
- Sustainability-Linked Bond Principles (SLBP) 2023
- EU Taxonomy Regulation
- EC Recommendation 2023/1425 on facilitating finance for the transition to a sustainable economy

The SFF encompasses a variety of ESG-related financings in the Bank's wholesale and retail portfolios. All clients of Piraeus Group are eligible to receive sustainable financing based on the categories set out in this framework.

The SFF covers a range of financing activities including, corporate lending, trade finance and consumer lending. Piraeus Group will periodically assess the perimeter of loan products that it offers and are linked to this Framework considering developments in the sustainable finance domain (i.e., new products that might emerge, updates in supervisory guidelines etc.).

Piraeus Group has adopted a tiered approach for the identification of sustainable finance as part of its Sustainable Finance Framework. In this context, the following three major categories of sustainable financing were defined:

- Sustainable financing based on regulatory and official sector definitions (i.e., RRF green transition pillar/ Official Sector Programs that embed EU Taxonomy alignment criteria & EU Taxonomy Aligned financings)
- Transition finance based on regulatory definitions
- Other types of sustainable financing based on internal definitions established by the Bank (e.g., other official sector programs not aligned with EU Taxonomy, and financings with positive SDG contribution or financings towards ESG pure players)

ESG Investment Policy

Piraeus Group has recognized the opportunity of ESG investments as stable and safe and in line with its Sustainable Development Policy, its climate change strategy and the ESG strategy and ESG action plan. It has developed a database comprised of a significant population of observed international companies, which are analyzed based on ESG criteria as they are defined internationally. It developed a list of ESG mutual funds to shape the framework of permitted investments from which to select the best mutual fund to invest in. Currently, Piraeus Group offers Mutual Funds that are engaged in the promotion of environmental and/ or social objectives ("light green" – Article 8 as per SFDR classification system).

In order to identify the appropriate sustainability risks, the examination of material ESG factors has been incorporated into the decision-making process.

Piraeus Group has adopted a mix of ESG Investment Strategies including:

- ESG Integration
- ESG Screening

The ESG integration and management of Principal Adverse Impacts is based on:

1. Risk mitigation. The target is to reduce the exposure of a portfolio to ESG risks by adjusting valuation models, credit risk and in general by managing risk.
2. Alpha generation, which expands to the identification of companies with positive impact or companies that will benefit from sustainable macro-trends.

To assess the risk impact, a materiality exercise takes place, in order to highlight the exposure of each issuer to sustainability risks and opportunities. The magnitude of the impact and the possibility of occurrence form the material factors of each industry. SASB Materiality Map classifies companies according to their material effects distinguishing Industries through the Sustainable Industry Classification System (SICS).

The ESG Screening includes:

- Negative Screening (exclusions)
- Positive Screening
- Norms-based Screening

Piraeus Group applies firm-wide exclusion criteria (absolute and conditional). Companies that are involved in controversial weapons⁵ or violate international standards and/or international regulations (including the UN Global Compact⁶, the OECD⁷ Guidelines, and the UN Guiding Principles for Business and Human Rights⁸) are not considered for investment for direct and/or indirect investment over a specifically defined NAV threshold. The best performing

⁵ Issuers involved in the production, sale, storage of nuclear weapons of States that are non-parties to the Treaty on the Non Proliferation of Nuclear Weapons- <https://disarmament.unoda.org/wmd/nuclear/npt/>

⁶ More information can be found at <https://www.unglobalcompact.org>.

⁷ OECD: Organization for economic co-operation and development. More information can be found at <https://www.oecd.org/corporate/mne/>.

⁸ More information can be found at https://www.ohchr.org/sites/default/files/Documents/Issues/Business/Intro_Guiding_PrinciplesBusinessHR.pdf

companies or companies assessed to be undertaking the most effort to meet industry related ESG material criteria are ranked at the top of the lists and are considered as Best in Class. The norms-based screening comes in place to identify investments that comply with sustainability relevant policies, processes, standards, initiatives and frameworks (e.g. CDP, GRI, TCFD, SDGs, ILO, UNGC).

The investments team implements double materiality, combining financial statement analysis with the sustainability issues that are linked to the enterprise value. ESG material factors and risks are assessed both on a pre and post trade phase. The assessment is based on a scenario analysis altering the exposure per issuer/sector/geographic region. Sustainability risks are segregated to Environmental (E), Social (S) and Governance (G) risks. Finally, Principal Adverse Impact (PAI) indicators per issuer are taken into account and evaluated on certain thresholds on entity level (aggregate total).

Piraeus Group is an active owner, intending to be part of the investee companies' decision-making process. Regular meetings with the management teams of the investee companies are part of the investment process. As per Active Participation & Voting Rights Exercise Policy, the Company takes part on a best effort basis in the General Meetings of the Shareholders of listed companies, shares of which are included in the UCITS/UCIs under management.

4.2.5. Environmental risk governance

The Sustainable Development Policy reflects the Group's intentions for business strategies and targets that meet the UN Sustainable Development Goals and the Paris Agreement, by aligning its operations with the UNEP FI Principles for Responsible Banking. It echoes the Group's overall approach to sustainable development and sets the strategic directions to support, promote, and finance sustainability.

Piraeus Group initiated its Climate & ESG governance structure in 2022, when it established a Management Board-level oversight of strategic climate-related risk and opportunity management. In line with the commitment to put sustainability at the heart of what the Group does, its governance approach has been updated. The main purpose of updating the governance was to integrate and align ESG governance with the existing business as-usual governance of the Group. This new governance setup allows holistic steering across ESG themes, like climate, gender diversity, society and culture, human rights, and financial health and inclusion and biodiversity. The ESG governance supports a holistic approach and drives long-term value creation; it renders action for climate change and ESG a strategic priority. These changes allocate ownership and provide leadership on ESG matters, increasing effectiveness, efficiency, and accountability as Piraeus Group strives to be a banking leader in building a sustainable future for the company, the customers, shareholders, society, and the environment.

In Management Bodies involved in the Climate & ESG governance structure are briefly described below:

- **Board of Directors (BoD):** Responsible for ensuring a business model, governance arrangements, including a risk management framework that takes into account all risks, including climate-related and environmental risks and the implications of the transition to a more sustainable economy as well as exercising effective oversight. In responding to the aforementioned responsibilities, it is supported by the BoD Committees which report regularly to the BoD on issues related to their responsibilities.
- **Audit Committee:** Responsible for overseeing the integrity of the Group's financial and non-financial/ESG disclosures within the Annual Report. It monitors the adequacy and effectiveness of the internal control and risk management systems and of the Internal Audit function, also with respect to ESG-related issues (e.g., fraud, whistleblowing, violence and harassment, greenwashing, etc.).
- **Risk Committee:** Responsible for advising and supporting the BoD regarding the monitoring of the Group's overall actual and future risk strategy and risk appetite, taking into account all types of risks (including climate and ESG risks), in order to ensure that they are in line with the business strategy, objectives, corporate culture, and values of the Group. The Committee has responsibility to oversee the implementation of the Group's risk strategy and the corresponding limits set and to review a number of possible scenarios, including stressed scenarios, to assess how the Group's risk profile would react to external and internal events. In 2023, the Risk Committee reviewed the 2023 Group's Risk Identification Annual Report, including the Group's strategic approach on the front of climate-related and environmental risks, and opportunities. It subsequently approved the 2023 Risk and Capital Strategy and RAF.
- **Remuneration Committee (RemCo):** Responsible for ensuring that the Group remuneration policy is consistent with the objectives of the Group's business and risk strategy, including ESG risk-related objectives, corporate culture and values, and long-term interests of the Group. The Committee has responsibility for aligning executive directors' and senior management's remuneration with strategic priorities, including in relation to climate and sustainability matters. In 2023, following a respective proposal of the Remuneration Committee to the BoD, an amended version of the Directors Remuneration Policy was approved by the Annual General Meeting of Shareholders.

- **Board Ethics and ESG Committee:** Responsible for considering the material ethical and ESG issues relevant to the Group's business activities and for supporting the Group in maintaining its position as a reference leader in ethical and ESG (environmental, society, governance) issues. The Committee works closely, also by holding joint sessions, with the other Board Committees for ESG issues which are also related to their mandate. It is furthermore supported in its work by respective management committees of the Group, namely the ESG and Corporate Responsibility Committee of the Bank.
- **ESG and Corporate Responsibility Committee (Piraeus Bank):** In the context of the enforcement and coordination of management commitment to ESG purpose, the ESG and Corporate Responsibility Committee is established at the Bank. The Committee is chaired by the Group's CEO and is composed of all members of the Bank's Executive Committee, and two additional members, the Group General Counsel and the Bank Head of Group Cultural and Social Initiatives. The composition of the Committee, reflects the prominent role the management of the Group is expected to play in shaping the Group's approach to managing sustainability issues and integrating the Climate & ESG criteria into the Bank's strategy, recognizing that this is a key factor in ensuring long-term success and reflecting the fact that these issues are becoming materially relevant to the Group as well as to key stakeholders, such as clients and regulators.

The Committee is the management level "mirror" of the BoD Committee for ESG & Ethics matters, aiming to ensure the existence of a holistic Group ESG and Corporate Responsibility strategy plan with tangible and defined medium and long-term goals.

The purpose of this Committee is to promote and monitor Responsible and Sustainable Banking by adopting ESG criteria that combine growth and economic performance with culture, social well-being and environmental sustainability. The Committee ensures the existence of a holistic ESG strategy plan for the Group, with axes:

- The energy transition
- The zero balance of CO2 emissions (net zero)
- The strengthening and promotion of culture
- The support of women, children, and young people, as well as vulnerable social groups in matters of education employment and social stereotypes
- The promotion of governance principles with an emphasis on diversity and inclusion

Specifically, the Committee assesses, approves, recommends and monitors:

- ESG policies and strategies that harmonize the Group's governance and business decisions with the UN SDGs
- actions that contribute to the management and adaptation to the regulatory requirements on climate and environmental risks and to the reduction of the environmental footprint of both the Group and its clients/partners
- the implementation of the Group's values and the creation of a culture that strengthens the role of employees in achieving the Principles of Responsible Banking
- programmes collaborations, initiatives that promote culture and boost social cohesion
- actions that reinforce transparency, meritocracy, and corporate responsibility and strengthen the Group's extroversion

In this context, it monitors Corporate Responsibility & ESG issues and informs and/or makes recommendations to the BoD and the Ethics Committee of the Company.

The Committee meets regularly at least on a quarterly basis and on an extraordinary basis whenever required at the invitation of its Chairman. More information on ESG related issues are/will be included in the Company's Sustainability Report and other ESG disclosures.

- **Project "Proteus" Steering Committee:** A dedicated Steering Committee was established to provide direction and set the strategy for the implementation of the ECB Roadmap as well as the thematic Climate Stress Test. Furthermore, the Steering Committee has the overall responsibility for the Central Project Management Office (PMO), and:
 - defines the strategy, provides directions, and sets priorities for the implementation of the Project "Proteus" (ECB Roadmap, Climate Stress Test)

- reviews the completion status and ad-hoc information requirements and identifies potential issues
- decides and proposes mitigating actions and approves any updates that might be needed on the ECB action plan
- discusses and resolves issues escalated by the PMO regarding the implementation of the Project “Proteus”
- provides targeted direction, where needed, to PMO/workstream managers
- approves ad hoc targeted information requirements and packages for submission to the ECB, SSM, and BoG
- ensures adequate staffing for the implementation of the ECB Roadmap and Climate Stress Test

The CRO who chairs the Steering Committee regularly updates the respective BoD Committees and Executive Committee. In July 2024, the aforementioned steering committee was amended in terms of composition and scope to include additionally to the existing responsibilities, the overview of all climate and environmental/nature risks and opportunities.

- **Chief Executive Officer (CEO):** The CEO of Piraeus Group drives the Sustainability strategy and ESG agenda and is regularly updated and highly engaged in environmental and climate change issues of the Group. The CEO has driven the Group’s pledge to decarbonize the Bank’s portfolio. Piraeus Group’s CEO participates in the UNEP FI “Leadership Council”, which brings together CEOs and Chairpersons of banks and insurers and is currently involved in one of the three elected UNEP FI governance bodies.
- **Chief Risk Officer (CRO):** The CRO is responsible for the supervision of the Group Risk Management and consequently for the overall management of C&E risks that are integrated in the Risk Management Framework (RMF).
- **Chief Credit Officer (CCO):** The Group CCO is responsible for the approval of new credit criteria related to ESG and climate. The Group, under “Project Proteus”, is currently in the process of integrating specific climate criteria in the established Environmental & Social Management System and the credit due diligence.
- The **General Manager heading the Group Business Planning, IR & ESG functions**, is a member of the Executive Committee and acts as the Deputy Chair of the ESG and Corporate Responsibility Committee. The role is tasked with improving business sustainability in the Bank. The mandate focuses on crafting a sustainability agenda with tangible results and ensure that sustainability is fully embedded into every function, process and employee of the Bank. The General Manager is also charged with influencing, communicating and cutting through any complexity to allow the Group to deliver on its ESG commitments.

At the Bank level, a similar ESG governance structure at BoD and BoD Committee levels has been adopted. The sole exception is that the Board Ethics and ESG Committee is established at the level of the Parent Company. This approach provides a forum for regular and in-depth discussion of ESG issues but may present the risk of separating the discussion of ESG from the broader business, finance, and strategy discussions.

Piraeus Group has also established four units to support its commitment to sustainable and responsible banking and strengthen its ESG strategy implementation, described in the bullets below. Executives from the units collaborate on formulating action plans for the implementation of the UN Principles for Responsible Banking. The Climate & ESG strategy is further implemented by all units of the Group in the context of their responsibilities and under the umbrella of ESG culture that is being cultivated and implemented throughout the organization.

- The **Group Corporate Development & ESG Unit** is responsible for the Bank’s sustainability policies and ESG strategies and falls under Group Business Planning, Investor Relations (IR), & ESG. This unit is the established link among the BoD, the Executive Committee, and relevant units of the Bank. It is responsible for the coordination and promotion of ESG & Climate activities, supporting the work of all business units. Priority is placed in developing sustainable products and services to customers in a way to enable a commercial ESG & Climate strategy, enhancing ESG communication and disclosure to all stakeholders, and contributing to the formulation of global Climate & ESG frameworks by participating in international sustainability initiatives.
- The **Risk Strategy and ESG Risks Unit** incorporates ESG & Climate risks in the Group RMF and identifies, measures, manages, and reports them in close collaboration with the Group Planning, IR, & ESG Unit, Group Risk Management (GRM), and other Business Units. It also provides subject matter expertise on these risks in the context of risk frameworks, governance, management and measurement, stress

testing, regulatory expectations, and disclosures. Furthermore, it identifies potential areas for enhanced analysis and improvements in the management of ESG & Climate risks and their respective implementation plans and ensures appropriate information flow and progress on their roadmaps inside GRM. Finally, it participates in the development of training courses and contributes to industry dialogues, working groups, or drafting teams established with key internal and external partners.

- The **Development & Sustainability Banking Unit** is responsible for handling the relations with the Greek and international development organizations such as the Hellenic Development Bank, the European Investment Bank, and the European Investment Fund, providing financial products promoting sustainable investments and responsible entrepreneurship. Moreover, the Unit has a supplementary scope of work, that involves the integration of ESG KPIs and SPTs in the current lending products, as well as conducting environmental and social risk assessments for business lending. The Unit also performs feasibility reports for each financial proposal regarding RES projects and examines, inter alia, the choice of equipment, indicative cost, productivity estimates and experience of the installer.
- The **Cultural and Social Initiatives Unit** is responsible for the development, support and implementation of activities related to all sectors of cultural creation. This is carried out with programs and actions that promote culture, history, intellectual creation, preservation, and promotion of Greek cultural heritage, with the aim of disseminating culture and studying and developing the cultural and creative economy. The Unit prioritizes the development and strengthening of initiatives and actions based on social contribution and in particular the strengthening of education, health, and sports. Furthermore, it is responsible to assist in addressing social problems, to support humanitarian initiatives, and to support the work of social and other organizations.

Green Bond Framework Governance

As described in its Green Bond Framework, Piraeus Group established a dedicated Green Bond Working Group (GBWG), comprised of senior management representatives of products, business lines, and competence lines including Finance, Treasury, Sustainable Banking, Lending and Risk Management, ESG, and Investor Relations. The GBWG reports directly to Piraeus Group's Asset & Liability Committee (ALCO).

The GBWG will be responsible indicatively and among others for:

- assessing and pre-selecting the loans to be referenced by a specific bond
- proposing the allocation of proceeds for specific issuances and monitoring them after issuance
- implementing any Framework updates proposed by the Green Bond Committee
- ensuring that the eligible categories and related specific criteria defined in the Framework are duly applied in any project/loan selected
- reviewing and proposing any future updates to the Framework, to ensure the document is aligned with best market practices and requirements
- supervising the reporting activity of the outstanding bonds issued under this Framework
- reviewing and validating the loans pre-selected for allocation on each issuance,
- reviewing any updates to the list of loans (pre-selected from the larger Green Asset Portfolio referenced by any specific bond and reviewing the Green Bond Register
- ensuring that all loans financed by a Green Bond will undergo an environmental and social risk evaluation using Piraeus Bank's pre-existing Environmental and Social Management System (ESMS)

Sustainable Finance Framework Governance

The Group's Sustainable Finance Framework is initially approved by the Group's Executive Committee and thereafter managed by the Group's Corporate Development and ESG Unit. The management of the report entails the regular maintenance and updating of the content, to ensure that the Framework remains relevant and up to date, against any strategic or regulatory developments. To assist in the accurate maintenance, Piraeus Bank's units of Development & Sustainable Banking, Credit Policy and Risk Strategy & ESG Risks also participate in the periodic review of the Framework, by providing subject matter expert advice and ensuring the accurate categorization of financial and alignment with the latest developments.

Remuneration Policy

The Group Remuneration Policy is consistent with the corporate strategy, aiming to align the organization's interests with the interests of its stakeholders, creating value. The Remuneration Policy aims, inter alia, to:

- support a performance-driven culture, rewarding excellence and delivery of ESG goals
- embrace equal pay policy for male and female employees for equal work or work of equal value, supporting a culture of fairness

For this purpose, the Group has already integrated a set of ESG related Short-term (STIs) and Long-term Incentives (LTIs) in line with its business plan, covering also in some cases, risk-related aspects.

The Group monitors, reviews, and updates the remuneration processes and structures on a periodic basis and whenever there is a material change, so that they are continuously aligned with the evolving business objectives and regulatory framework. One of the aims set in the Remuneration Policy is to support a performance-driven culture, rewarding excellence and delivery of ESG goals.

As described in the Group's and the Directors' Remuneration Policies, under the section of the Annual Variable Incentive Schemes: "Unit or pillar performance is a key component defining the amount of variable pay; unit/pillar performance is measured by specific KPIs per area, and have targets which are agreed at the beginning of the measurement period; KPIs are defined in a consistent way, cascading down from the CEO to the ExCo Members and subsequently to lower levels; Mix of KPIs per area includes business, risk, efficiency, people and other metrics..".

The KPIs are measured and monitored by the Performance & Value Management Unit (MIS), while the governance of the process lies with Group HR.

Climate related metrics are included in the non-financial measure of Bank's balanced scorecards. They are part of an environmental, social and governance (ESG) category that incorporates broader ESG factors. Climate-related metrics incorporated in compensation frameworks include the reduction of carbon footprint, provision of sustainable finance and products, and accountability type measures such as leadership in the climate-related area.

More information regarding the Group Remuneration Policy can be found in Section 4.3.4 of this document.

Internal reporting

Over and above RAF indicators which are detailed in a subsequent section, the Group has introduced several monitoring KRIs around C&E risks, to enable close oversight and a proactive approach in managing the associated risks. Among others, these include KRIs relating to:

- exposures to sectors sensitive in terms of transition risk
- physical risk exposures for borrowers and collaterals in sectors and geographic areas that are at high risk
- financed emissions of borrowers in the sectors classified as high risk (total, scope 1, scope 2, scope 3)
- interest income, fees & commissions of borrowers in Bank's high classified sectors
- carbon intensive industries exposure (% of total loans)
- EU Taxonomy Eligibility Ratio and Green Asset Ratio
- energy efficiency of collaterals (in terms of exposure and percentage of distribution across EPC labels)

ESG special governance arrangements and related actions for the reporting year at the Bank include:

- On a monthly basis, a risk appetite monitoring report is submitted to the Bank's Risk Committee, including ESG and climate related indicators established in the 2023 RAF
- A special sub-section "ESG Risks" has been created in the structure of the Bank's Risk Committee agendas, reflecting the importance and the frequency these issues are expected to have in the BoD Risk Committee's work
- Progress on regulatory submissions and dialogue

Disclosures in accordance with the EU Taxonomy Regulation

The EU Taxonomy is a classification system, establishing a list of environmentally sustainable economic activities. It was designed to play an important role for the EU to scale up sustainable investment and implement the European Green Deal. The Disclosures Delegated Act that was adopted by the Commission in July 2021 supplements Article 8 of the EU Taxonomy Regulation, and specifies the content, methodology, and presentation of the information to be disclosed by both financial and non-financial undertakings. According to the Disclosures Delegation Act (Commission Delegated Regulation EU 2021/2178), Piraeus Group is required to disclose in 2024 its Green Asset Ratio, for both

Turnover and CapEx KPIs, in both its annual reporting and as part of its Pillar 3 report. This ratio portrays the proportion of the Bank's sustainable financings which are aligned with the EU Taxonomy as a share of total assets. Additional information regarding the percentage of EU-Taxonomy eligible financings is also incorporated within the relevant GAR Templates.

As of June 30th, 2024, Piraeus Group GAR ratio (for stock) was standing at 2.30% for the Turnover KPI, while its eligibility ratio stood at 21.07%, as reported in the relevant quantitative templates.

The Group is continuing to integrate the necessary data into its system that will allow for the categorization of various financings as sustainable and for the overall compliance with the legal obligations of reporting sustainable data, while continuing to align its business objectives with the EU Taxonomy. Its sustainable finance proposition is to continue supporting customers with the sustainability transition, taking into account the requirements of the EU Taxonomy.

4.2.6. Environmental risk identification and materiality assessment

Piraeus Group has established a comprehensive RMF to identify, measure, control, and mitigate underlying risks, including climate and environmental risks.

The annual Risk Identification (RID) process is applied to identify the relevant and material risks, by taking into consideration the environment in which it operates and its business model. The risks that are expected to have a substantive financial or strategic impact on the Group's business are deemed material. The materiality assessment has been performed on a quantitative and/or a qualitative basis. During the RID exercise, "climate change" (physical & transition risks) has been recognized as a risk driver for many key risk categories (i.e., credit, market, liquidity, operational, business & strategic, and reputational risks), while "ESG and Climate-related Risks" have also been identified as a standalone risk subcategory. Moreover, since the Group recognizes that climate change-related risks are expected to intensify in the longer term (i.e., over the next five years), it has launched several initiatives to take account of environmental considerations in the business targets, strategies, risk management, and decision-making process.

Definitions, methodologies, and international standards on which the environmental risk management framework is based

The Group identifies the climate risks as the potential negative impacts on an institution's financial health and operations, potentially caused by climate changes, such as extreme weather. In addition, environmental risks are regarded as the risks of any negative financial impact on the institution stemming from the current or prospective impacts of environmental factors on its counterparties or invested assets.

The Group considers all major climate and ESG related regulatory requirements and guides that have been published in recent years, including:

- European Banking Authority's (EBA) Action Plan on Sustainable Finance
- EBA's advice to the Commission on KPIs for transparency on institutions' environmentally sustainable activities, including a green asset ratio, etc.
- ECB's Guide on climate-related and environmental risks – Supervisory expectations relating to risk management and disclosure
- Basel Committee on Banking Supervision's (BCBS) Principles for the effective management and supervision of climate-related financial risks
- EU Taxonomy Climate Delegated Act
- ITS on prudential disclosures on ESG risks in accordance with Article 449a CRR (Pillar III Disclosures)
- Sustainable Finance Disclosure Regulation (SFDR)
- Corporate Sustainability Reporting Directive

Taking into consideration the above, the two main risk drivers associated with climate and environmental risk are commonly recognized as the following:

- Physical Risk refers to the potential financial losses a company may face as a result of changing climate conditions. These changes may be due to long-term alterations in climate patterns, referred to as chronic, or an increase in the number and severity of extreme events, often classified as acute.
 - Chronic effects: the long-term impacts on the production unit like agriculture or renewable energy sources, product demand such as ice cream, raw materials prices, and tourism appeal caused by shifts in factors like temperature, rainfall, wind speed, cloud coverage, sunlight, and water scarcity, impacting heating-cooling needs and more.

- Acute effects: the impacts of extreme events such as floods, droughts, heatwaves, severe winds, storms, waves, and forest fires on areas like production, for example agriculture, and infrastructure.
- Transition risk involves the extra expenses a company may encounter as it adapts to a more carbon-efficient economy. These risks are triggered by regulatory changes (policy and legal), the integration of new low-carbon technologies, shifts in market conditions, consumer preferences, and more.

Physical and transition risk drivers impact economic activities, which in turn impact the financial system. This impact can occur directly, through for example lower corporate profitability or the devaluation of assets, or indirectly, through macro-financial changes.

These risks also affect the resilience of an institution's business model over the medium-to-long term, and predominantly those institutions with business models that are reliant on sectors and markets which are particularly vulnerable to climate-related and environmental risks. In addition, physical and transition risks can trigger further losses, stemming directly or indirectly from legal claims (commonly referred to as "liability risk") and reputational loss as a result of the public, the institution's counterparties, and/or investors associating the institution with adverse environmental impacts ("reputation risk").

Short-, medium- and long-term effects of climate-related & environmental factors

The Group has defined a short-term, medium-term, and long-term time horizon regarding the materiality assessment. More specifically, the Group has taken into consideration the following time horizons:

- Short-term ≤ one year
- Medium-term between two and five years
- Long-term > five years

Climate Risk Classification

Piraeus Group has introduced a common language and understanding/method for decision making and for business and strategic planning regarding climate-related risks. The aim is to provide useful insights into the Group's current exposure to climate-sensitive sectors, areas, and clients and form the basis for materiality assessment in terms of credit, market, liquidity, operational, reputation & litigation, and business & strategic risks. The analysis is based on potential impact from climate-related risks on the Group's material portfolios representing the majority of its exposures (i.e., business portfolio and immovable property held as collateral), using quantitative and qualitative analyses that conclude to certain heat maps.

Classification of business portfolio

The assessment of climate risk for business portfolio, including Large Corporates, SMEs, and Small Businesses, is based on the Group's internal proprietary tool (Climabiz) and conducted according to the latest available data.

The Climabiz tool assesses in quantitative terms the climate risk (both physical and transition) of the Group's business borrowers (bottom-up approach), based on their turnover and the general operational and technical features (i.e., field of activity), for those economic sectors considered to be mostly affected by climate change and translates climate change impact to monetary terms. (For further analysis on Climabiz methodology, please refer to Section 4.2.7 of this document).

Piraeus Group has leveraged on the Representative Concentration Pathways (RCP) climate scenarios adopted by the Intergovernmental Panel on Climate Change (IPCC), and their outcome is assessed in 10-year periods.

The analysis is performed on the two main sub-categories of climate risk:

- Transition Risk due to changes in the regulatory framework, fast technology developments, changes in market conditions and the transition to a low carbon economy.

The list of climate risk drivers which have been identified and included in the sectors' assessment is presented below:

- Environmental taxation and subsidies
- Regulatory requirements (e.g., sustainability certificates, disclosures)
- Behavioral changes of consumers, suppliers, and employees
- Technological developments
- Energy and transport policies (e.g., reduction of CO₂ emissions)

For the classification of business portfolio, the transition risk score has been calculated for each sector (NACE code level 2 and/or 4) as the financial impact expressed as a percentage of sector's turnover. Based on that score, the Group has classified its business portfolio sectors in 5 categories (high, moderately high, moderate, moderately low and low).

- Physical Risk due to variations in climatic conditions-including both chronic and acute

The list of physical climate risk drivers which have been identified and included in the sectors' assessment is presented below:

- Heat waves and wildfires
- Droughts
- Riverine
- Storms
- Changing rainfall patterns
- Extreme precipitation
- Storms and storm surges
- Water stress

Based on the aforementioned analysis, the Group has classified its business portfolio sectors into three categories (high, moderate and low).

The main external data sources utilized are: Hellenic Statistical Authority, Eurostat, National Energy and Climate Plan, Network of Central Banks and Supervisors for Greening the Financial System (NGFS), Institute of Greek Tourism Confederation, Greek Payment Authority of Common Agricultural Policy.

This analysis helps the Group to support its clients in their climate transition, focus on supporting a green economy, and financing their energy transition (Energy Transition Project), as well as to take measures against upcoming potential physical risks from extreme or chronic events.

Classification of immovable property held as collateral

An additional analysis for climate risk of immovable property used as collateral (consisting of both Commercial and Residential Real Estate exposures, securing both business and retail portfolios in all geographical areas of Greece) is performed on the two main sub-categories of climate risk:

- Transition Risk

For this type of risk, the Group has examined the Energy Performance Certificate (EPC) label distribution of the said collaterals. The analysis relies on data collected from clients and on proxies (internal scoring model), assigning EPC labels to the eligible part of the Group's collateral pool.

The score of transition risk is based on the EPC label, resulting in three categories (high, moderate, and low).

- Physical Risk

For this type of risk, the Group has analyzed the impact of various climate hazard events on collaterals' geographical areas (NUTS3). This analysis aims at the assessment of the impact of certain acute climate events (indicatively fluvial flood, coastal flood and wildfire) on the Group's collaterals (immovable property).

The methodology applied is a combination of historical data and future projections and is based on NUTS3 level relying on official and publicly available databases and RCP8.5 climate scenario (using 10-year periods).

The final physical risk score of geographical areas is based on the percentage of buildings being affected in each area, resulting in three categories (high, moderate and low).

This analysis helps the Group to support its clients in their climate transition, focus on supporting a green economy, and financing the energy performance efficiency of their properties, as well as to optimize the value of its collaterals by requiring insurance protection for certain hazards.

The consumer portfolio is excluded from this analysis due to its low materiality, stemming from its low exposures and short-term maturity, which makes it less relevant for climate change impact analysis.

Materiality Assessment

Based on the internal classification methodology described above, the Group has conducted an analysis to determine the materiality of the impact of C&E risks on its main risk categories. The Group aims to calculate the potential impact of Climate & Environmental Risks on the main risk categories, taking into account its cross-cutting nature and its materialization through various transmission channels.

The outcome of the materiality assessment is summarized in the following table per risk type and also distinguished per horizon i.e., short, medium and long-term (the outcome for environmental risk covers all time horizons).

Group's main Risk Categories	Outcome of Climate Risk Materiality Assessment				Outcome of Environmental Risk Materiality assessment	
	Short-term horizon (≤ 1 year)		Medium-/Long-term horizon (2-5 years / >5 years)		Across time horizons	
	Material Impact	Immaterial Impact	Material Impact	Immaterial Impact	Material Impact	Immaterial Impact
Credit Risk	✓		✓			✓
Market Risk		✓		✓		✓
Liquidity and Funding Risk		✓		✓		✓
Operational Risk		✓	✓			✓
Reputation & Litigation Risks		✓	✓			✓
Business & Strategic Risk	✓		✓			✓

Table 1: Summary of materiality assessment outcome per risk type along with horizons

More specifically, the following analyses were conducted:

- Credit Risk:** As mentioned above, for the materiality assessment of its business portfolio (as defined by the Non-Financial Corporate -NFC perimeter), the Group analyzed its exposure in high- and moderately high-risk sectors both in terms of physical and transition risk, their distribution across asset classes and business lines, the average weighted maturity of these exposures, and their credit quality as well as the existence or not of counterparties' transition plans.

For the materiality assessment of its real estate exposures (CRE or RRE immovable property held as collateral), and with regard to transition risk, the Group also analyzed other loan specific factors (e.g., energy efficiency of real estate collateral, business segment). The same applies to the assessment of physical risk where apart from the collateral pool's distribution in high-risk geographical areas, other factors were also taken into account (e.g., loan to value ratio, insurance coverage for extreme events).

Based on the above analysis, the increase in risk profile from both physical and transition risks, is considered material across the loan portfolios examined (excluding unsecured retail exposures) and all-time horizons (short, medium and long), as the effects of climate change are expected to intensify.

- Market Risk:** For the materiality assessment of the Market Risk, the methodology followed is aligned with the one described under the Transition and Physical risks of business loan portfolio, meaning that the analysis focuses on sectors identified as High risk. The analysis determined that Piraeus Group's trading book contains limited exposure to non-financial corporates (especially to corporates falling in the high-risk perimeter for both transitional and physical risks). Therefore, no significant impact is expected in the short-term horizon. The assessment takes also into account the Group's business model, book structure, nature of exposures and its intention to contain its exposures in the trading book, which depict that the impact of Climate Risk on Market Risk is expected to be immaterial in the medium and long-term horizons. The Group will closely monitor and re-assess the potential impact when deemed necessary.
- Liquidity Risk:** For the materiality assessment of C&E Risks (both physical and transition) for Liquidity Risk the Group has examined the potential impact through various transmission channels, as presented below:
 - The impact of climate change on the market values of trading instruments

- Piraeus Bank's well-diversified deposit base which includes significant proportion of retail customers and corporate deposits, which include immaterial percentage of high-risk obligors from C&E perspective.
- The impact size materiality from drawdown of high-risk C&E-related unused committed credit lines is considered limited.

To summarize, the impact of C&E, both physical and transition risks on Market & Liquidity Risks is expected to be immaterial in the short, medium and long-term horizon based on the Group's business model, book structure, and nature of exposures.

- **Operational Risk:** The Bank's database with historical operational risk events does not contain material losses from C&E-related events, while the short-term forward-looking assessment of C&E-related risks under the RCSA process shows residual risk is immaterial. In addition, the existence of a sound Business Continuity framework either for the Group's operations or for the Group's critical providers ensures limited disruption from C&E Risks. Therefore, the Bank concluded that in the short-term horizon, Impact of Climate Risk on Operational Risk is expected to be immaterial.

Over extended time frames, the Bank recognizes that C&E risk components contributing to operational risk are expected to intensify, both through extreme physical risk incidents, and in other aspects such as regulatory compliance (i.e., with new/emerging regulations). Hence, the Bank has opted for a conservative approach and concluded that C&E factors that underpin operational risk are material in the medium and long-term perspectives.

Effectively, the Bank has already incorporated C&E elements in its operational risk framework, separately identifies and monitors risks and events that are in the broader ESG perimeter and reports such risks to top management level committees (such as ORCO).

- Reputation and Litigation risks:

Reputational risk is generally considered to arise as a result of the manifestation of other risk types (i.e., a second-order impact), while it could also give rise to other risk types subsequently (e.g., liquidity outflows, following a reputational impact). In that sense, a separate evaluation of materiality of ESG-related drivers is not required. The materiality assessment for other risk types is sufficient to cover potential one-off (acute) events with reputational repercussions (e.g., within operational risk), as well as longer-term brand value impacts that could arise in the context of Business & Strategic Risk.

Therefore, the level of residual risk on Reputation & Litigation Risks is expected to be immaterial in the short term, considering the reasons outlined above.

Conversely, the impact of C&E risks on reputation and litigation risk is deemed material in the medium- and long-term horizons, given the increasing public awareness and stakeholders' focus on ESG topics rise.

In this context the Bank has introduced a C&E controversy assessment process, to evaluate ESG controversies at the obligor level and has developed a dedicated questionnaire and respective process for the identification and assessment of such controversies, to mitigate reputation risk. In addition, through Piraeus Group's Environmental & Social Management System a set of procedures, application forms, and actions are part of the Group's ongoing credit procedures and are taken into consideration for the assessment of financing requests according to the current Group credit policy.

- **Business and Strategic risks:** The methodology followed is aligned with the one described under the Transition and Physical risks of business loan portfolio, meaning that the analysis focuses on sectors identified as High risk based on these methodologies. The impact on Business & Strategic risk would materialize through several drivers, including: the Bank's inability to properly execute its strategy (e.g., not being able to finance the environmental transition), changes in the customers' demand of various Bank's products (e.g., shift in market expectations for green products), adjustments in the related product pricing due to ESG factors, downward fees and commissions (in addition to interest income/loan products), the structure of the Bank's fundingside (e.g., reliance to deposits from clientele not aligned to "green" strategies, prone to transition risk), the design and execution of the transition strategy for its corporate portfolio, on an individual communication basis for large corporate customers. Therefore, the impact of C&E risks is considered material in the short-term horizon.

For mitigating purposes, the Bank has integrated four strategic priorities to its approach to C&E action:

1. Reach net zero in Group's operations: the Group monitors and manages its environmental impact closely, investing in operational efficiency solutions and sourcing 100% renewable energy for the buildings it has management control over [Transformation project]
2. Steer Group's portfolio towards net zero by 2050: the Group makes the most positive impact on climate action through its financing. It focuses on the sectors that score higher in its C&E

risk classification exercise, and measures whether its lending in each sector is aligning with its climate ambition. [SBTi targets project]

3. Support and advise clients in line with a carbon-neutral economy: to support its clients in their climate transition, the Group focuses on accelerating the green economy and financing the energy transition. [Energy Transition Project, cross-functional projects sponsored both by ExCo and BoD]
4. Manage climate and environmental risks: the Group is progressively integrating the risks associated with climate change in its risk management framework. Its approach continues to develop as methodologies advance and regulatory guidance and requirements evolve. The Group also aims to help its clients protect their businesses from climate risks by advising them and financing their transition. [Project Proteus].

Piraeus Group has also developed a dedicated Sustainable Finance Framework that serves as a guide for the classification of financial services and products as sustainable and reflects most recent EU Taxonomy and transition financing regulatory developments from 2023.

For the medium and long-term horizon the impact of C&E risks on Business and Strategic risk is deemed material as well. Simultaneously, the Qualitative Evaluation for the medium / long-term period has asserted that in adopting such strategic priorities, the Group has undertaken the necessary measures to understand how climate-associated risks could affect its business model and has mapped an initial strategic reaction. The Group's objective is to make its business model resilient to C&E risks and to address them comprehensively and appropriately in the long term.

- **Other Environmental risks:** The bank has assessed materiality of environmental risks across the Group's Primary Risk Categories, by applying a specialized Qualitative Assessment for each category and also employing quantitative analysis. More specifically, the Bank has assessed the impact of other environmental risks on the loan portfolio, bonds and equities, through the link between sectors and impact areas (e.g., water, soil, biodiversity etc.) leveraging on UNEP FI Portfolio Impact Analysis Tool.

For most risk types (Market, Liquidity and Funding, Operational, Business and Strategic), the impact is immaterial based on the Group's business model, book structure and nature of exposures.

From an inherent risk perspective, environmental risks are considered to have a material impact, especially on the credit risk of loan portfolio. However, the level of residual risk is expected to be immaterial considering the dedicated processes to identify, monitor and mitigate risks associated with environmental (other than climate) factors in credit origination. These processes include the exclusion list in terms of financed activities which takes into consideration environmental and social factors, the ESMS Process and Questionnaire which performs an initial screening of customers' behavior towards environmental & social matters through a dedicated questionnaire and the Interbank Questionnaire which will allow the Bank to assess, in quantitative terms, the performance of its obligors across all material environmental, social & governance risk factors.

The outcome of the materiality assessment for environmental risks applies to all time horizons. The Bank is monitoring closely the fast-developing regulations and policies in this already strictly regulated area and will re-assess materiality especially for longer-term horizon.

The Group is continually enhancing and further formalizing its ESG related risk identification and materiality assessment processes.

Risk Appetite Framework

Piraeus Group has taken steps in order to incorporate environmental and climate related risks into its RAF through both qualitative and quantitative statements, while it is committed to regularly review and assess for potential updates/enhancements.

More specifically, the Group is committed to integrate the risks associated with climate and ESG factors into its business strategy and to assume initiatives over and above legal obligations with the aim of enhancing social welfare and contributing to a net-zero economy. Meeting society's needs as expressed through the Sustainable Development Goals (SDGs) and the Paris Climate Agreement and adopting a responsible banking behavior are fundamental to Piraeus Group's strategy and fully resonate with its business model, its shared values of accountability, meritocracy, and transparency, and its aspiration to become net-zero by 2050. The Group, is also, committed to integrate the risks associated with climate and ESG factors at all relevant stages of the credit granting process.

The Group takes also into consideration climate-related and environmental risks and social standards at all relevant stages of the credit-granting process. It also recognizes that developing solutions and working with clients to steer them on a more sustainable path is of utmost priority for the Group's business strategy and practices.

The Group, in the context of the 2024 RAF has defined the following KRIs:

- Sustainable Finance (new disbursements in corporate and retail portfolios): the proportion of sustainability-related new production over total new production amount.
- Exposures to Taxonomy-eligible activities: the proportion of the Group's exposures to Taxonomy-eligible activities over total assets.
- Exposure to High Transition Risk Sectors: The ratio of the total exposures of borrowers in Group's high-risk sectors in terms of transition risk (as defined by the Group's internal classification methodology) excluding green, sustainable and sustainable-linked exposures over the total exposures of business loans.

Where applicable, risk appetite indicators are cascaded further down to segment/business line level. For example, the Sustainable Finance indicator that the Bank included in the RAF is also monitored at Level 3 (Corporate/Retail), also noting that the construction of this Level-3 indicator is based on even more granular data, at the management unit/portfolio level.

All KRIs are reported on a quarterly basis at the Group level, while the Group has also defined a risk appetite limit and an early warning level in order to facilitate the escalation process.

As calculation approaches and internal monitoring become more mature, the Group will further enhance its RAF with the introduction of additional indicators.

4.2.7. Policies and tools related to environmental risk management

The Group, through Project Proteus, has already identified the business functions across all Three Lines of Defense related to or affected by C&E risks and the respective policies in order to map any gaps and ensure that climate and ESG aspects are incorporated accordingly.

In this context, a review of Group's policies has been initiated and separate working groups per function are formed to support responsible Business Units to review policies under their ownership through a C&E lens.

Environmental & Social Management System (ESMS) in business financing incorporated in Credit Policy

The Executive Committee has approved the ESMS and consequently, the Group's Credit Policy incorporates environmental and social (E&S) criteria in line with international standards, in addition to traditional credit criteria.

The main objective of the ESMS is to identify and assess potential environmental and social impacts, in addition to the economic impact, of the lending activities to be used in the Group's credit approval process.

Specific parameters/ criteria are integrated into the existing loan approval processes and in new business financing projects for the evaluation and management of the environmental and social risks of each project, in line with international standards. With the implementation of ESMS, environmental and social risks are integrated into the credit assessment. The assessment procedure requires that the process starts with the loan application and/or during the due diligence review. The Group carries out a holistic business approach for companies and proposed business plans, recognizing, assessing, and managing all relevant risks, to protect the Group's customers and shareholders.

Piraeus Group has integrated the Climabiz climate risk results and ESMS evaluation system into the loan due diligence and evaluation process. Also, the Group has incorporated C&E risks in credit decision-making through targeted amendments in the Bank's credit policy to differentiate treatment of obligors deemed to be high-risk from a Climate & Environmental perspective. Finally, the Bank has introduced a C&E controversy assessment process, to evaluate ESG controversies at the obligor level and has developed a dedicated questionnaire and respective process for the identification and assessment of such controversies, to mitigate reputation risk.

More information is provided in the following sub-sections.

Transaction Assessment

The assessment is initiated by evaluating the client's activity sector vs. the Bank's exclusion list (described in detail below in sub-paragraph "Exclusion List"). If not in exclusion list, then the credit facility is categorized as Low/Medium/High risk, by applying certain criteria according to the ESMS policy.

More specifically, Piraeus Group ranks the loans on a three-point qualitative scale of high risk, medium risk and low risk:

- High Risk Loans: loans of potentially significant environmental or social risks and/or impacts that are multidimensional, irreversible, or unprecedented and which usually affect an area broader than the sites or facilities.
- Medium Risk Loans: loans of potentially significant environmental or social risks and/or impacts that are reversible and which do not usually affect an area broader than the sites or facilities.

- **Low Risk Loans:** loans of minor or manageable environmental or social risks and/or impacts that are reversible with the implementation of the appropriate measures and which usually affect the sites or facilities.

In all categories of environmental and social risk, the Group assesses the background of the client and of the stakeholders concerning serious environmental and social incidents that may have arisen, utilizing all available public information.

In all cases, the client submits a specific Questionnaire (described in detail below in sub-paragraph “ESMS Questionnaire”) concerning E&S aspects. Following that submission, the Bank checks the background of the customer and its shareholders in relation to environmental and social violations, by leveraging all publicly accessible information to verify the client’s data in the questionnaire. In Medium & High-risk facilities, specific data are collected regarding the client (such as licensing documents).

Obligor Assessment

The Bank categorizes obligors into High, Moderate and Low risk, based on sector-level analysis in the Climabiz tool. Obligor that migrate to credit quality levels for which additional credit policy actions are required are flagged as Moderate and High risk.

Taking into consideration the obligor and transaction assessment described above, the Group enhanced its credit assessment process, by setting the necessary control / mitigation mechanisms and linking the ESG assessment outcome with additional actions at an obligor or transactions level (e.g., mandatory action plan on C&E matters, pricing amendments, etc.).

In this context, the Group updated its Credit Policy Manual and its Loan Pricing Policy with the differentiated treatment on pricing.

Controversy Assessment

The Bank has designed the approach for identifying obligors involved in controversial activities and has developed a dedicated questionnaire (in which specific questions act as triggers to identify Obligor with potentially controversial activities) and respective process for the identification and assessment of such controversies, to mitigate reputation risk (e.g., an interview is performed to understand the underlying events triggering the controversial activity and any mitigation actions planned, in progress or completed, while an assessment is performed to evaluate the importance of the incident and the effectiveness of the mitigation actions to prevent the reoccurrence of similar incidents).

Exclusion list

The Group has incorporated into its Credit Policy a list of business activities that are excluded from financing; environmental, social, reputational and litigation factors are integrated in the Group’s Credit Policy.

Environmental and Social factors: The Group does not provide credit facilities to companies operating in sectors included in the Exclusion List according to the ESMS, except for certain sectors (i.e., tobacco, alcohol) where the Group’s cumulative exposure does not exceed 5% of the total loan portfolio. As part of the project Proteus, the Group enhanced its exclusion list, committing to:

- Zero new investments in new coal mines or/and expansion of existing mines
- Zero new investments in electricity production from coal
- Zero financing to customers with income from the production of electricity by burning coal, unless there is a diversification strategy with a transition plan to sustainable fuels and a commitment to a reliable, time-bound exit plan from the production of electricity by burning coal
- In addition, for activities within environmentally protected areas (e.g., Natura 2000 Network), rigorous due diligence is applied

Reputational and Litigation factors: The Group is particularly cautious in providing any type of credit facility to legal entities or individuals who are accused (based on reliable published information, reports, court cases) of environmental crime, money laundering, violation of human and labor rights, bribery, etc. In such cases, Bank officers must immediately inform the competent approval body and, if necessary, the Group Compliance Officer.

ESMS Questionnaire

The Group, in the context of its ESMS policy and to proceed with an initial screening of its customers’ behavior towards environmental and social matters, has produced a relevant questionnaire that requires information regarding customers’ business activities. More specifically, the customers are invited to provide the below environmental information:

- significant accidents or incidents with significant environmental damage in the last two years

- fines or penalties for non-compliance with environmental regulations
- potential Health, Safety, & Environment (HSE) liabilities, such as those arising from land/groundwater contamination, related to the company's past/ongoing operations, or related to individuals or legal entities with dominant influence over the project/company from their past/ongoing operations
- location of the company/project (proximity) relative to environmentally sensitive areas

Interbank ESG Questionnaire

Further to the ESMS Questionnaire and process and considering the need for banks to obtain detailed and accurate ESG-related information from their counterparties, while avoiding unduly burdensome requirements, a collaborative initiative has been launched by Greek banks and introduced a common ESG Questionnaire that has been disseminated to counterparties in their corporate portfolios and is being leveraged by each bank for credit assessment purposes.

The construction of this common ESG Questionnaire, along with a classification score, is an initiative of the Hellenic Bank Association (HBA), in partnership with six Greek banks. The initiative also includes the design and implementation of an IT platform to host the common questionnaires.

The Interbank ESG Questionnaire captures important environmental issues (physical and transition risks, pollution, waste disposal systems, etc.), social issues (human rights policies, labor practices, harassment, etc.) and governance issues. The content of the Interbank Questionnaire is aligned with relevant international standards, guidelines, and supervisory expectations, such as the ones included in the ECB's Guide on Climate-Related and Environmental Risks. Standardized ESG questionnaires that adopt internationally recognized standards, guidelines and best practices have been developed and are available at the so-called interbank platform "ESGr". Since 2023, relevant communication actions have initiated with the corporate clientele. Within this context companies operating in Greece, depending on their size and sector of activity, are called upon to respond promptly.

The advantages of standardized ESG questionnaires for companies are indicatively the following:

- Limitation of the volume of information required by companies
- Fully-fledged automated solution that accelerates the recording process, whilst at the same time ensuring correct completion and data protection
- Common approach for companies of the same size and industry
- Harmonization of the requested data with the provisions, among others, in the Directive (EU) 2022/2464 (Corporate Sustainability Reporting Directive – CSRD)

Along with the operationalization of the interbank questionnaires the Bank will be able to assess, in quantitative terms, the performance of its obligors across all material environmental, social & governance risk factors.

This joint initiative will facilitate, thanks to its convenience and the low costs it entails, the ESG transition of the Greek companies. The Greek banking system remains committed to support by all means the transition of companies towards a green and socially responsible operating model; thus promoting the sustainable development of the Greek economy, society and entrepreneurship.

Piraeus Group will further engage with its customers, requesting targeted action plans to remediate issues, mitigate ESG-related risks, and support their transition to low-carbon operations.

Climabiz tool

As introduced in the previous section, Climabiz is a proprietary tool used for monetizing climate risk of economic activities, both at the company and at sector/portfolio level. The assessment of the climate risk derived from the Group's business borrowers is based on their turnover and the general operational and technical features of their respective field of activity, for economic sectors and businesses that are significant for the Group in terms of loan exposure. Sectors and sub-sectors modeled in Climabiz are economic activities that could be affected by climate change.

To assess climate related risks, Climabiz uses a set of Representative Concentration Pathways (RCPs), which are greenhouse gas (GHG) concentration scenarios that are commonly used in the climate modeling community.

Each of the RCPs used by Climabiz offers a plausible and internally consistent description of the future:

RCP2.6 is a "very stringent" pathway and is likely to keep global temperature increase below 2°C by 2100.

The intermediate IPCC stabilization scenario, RCP4.5, is more likely to result in a global temperature rise between 2°C and 3°C, by 2100 (35% higher than that of RCP2.6).

The high emission pathway, RCP8.5, is generally taken as the basis for the worst-case scenario (with a global mean temperature increase of approximately 4°C).

For the estimation of climate related risks of the economic sectors/sub-sectors incorporated in Climabiz, the Group uses Typical Units (TU), which are illustrations of an “average” Greek company operating in an economic sector/sub-sector. The structure of the TU is shaped by various characteristics, including the location of the business (relevant mainly for specific economic sectors such as agriculture and hotels), the amount of raw materials and energy consumed, the capacity and the technologies used, and the type and quantity of products produced and their turnover. TUs are incorporating features including, inter alia, electricity consumption and GHG emissions per tonne of product. TUs are based on four-digit NACE Codes.

In the context of Climabiz, the Group measures both physical and transition risk and quantifies separately the financial impact from each. The quantification considers several factors (e.g., counterparty’s economic sector, annual turnover, and location). The financial impact is then compared to the company’s annual turnover in order to express it on a relative basis. More specifically:

Physical risk: Assessment of the financial impact on the turnover of an enterprise’s activity (or aggregated turnover of business borrowers integrated in the same Typical Unit) arising from changes in average climatic conditions and changes in the frequency and intensity of extreme weather events.

The Total Physical Risk is estimated through the aggregation of chronic and acute risk impacts.

Transition Risk: Evaluation of the following:

- the borrower’s Scope 1, 2, and 3 emissions and the costs deriving from carbon pricing
- the investments required for the borrower’s green transition and the costs after the investments are made
- the ability of the borrower to pass on the costs to product prices and the impact on product demand

The Adjusted Transition risk is estimated by taking into account both emissions’ cost and the sector/sub sector’s product elasticity and pass-through capability.

It is noted that Climabiz is regularly updated in order to be aligned with the latest developments in climate science, the UNEPFI and TCFD recommendations for assessing the effects of climate change on financial institutions.

Geographic Information System (GIS) as a dynamic risk tool

GIS has emerged as a powerful risk assessment tool and is being used to assess risk to property and economic activities stemming from climate change and natural hazards. Its objective is the geospatial estimation of credit and operational risks of the Group’s assets that are driven by physical C&E risks. With the ability to clearly visualize different types of data, the Group is enabled to uncover patterns, understand trends, monitor changes, and respond to events – facilitating risk translation and better decision making.

The Group cooperates with the Center for Research Technology Hellas (CERTH) Information Technologies Institute (ITI) which has developed and integrated in its GIS, an application for the analysis of bioclimatic indicators (regarding temperature, rainfall, relative humidity, wind speed and wildfire) and the estimation of credit and operational risk to support overall risk strategies and management.

Through this tool, the Group utilizes climatic data for three time periods – historical (1971-2000), near future (2031-2060), and far future (2071-2100) – for three different climate emission scenarios – RCP2.6, RCP4.5, and RCP8.5 – based on EURO-CORDEX climate models and de-escalation for regional granular analyses suitable for DSS applications.

GIS serves as a tool for assessing climate physical risks in geographical areas (with high level of granularity), allowing the Group to further investigate several extreme events, including fluvial floods, pluvial floods, coastal floods, wildfires, heatwaves, drought, and landslides.

Financial, Technical, Environmental and Social Assessment

The Financial - Technical Assessment of Green Projects (e.g., solar panels, wind farms, biogas projects, small hydroelectric, self-generating and electrical storage, etc.) is part of the Group’s Credit Policy since 2013. The Group assesses new projects, scrutinizing the technology adopted, work components, infrastructure capacity and expected utilization rate, skills, and experience of the staff within the organization implementing the project, etc. The licensing process is monitored throughout the investment, as per national legislation and European standards. This assessment of project sustainability is also carried out at various stages of the project to ensure the continued and uninterrupted operation of the installed equipment and infrastructure, the expected utilization, and the relevant conditions and estimates set initially.

The ESMS procedure (part of the Group's Credit Policy since 2018) consists of an Environmental and Social Risk Assessment for business credit (new investments and existing corporate activities and facilities). This process is part of the ongoing efforts to deal with ESG Risks that have been identified as important in the Bank's Operational Risk Management and Internal Control Policy. Also, Obligor's Reputational Risk is assessed according to information derived by the Obligor and potential findings (E&S) in publicly available information. Potential conclusions, Obligor's mitigation actions and expected progress are evaluated.

The Financial, Technical, Environmental and Social Assessment -a holistic risk review - aims to inform the loan origination process and to prevent any operational failures and risks, to the benefit and protection of both the customer/investor and Piraeus Group. In 2023, the Group carried out a total of 1,287 assessments, of which 319 were related to new RES projects.

Portfolio Impact Analysis Tool

Piraeus Bank conducts annually an impact analysis of its portfolio, using the "Portfolio Impact Analysis Tool for Banks" developed by UNEP FI to support signatories to the Principles for Responsible Banking (PRB) in achieving Principle 2 "Impact and Target Setting". Piraeus Bank is the only Greek bank participating in the formation of the Tool.

Through this analysis, a bank can:

- Identify its significant positive and negative impacts to sustainable development through its financing specifically in the impact areas on the pillars of socio-economy, society and natural environment
- Set specific targets to increase positive impacts and reduce the negative ones

The methodology of the Tool for the analysis considers:

- The significant sustainable development issues that each country faces
- The key correlations between the financing of economic activity sectors and their impact on the sustainability impact areas
- The amount of financing per portfolio category

Piraeus Bank identifies the sectors that have a negative impact on climate and constitute more than 5% of the portfolio to potentially have a strategic impact on the business, in terms of climate risk.

Operational Risk Management Policy and System

Piraeus Group has already incorporated ESG Risks in its Operational Risk Management Policy.

Regarding Operational Risk, the transition risk drivers are primarily related to direct or indirect losses due to:

- liability claims resulting from both the Group's own activities and the Group's financing of environmentally controversial activities/clients, which do not match with the promoted level of sustainability or with the consumers' sentiments regarding climate issues
- reputational impact as a result of the public, counterparties, and/or investors associating the Group with adverse environmental impacts

The connection of Operational Risk with physical risk drivers is primarily related to direct or indirect losses due to damage to physical assets (e.g., buildings, branches, etc.) or to other critical infrastructure (e.g., data centers) of the Group or its service providers by extreme weather events, which could cause disruptions to the Group's operations.

To enable the discrete measurement, monitoring, and reporting of ESG related data (categorized in the existing Operational risk categories/typology), an ESG flag was introduced in the Operational Risk Management System, which allows the relevant data to be marked.

Risk implementation tools

As climate risks become increasingly relevant, the Group has started to evaluate the potential negative impacts they could have on its business, utilizing various climate scenarios on key portfolios and activities. Transition risks as well as physical risks could impact the Group's clients and the Greek economy as a whole.

The Group assesses its vulnerabilities towards climate-related risks in the ICAAP, under both economic and normative perspectives, through targeted Climate Risk scenarios, following the key steps described below:

- Analysis of the type of climate risk driver to be focused on (i.e. physical / transition), in line with the ECB Guide on climate related and environmental risks
- Identification of the counterparties that may be exposed to it

- Design of scenario analysis exercise targeting specific sectors /portfolios, based on content and guidelines published by regulatory and other relevant authorities and internal assumptions
- Quantification of regulatory Climate Stress Test “ECB CST” scenarios’ impact (when such information is available)

The risk assessment and quantification under the Economic Perspective analysis is based on the impact of climate risk in internal required capital estimates of unexpected losses, while for the Normative Perspective, on ECL shocks across the Group’s credit portfolios, over the 3-year horizon assessed in the ICAAP Stress scenarios.

4.2.8. Availability, quality, and accuracy of environmental risk data

The Group acknowledges the challenges and limitations around data and IT infrastructure; nevertheless, the Group is committed to apply its data governance principles to the greatest possible extent and further develop and enhance its data infrastructure following the most recent regulatory requirements and market practices for C&E related data.

Additionally, the Group is committed to continuously enhance its processes and the availability of data and estimates, in order to improve reporting under the Taxonomy Regulation.

Two approaches have been adopted to successfully set-up Piraeus Group’s data model and governance:

- a tactical approach (short-term) that uses proxies and third-party data where actual information is not available
- a strategic approach (medium-, long-term) that refers to further engagement with clients to capture actual data

As a supplementary approach for data collection, the Group examines the interbank database initiative (TEIRESIAS).

The Group continuously updates its key policies, procedures, and systems in order to incorporate the aforementioned data in Group’s ecosystem. The requirement for more accurate data is anticipated to intensify in the future. The Group’s goal is to limit its reliance on proxies over time and collect more granular data from clients.

The Group through its the governance practices set out in the Data Governance Framework supports the ESG initiatives by ensuring that the data is accurate, reliable, transparent, and secure.

The Group has laid down a dedicated ESG Data Strategy and has been embedding it in its overall data strategy, taking into consideration that ESG factors have now become an integral component of risk management and investment decision-making.

A Hub & Spoke operating model has been established, to improve how ESG data is managed and utilized within the Group. The Group Data Management & Analytics (GDM&A), acting as the "Hub", centralizes the collection, validation, and management of ESG data, based on standardized processes and systems. Meanwhile, the business units, the "Spokes", use this structured and clean ESG data to generate insights and drive strategic decision-making in their respective domains.

Naturally, data-related improvements are considered part of the business-as-usual ongoing improvements that the Group is pursuing, in particular around streamlining and automating data flows, from capturing information in the front systems to consolidating the relevant data in the Group’s data warehouse and dedicated data marts, where applicable.

Carbon footprint Calculation Database (Ecotracker)

Piraeus Group, via the proprietary Carbon Footprint Calculation Data Base (Ecotracker), monitors the environmental impacts that derive from its operations (e.g., energy and water, expendables consumption, staff commuting). The above database works in combination with two other applications: the “Energy Office”, which measures in real time through sensors the energy and water consumption in the branches of the Bank, and the “Bill Management” that feeds Ecotracker directly with energy data from power providers.

Through the Carbon Footprint Calculation Database (Ecotracker):

- the collection of data for calculating the Group’s carbon footprint (Scope 1, Scope 2, and Scope 3 categories 1-14) is automated
- a more efficient process and cross checking of the environmental data is attained
- a more complete environmental reporting is achieved

A major benefit from the use of the Ecotracker is that the Group monitors and manages the implementation of environmental programs that ultimately result in a reduction of the Group's operational costs.

4.2.9. Next steps in environmental risk management

- Enhance Climabiz to further fine tune estimations of physical and transition risks for the Group's business portfolios
- Leverage on the GIS project to better estimate the risks of portfolios deriving from acute physical events at a granular location level
- Further engage with clients in order to collect actual data and reduce reliance on proxies
- Enhancement of ICAAP C&E quantitative methodologies
- Further development of scenario analysis capabilities and linkage with business strategy
- Integration of Interbank ESG Questionnaire data into Group's systems and processes
- Incorporation of physical risks into collateral assessment, utilizing GIS applications as a risk management tool
- Operationalization of EU Taxonomy

4.3. Social risk

4.3.1. Business strategy and processes

In addition to many of the strategies and processes highlighted in Section 4.2.1, the Group also prioritizes the following initiatives regarding social risk:

Social and cultural initiatives

Driven by its social responsibility mandate and the motivation to promote solidarity, Piraeus Group voluntarily integrates social aspects in its business operations and in liaising with its stakeholders. The Group acknowledges its responsibility for the impact of its activities on society and is committed to doing business in an environmentally sound and socially responsible manner, to ensure the balanced management of the triptych: "economic growth – sustainability – social cohesion".

Strongly committed to its vision and values, the Group aligns its operations with social progress and solidarity and strengthens its relations with its social partners. Its main goals are:

- The conduct of further corporate responsibility research, focused on society, to be in constant alignment with its needs and develop actions that will meet its requirements
- The inclusion of Piraeus Group in the Bloomberg Gender-Equality Index (GEI) on an annual basis, demonstrating the progress made
- The enrichment and expansion of the EQUALL program with more initiatives as well as simultaneous increase of beneficiaries per cycle, the EQUALL program included the initiatives Women Founders and Makers, Women Back to Work, Women in Agriculture, and Profession has no Gender
- The expansion of the EQUALL program pillars in order to address all forms of social discrimination, focusing on the design and development of actions for gender equality, children welfare, new generation, and empowerment of vulnerable social groups. Through its actions, Piraeus Group is committed to contributing to the safeguarding of fair and open societies, the creation of sustainable perspectives, and the promotion of an environment of extroversion and equal opportunities for all
- The design and development of new products and services specifically for the needs of specific social groups
- The additional empowerment of vulnerable social groups and immediate, substantial support actions to address humanitarian crises
- The establishment of a standardized methodology for the assessment of the social value and impact that the Group's corporate responsibility actions and programs have










Piraeus Group has put forward a broad set of actions for the society under the key ESG priorities and projects. Some of them are listed below:

EQUALL initiatives for social inclusion (women, unemployed youth, students in remote areas, people with disabilities, children's welfare)

Piraeus Group applies a multidimensional Corporate Social Responsibility (CSR) strategy, which is directly linked to the development needs of the Greek society. The Group is fully committed to contribute to the formation of a society that promotes equal opportunities.

The EQUALL program was created with an aim to develop initiatives to support and foster social equality. The goal is to help women and vulnerable social groups, such as people with disabilities, vulnerable young people, children from remote areas, and refugees, deal with any kind of discrimination they may suffer, ensuring their equal access to employment, entrepreneurship, and education, elements necessary for their autonomy and development.

Within the framework of the EQUALL program, the Group initially carried out the following programs:

Gender Equality	Programme	Initiative Scope	Beneficiaries Goal 2023-2025	
	Women Founders and Makers	women's entrepreneurship	900	
	Women Back to Work	women's employability	900	
	Women in Agriculture	women's rural entrepreneurship	300	total
	 Refugee Women Academy - UNHCR	women refugees upskilling and employability	300	2,440
	 EQUALL Opportunities for all	women survivors of gender-based violence employability	40	
Children Welfare	Programme	Initiative Scope		
	 SafeKids Alliance - UNICEF	child protection system optimization (public services)	3,100	total
	 Identify - Protect	early intervention for suspected child abuse (kindergartens)	15,150	18,250
New Generation	Programme	Initiative Scope		
	Profession has no Gender	eradicate gender stereotypes	8,900	
	 EQUALL STEM Labs	experiential learning for students in remote regions	1,180	total
	 3 rd Bell Opera	students' education in performing arts (induction)	300	11,530
	 TeensSkills	21st century skills (students in remote regions)	250	
	Looking at Tomorrow	psychological support for students in Thessaly and Evros	900	
Vulnerable Social Groups	Programme	Initiative Scope		
	 SKILLS 4 ALL	vulnerable youth employability	400	total
	 EQUALL HOOPS	basketball activities for children within the autism spectrum	80	
	BRAVE IN	people with acquired brain injuries employability	30	510
Total 3 pillars beneficiaries				32,730

Financial Health and Inclusion

The Group has signed the UNEP-FI Commitment for Financial Health and Inclusion since 2021, in the context of the Principles for Responsible Banking. The purpose is to allow the most vulnerable people to have opportunities to secure and maintain their standard of living and take steps to improve their financial health, such as long-term financial planning and access to credit and insurance. Signatories to the Commitment are required to:

- Set targets that make a substantial contribution to the financial health and inclusion of societies.
- Report on financial health and inclusion targets, and annually thereafter on their progress against these targets.

Piraeus Group participated in a UNEP-FI working group that defined common measurements of success and 20 core indicators for monitoring. The Group is currently collecting data on selected core indicators to set targets and to monitor progress.

United Nations Women's Empowerment Principles (WEPs)

Since 2021, the Group is a signatory to the Women's Empowerment Principles (WEPs), a joint initiative of UN Global Compact and UN Women. The WEPs are a set of principles offering guidance to businesses on how to promote gender equality and women's empowerment in the workplace, marketplace, and community. Piraeus Group is the first Greek bank to sign these principles and is committed to strengthening and promoting gender equality in the workplace and in Greek society.

Promotion of entrepreneurship

The Group promotes entrepreneurship, which is vital for boosting employment and job creation. In this context, the Group sponsored events, such as the "Hour of the Greek Economy" conference by the Hellenic-American Chamber of Commerce, the "Delphi Economic Forum", and conferences that enhance the Group's position in Greece and abroad. Piraeus Group was an official partner in the National Start-up Awards, rewarding start-ups that are registered on the online platform Elevate Greece (National Startup Registry) of the Ministry of Development and Investments. As an official business partner, in the context of its additional support, the Group granted special benefits to start-ups registered on the National Registry. In particular, Piraeus Group offers small businesses, additional financing to cover working capital needs and/or investment needs, through the EaSI financial instrument, guaranteed by the European Investment Fund (EIF).

Other initiatives

Over the years, the Group has implemented and supported vast initiatives with different social and cultural targets, such as youth empowerment through “Project Future” (a program which is implemented in partnership with ReGeneration and connects higher education with the labor market and provides young and new graduates with the skills they need for their career advancement). Furthermore, scholarships, grants, and donations with social and cultural benefit were awarded. Specifically related to culture, the bundle of products and services through Piraeus Group Culture and Creativity 360° offers a range of integrated solutions to businesses in the Art & Culture sector.

4.3.2. Employee relationships and labor standards

Piraeus Group adopts best workplace practices and fosters a responsible banking culture, thus contributing to the achievement of Sustainable Development Goals 4, 5, and 8. The Group offers equal opportunities in all its activities, respects and safeguards human and labor rights, acknowledges and respects diversity, and objects to any violation thereof. It implements equal opportunities processes when appointing executives, seeking the optimal utilization of its human resources. It continuously improves working conditions through policies and procedures in order to ensure equal opportunities regardless of gender, sexual orientation, age, religion, nationality, or physical ability, without any discrimination in the basic salary for men and women. The Group also implements reward systems, which encourage individual and collective contribution favoring performance, innovative initiatives, ethics, integrity, and exceptional professional conduct. The Group provides a safe, modern, and ergonomic work environment for its people. It is fully in line with legal requirements on workplace safety, which cover all its facilities. Apart from adhering to labor-related provisions, the Group gives employees and their family members access to occupational physicians, nurses, and support services, through internationally certified Employee Assistance Programs (EAPs). The Group has also established a 24-hour helpline and offers individual counselling sessions, while it also supports employees through emergency interventions in case of critical or unexpected traumatic events. In addition, employees are given the opportunity to be trained in a systemic way in order to deal effectively with everyday health and safety issues and receive first aid seminars. Moreover, the Group adheres to all legal provisions and those deriving from individual employment contracts and collective labor agreements, and it maintains an open communication channel with employees and their representatives in order to continuously improve the working environment.

4.3.3. Customer protection and product responsibility

The Group seeks to inform all customers promptly, clearly, and fully regarding the terms governing the provision of its services. Advertising aims to honest and transparent communication about the Group’s products and services, without misleading the recipient. Regarding Customer Support and Customization, the Group cares for its customers’ financial literacy and encourages them to implement sustainable practices. Furthermore, it develops initiatives to support all customers and regularly updates feedback on customer satisfaction.

Group IT Security & Control

The Group has developed an Information Security Strategy (including cyber security) as well as a comprehensive Information Assets Security Policy Framework which sets the principles for asset protection and data privacy. The Information Assets Security Policy Framework has been approved by the BoD which is responsible for its implementation.

To fulfill the security policies requirements, the compliance obligations, and the certification standards requirements and to maintain secure services and to protect the Group and its customers, Group IT Security & Control performs a series of scheduled and ad-hoc security assessments. Moreover, penetration tests and vulnerability assessments are conducted by both specialized Bank engineers and contracted independent external partners on the e-banking infrastructure, the Bank’s and subsidiaries’ (domestic and foreign) websites, on applications (including mobile applications), as well as on the Bank’s servers and databases.

The Group has been re-certified according to the International PCI DSS (Payment Card Industry Data Security Standards) and ISO/IEC 27001 Standards by independent specialized audit companies. The above certifications provide the Bank’s customers, shareholders, and partners with high levels of security and confidence.

A key objective of the Group Information Security Framework is to set the principles for the appropriate management of the user access rights within its network, servers, and business applications. Piraeus Group has implemented a Centralized Management System and User Access Control System (Identity & Access Management System) which is based on the Dual Control Principle, Least Privilege Principle, and Conflict of Interest Principle. Moreover, privileged users access the Group’s network through a privileged access management solution using a two-factor authentication method, and their activities are logged and monitored.

Protection of personal data

The Group has also taken the measures required by the legal framework, having implemented appropriate technical and organizational measures and necessary safeguards for the lawful collection, processing, and retention of personal

data. The Group commits to protect personal data against disclosure, loss, alteration, misuse, or any other unauthorized access.

The existing Data Privacy Policy defines the basic principles that must be observed regarding the processing of personal data, including the purpose for processing, lawful adherence, and the rights of data subjects and the exercise of these rights.

The procedures deriving from the Data Privacy Policy describe and guide all the necessary actions regarding the security and protection of personal data, the management of third parties as processors, the management of processing activity files, as well as the case of a personal data breach, and their implementation is required for all Business Units.

Piraeus Group participates in the Hellenic Bank Association Committee responsible for ensuring compliance of the Greek Banking System with the General Data Protection Regulation (GDPR). It follows that the Group applies the appropriate technical and organizational measures to ensure the protection and security of the personal data of its employees, customers, and associates/partners.

4.3.4. Policies and procedures related to social risk governance

Human Rights Policy

Respect for human rights and the principle of equal opportunities govern all core HR-related policies, processes, and practices, ensuring diversity and inclusion in the workplace. All employees have access to the Human Rights Policy via the Group's internal communication channels.

The Group also adopted the principles of the UN Global Compact in 2004 for the defense of human rights, is committed to the Women's Empowerment Principles of the United Nations, and has signed the Principles for Responsible Banking, as already mentioned in these disclosures.

Policy & Procedure against Workplace Discrimination, Violence & Harassment

The new policy against Workplace Discrimination, Violence & Harassment in the workplace, in combination with the existing policies and regulations of the Group – the Human Rights Policy, Employee Regulation, Code of Conduct and Ethics, as well as the management of inappropriate behavior issues through the whistle-blowing process – strengthens the range of tools and measures that the Group utilizes for the protection of its employees and the reinforcement of a work environment of respect and inclusion.

The policy clarifies the concepts of violence and harassment – verbal, physical, and psychological – and defines the behaviors related to forms of violence and harassment in the workplace. The policy also defines the channels of communication and clearly specifies the procedures, so that everyone knows how to report without concern for any consequences. In addition, a new Committee against Violence and Harassment has been established to evaluate the received named or anonymous reports and to decide on their reliability and investigation, as well as the possible undertaking of further actions by the Group.

Whistleblowing Procedure

Human Rights infringements (e.g., cases of harassment, intimidation/bullying, sexual misconduct) are addressed in the Group's Whistleblowing Procedure. Implementing an effective anti-retaliation framework for managing actual or suspected violation of the Code of Conduct and Ethics requires protecting the confidentiality or anonymity of employees who report concerns.

In this context, the Whistleblowing Committee is responsible for assessing and handling reports and for proposing any measures it deems necessary for the Group to undertake.

Grievances Policy

Piraeus Group has established a grievance mechanism to receive and facilitate resolution of stakeholders' concerns and grievances about environmental and social performance.

This grievance mechanism is crucial as it allows individuals and groups to express their complaints or disputes in a safe and effective manner.

Piraeus Group recognizes the importance of two-way communication between the Group and its stakeholders and endeavors to build long-term business relationships based on trust. A critical part of maintaining a strong business relationship involves the resolution of issues that may arise when failing to meet expectations or when settling out-of-court disputes.

The grievance mechanism addresses concerns promptly and effectively, using an understandable and transparent process that is culturally appropriate and readily accessible to all segments of the affected communities, at no cost and without retribution.

The Group's Grievances Policy is also aligned with the legal and regulatory framework, at the national and international level, and the guidelines on complaints-handling issued by the Joint Committee of the European Supervisory Authorities. The aim is to adopt a common corporate culture regarding customer complaints management, to raise staff awareness, and to implement a single grievances-handling mechanism.

At the same time, the Group aims at improving its products/services and processes by following-up on the root causes of the submitted reports. The Grievance Mechanism is easy to use and provides customers with information about alternative dispute resolution mechanisms and real-time information on the progress of the complaint. The process operates on a common set of principles: equal treatment, immediacy, respect, objectivity, and transparency. When handling these complaints, the Group looks for a "fair" solution, safeguarding data protection and privacy. The written response by the appropriate service constitutes the Group's final position, which takes into account all processes and business decisions. In the case that the involved stakeholders are not satisfied with the outcome of their case, they are informed of the possibility of submitting their complaint to Alternative Dispute Resolution Agents.

Remuneration Policy

As described in Section 4.2.5, the Group has instituted a Remuneration Policy to ensure that employees are compensated in a way that supports a consistent standard of living and simultaneously maintains motivation. The Group Remuneration Policy is consistent with the corporate strategy, aiming to align the Group's interests with the interests of its stakeholders, creating value. The Remuneration Policy aims, inter alia, to:

- support a performance-driven culture, rewarding excellence and delivery of ESG goals, and
- embrace equal pay policy for male and female employees for equal work or work of equal value, supporting a culture of fairness.

The principles and provisions of the Remuneration Policy apply to all employees, varying according to their level or responsibility, including those whose professional activities have a material impact on the Group's risk profile. The Remuneration Committee of the BoD provides its support and advice on the design of the Remuneration Policy, to ensure that the principles of remuneration to support also in equal treatment of employees, without bias on gender, age, nationality, disability, or any other factor not related to performance.

The Performance Reward considers the promotion of risk-related objectives on ESG considerations, corporate values, and risk culture, as well as the adoption of a gender-neutral approach.

The Group has developed a gender-neutral fixed remuneration framework, which links the salary structure to:

- level of seniority, as determined by the performance appraisal
- market pricing using external market data and surveys
- individual skillsets and experience
- value recognition for employee performance and for contribution to business goals

Counterparties' assessment through the ESMS process

The counterparties' assessment through the ESMS process and questionnaire is fully embedded in the Group Credit Policy, with approval and oversight by the Group Executive Committee.

The assessment focuses on, inter alia, social aspects, such as, money laundering, violation of human and labor rights, bribery, etc. In such cases, Bank officers must immediately inform the competent approval body and, if necessary, the Group Compliance Officer.

As a next step, upon the completion of customers' assessment, the Group will require the engagement of its customers to mitigate and reduce socially harmful activities with targeted action plans.

4.3.5. Social risk management

Social risks are addressed and managed through the policies, procedures, methodologies, and tools introduced in Section 4.3.4. Additional information specifically related to social risk management is provided in the sub-sections below.

ESMS incorporation in the Group Credit Policy

The main objective of the ESMS is to identify and assess, inter alia, the social impact of the lending activities to be used in the Group's new credit approval process. Specific parameters are integrated into the existing loan approval processes and in new business financing projects for the evaluation and management of the social risks of each project. With the implementation of the ESMS, social risks are integrated into the credit assessment, while the Group has also incorporated into its Credit Policy a list of business activities that are excluded from financing.

ESMS Questionnaire

Further to the information provided in Section 4.2.7 of this document, the ESMS Questionnaire also covers social aspects through the assessment of its customers' behavior towards social matters. Indicatively, the following social dimensions are taken into consideration for the customer assessment:

- fines/penalties due to child, illegal, or forced labor
- significant accidents or incidents in the last two years involving deaths or multiple serious injuries
- fines/penalties for non-compliance with labor regulations
- potential danger for areas of cultural or archaeological importance
- complaints/concerns from third parties (e.g., communities, NGOs)

Interbank ESG Questionnaire

Further to the information provided in Section 4.2.7 of this document, the Group participates in an interbank initiative conducted by the Hellenic Bank Association (HBA) to shape a common ESG Questionnaire along with a classification score, in order to incentivize credit institutions to enhance their credit assessment policies. The ESG Questionnaire captures among others important social issues (e.g., human rights policies, labor practices, harassment etc.), in alignment with the relevant international standards, guidelines and supervisory expectations, such as the ones included in ECB's Guide on Climate-Related and Environmental Risks.

Upon the completion of customers' assessment (through ESMS and the interbank ESG Risk Assessment Questionnaires), the Group will engage more intensively with its customers, requesting targeted action plans to remediate issues and mitigate ESG-related risks and socially harmful activities.

Controversy Assessment

As already described in Section 4.2.7, the Bank has designed a method to identify obligors engaged in controversial activities and has developed a specialized questionnaire with specific questions that act as triggers to identify Obligor with potentially controversial activities. A corresponding evaluation process is also in place to mitigate reputation risk, including an interview to understand the underlying events triggering the controversial activities and to review any mitigation measures that are planned, in progress, or completed. In addition, an assessment is conducted to evaluate the importance of the incident and the effectiveness of the mitigation actions in averting future similar events.

Operational Risk Management Policy

Further to the information provided in Section 4.2.7 of this document, in order to enable the discrete measurement, monitoring, and reporting of ESG related data (categorized in the existing operational risk categories/typology), a flag was introduced in the Operational Risk Management System, which allows the relevant data to be marked.

4.4. Governance risk

Piraeus Group analyzes the corporate governance performance of its customers and takes their management and governance practices into account in the client onboarding process. The identification, assessment and monitoring of customer risks and their operations are integrated into Piraeus Group's standard risk, compliance, and operations processes and tools. Decisions are based on internal information or, where appropriate, on information provided by reliable external providers.

Piraeus Group takes into account the corporate governance performance of its customers, analyzing their compliance in terms of management practices. In other words, disputes affecting customers are analyzed and taken into account as a qualitative variable, together with the rest of the internal risk management indicators that feed the risk appetite with each customer.

Amongst the key principles of the Group's Credit Policy, the following are related to corporate governance performance:

Know-Your-Customer

The Group initiates relationships and provides credit to customers through a robust Know Your Customer (KYC) process. In particular, for legal entities KYC includes the evaluation of the legal and ownership structure and the identification of Ultimate Beneficial Owners, among other governance-related aspects.

The Group's credit facilities must be provided to individuals or legal entities that not only abide to the labor and insurance legislation, but also whose ethics, reputation, or business legitimacy are beyond doubt.

The Group is particularly averse to providing any type of credit facility to legal entities or individuals who are accused (based on reliable published information, reports, court cases) of money laundering, violation of human and labor rights, bribery, etc.

Environmental Liability Principle

The Group supports financing legal entities or individuals that are active in sectors with environmental objectives (e.g., electricity production from RES, Green Banking) as well as legal entities that are environmentally responsible, in accordance with the Group's strategy for responsible utilization of natural resources.

Legitimacy Principle

All credit facilities provided by Piraeus Group must be in line with the rules and provisions of the Supervisory Authorities and the relevant legislation. The Group expects from its officers to respect and abide by the laws and regulations related to the legality of bank transactions and to refrain from engaging in any transaction that could either defy the principles restricting suspicious activities or that could facilitate the legalization of income from illegal activities.

Conflict of Interest

In order to avoid conflicts of interest, any member of any approval body cannot participate in the committee meeting to approve a credit request related to:

- any member or close relative or legal entity controlled by him/her or his/her close relative, or
- an immediate subordinate or supervisor, a close relative of an immediate subordinate or supervisor, or a legal entity controlled by the immediate subordinate or supervisor or their close relative.

Respectively, the relationship officers and credit officers cannot participate in the credit assessment and approval of their personal requests, of their close relatives, or of legal entities controlled by themselves or their close relatives.

A stricter approval process applies for credit financing to related parties, as defined by the relevant regulation as well as IAS 24, and to sensitive counterparties.

Borrower & Credit Facility Assessment

The risk involved in any credit facility depends on various factors, such as economic and market conditions and the borrower's financial status, while in the case of business financing, some additional factors exist regarding borrower's governance: its management, the type of activity (sector), and its legal type.

Credit Criteria – Assessment of legal entities

Among other financial criteria that are evaluated by the Group for the continuation of a credit relationship with companies, the Group also wishes and endeavors to maintain a credit relationship with companies having the following characteristics relevant to governance:

- positive market information (suppliers, competitors, customers, other banks)
- long-standing experience of the management team in the specific sector and excellent knowledge of their business activity
- absence of pending lawsuits or any final judgments regarding significant social and environmental issues
- prospects for a long and expanding relationship

Unauthorized credit facilities

The Group does not provide credit facilities to:

- Legal entities for which the criteria and conditions (according to the relevant legislation, regulations, and the Group's Compliance Policy) for the identification and recording of the Ultimate Beneficial Owners are not met
- Legal entities or individuals trading weapon systems
- Companies operating with unregistered or uninsured employees
- Companies operating within environmentally protected regions (e.g., Natura 2000 Network), where compliance with all legal and regulatory issues must be established
- Companies operating in sectors included in Group's Exclusion List according to the ESMS, except for Gambling, Casinos, and Equivalent Enterprises; Production/Trade in Alcoholic Beverages (except beer/wine); and Production/Trade in Tobacco. The Group's cumulative exposure in these particular sectors must not exceed 5% of total loan portfolio

Environmental and Social Criteria

The borrower's compliance with the relevant legislation is assessed as well as the environmental and social standards, as defined in the ESMS. Environmental and social risk derives from the negative impact of a company's operation in the environment (e.g., harm to air, water, soil, flora, fauna) or in the society (e.g., employees, customers, area residents etc.). Additionally, the company's and its shareholders' background (within ESMS framework) of social and environmental performance are considered. Relative covenants are included in loan contracts when deemed necessary according to ESMS policy.

Rating

Piraeus Group applies internal credit rating systems for most effective assessment of borrowers' creditworthiness. The rating is taken into account to determine the strategy (i.e., initiate, develop, maintain, or restrict the relationship), the collateral framework, and the pricing. The internal rating assigned to each corporate obligor includes a qualitative component, part of which relates to governance-related aspects and performance of the obligor.

Qualitative Criteria for the Evaluation of the Obligor

In this context, the Group integrates a set of qualitative criteria for the evaluation of the obligor within its Credit Policy. The focus of these qualitative criteria is placed on the solvency and transactional behavior of the company and entities towards Piraeus Group and the relevant competition (i.e., evaluation of findings in the systems of TEIRESIAS). Furthermore, the Group takes into consideration the key characteristics of the obligors, such as the years of operation, the market position, the overall experience alongside the competence and the management efficiency, as well as the existence of succession. In addition, the quality, the ethics of the operators/administrators, and the good knowledge of the subject are also crucial factors that are considered. The Group also evaluates the market conditions, focusing on the competition, the conditions, and prospects of the industry and the general economic conditions that may jeopardize the entity's operations. The degree of dependence of the company in respect to its stakeholders and services (i.e., suppliers, customers, raw materials, products, and services), as well as the access to sources of capital raising and the declared intention of agencies to support the business are also assessed.

Additionally, the perspectives of the business, the personal property of entities/guarantors, and the equity participation, particularly in financing investment projects, are essential in the evaluation process of obligors. The relationship of the obligor with the Group (e.g., the number of years of cooperation) is of particular importance. Finally, the evaluation considers the environmental and social behavior of the company and entities, such as fines, litigation, and publications, in order to ensure that the company operates in a responsible and sustainable manner.

4.4.1. Next steps in governance risk management

Piraeus Group continues to develop and refine an ESG data and technology road map that balances tactical, short-term solutions with a strategic, long-term vision.

With regards to the latter, a joint initiative has been coordinated by Hellenic Bank Association, in partnership with other Greek banks, to assess ways to address the data collection challenges via the adoption of a common ESG Questionnaire that will be disseminated to counterparties in the banks' corporate portfolios and that will be leveraged by each bank for ESG assessment purposes. The scope of this common initiative is to capture, inter alia, ESG data governance information such as:

- policies related to the code of conduct, business ethics, and anti-bribery approaches,

- accountability, reporting, and transparency,
- corporate governance issues,
- remuneration practices,
- business ethics and anti-corruption, and
- ESG governance matters, focusing on the involvement of the management body in the oversight of environmental and social matters.

Furthermore, the incorporation of the Corporate Sustainability Reporting Directive (CSRD) will introduce supplementary dimensions to consider in the Group's clients' governance risk assessment practices, as the Group's counterparties will be required to publicly disclose part of their internal policies. To this end, comprehensive information regarding ESG and further governance risk matters, will be available for a broader set of corporations. The European Sustainability Reporting Standards (ESRS) drafted by European Financial Reporting Advisory Group (EFRAG) outline how and what information and ESG metrics companies need to report to European regulators to comply with the CSRD, putting sustainability reporting on equal footing with financial reporting for the first time.

4.5. Quantitative disclosures on climate change transition risk and physical risk

Effective beginning December 2022, Commission Implementing Regulation (EU) 2022/2453 set forth the disclosure requirements for ESG risks. At present, these are primarily focused on the effects of climate change risks, specifically:

- **physical risk:** the risk of losses stemming from the impacts of the physical effects of climate and environmental factors on the Group's counterparties or invested assets, and
- **transition risk:** the risk of losses stemming from the impacts of the transition to a low carbon economy on the Group's counterparties or invested assets.

The Group has not reported the following quantitative template in these Disclosures for the reasons specified:

- **Banking book – Climate change transition risk: Exposures to top 20 carbon-intensive firms:** The Group confirms that it does not have any exposures toward the most carbon-intensive firms globally as at June 30th, 2024. The firms were determined based on the combined lists of the Carbon Majors Database (2016-2017) and the 2017 Climate Accountability Institute Report.

The first table shows information on the Group's loans and advances, debt securities, and equity instruments towards non-financial companies (NFCs) operating in sectors that significantly contribute to climate change and in carbon-related sectors. The table excludes items held for trading and non-trading positions in collective investment undertakings.

Approach for identifying exposure to companies excluded from EU Paris-aligned Benchmarks

The Group proceeded with the identification of exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 of Climate Benchmark Standards Regulation (Commission Delegated Regulation (EU) 2020/1818). Specifically, these cases concern companies with:

- 1% or more of their revenues derived from exploration, mining, extraction, distribution, or refining of hard coal and lignite.
- 10% or more of their revenues derived from the exploration, extraction, distribution, or refining of oil fuels.
- 50% or more of their revenues derived from the exploration, extraction, manufacturing, or distribution of gaseous fuels.
- 50% or more of their revenues derived from electricity generation with a greenhouse gas (GHG) emission intensity of more than 100 g CO₂ equivalent/kWh.

The application of the above criteria was conducted by analyzing the counterparties' economic activities and in close consultation with the business units and centers that manage the relationship with the clients.

Approaches used for estimating the financed emissions

The financed scope 1, 2, and 3 emissions attributed to the exposures of the Group for the table perimeter have been estimated based on the Partnership for Carbon Accounting Financials (PCAF) methodology. The analysis has been performed on a population of 48,320 counterparties in EU and non-EU countries. The methodology comprises two

main steps: first the determination of the scope 1, 2, and 3 emissions of the counterparties and then their attribution to the Group's financed activities.

Due to data availability, different methodological approaches were applied to estimate the scope 1, 2, and 3 emissions of the Group's counterparties, namely:

- Method 1: Published emissions were used, where verified or unverified emissions were collected from the counterparty directly (e.g. through the company's sustainability report) or indirectly via verified third-party data providers (e.g. Carbon Disclosure Project (CDP), EU-ETS Registry, Thetis database). Particularly for the sector H.50 (maritime transport) the Thetis database was utilized, through which each counterparty was linked with its owned vessels based on the respective IMO.
- Method 2: GHG emissions were calculated based on primary physical activity data collected from the borrower, applying appropriate emission factors issued or approved by a credible independent body. The method has been implemented only for sector D.35.11 regarding power generation companies using renewables. The emissions of all counterparties in D.35.11 that use fossil fuels were estimated under Method 1.
- Method 3: GHG emissions were calculated based on economic activity data of the counterparty in question (e.g. total revenues or total assets) and appropriate emission factors expressed per economic activity (e.g., tonnes of CO₂ equivalent per million EUR output of the corresponding sector). To this end, a multiregional input-output analysis was implemented for estimating emission factors per economic activity by utilizing the set of Input-Output tables published by Organization for Economic Cooperation and Development (OECD).

While Methods 1 and 2 are based on company-specific reported emissions or energy data provided by the borrower or third-party data providers, Method 3 is based on total output in monetary terms and region- and sector-specific average emission factors, estimated using public data sources such as statistics or data from other third-party providers. Methods 1 and 2 are preferred over Method 3 from a data quality perspective and provide a more accurate emissions view. For Piraeus Group, the use of Method 1 (and Method 2 for D.35.11) was a priority for calculating the scope 1, 2, and 3 emissions of its counterparties. Consequently, Method 3 was used in cases where no information was available for estimating the counterparties emissions through the other two methods.

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
1 Exposures towards sectors that highly contribute to climate change*	19,712	693	1,466	1,216	888	(461)	(36)	(402)	11,001,279	6,035,449	10.48%	11,327	5,210	2,966	209	5.7
2 A - Agriculture, forestry and fishing	388		0	50	140	(69)	(3)	(65)	413,410	163,728	6.72%	354	23	11		2.6
3 B - Mining and quarrying	126	0	0	9	4	(4)	(0)	(3)	22,183	6,378	0.00%	29	94	3		7.1
4 B.05 - Mining of coal and lignite	0	0	0	0	0	(0)	(0)	(0)	5	1	0.00%	0				0.5
5 B.06 - Extraction of crude petroleum and natural gas	0		0		0	(0)		(0)	0	0	0.00%	0				2.0
6 B.07 - Mining of metal ores	94		0		0	(0)		(0)	5,954	2,595	0.00%	3	91			8.3
7 B.08 - Other mining and quarrying	31		0	9	4	(3)	(0)	(3)	15,726	3,666	0.00%	25	4	3		3.7

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
8 B.09 - Mining support service activities	1	0	0	0	0	(0)	(0)	(0)	498	116	0.00%	1				1.8
9 C - Manufacturing	3,886	102	184	201	318	(95)	(8)	(82)	3,716,376	2,442,665	12.08%	3,154	641	88	4	3.5
10 C.10 - Manufacture of food products	1,377		0	52	218	(34)	(2)	(30)	957,119	602,780	6.24%	1,146	223	8		2.9
11 C.11 - Manufacture of beverages	117		0	10	5	(2)	(0)	(2)	48,259	27,882	0.00%	93	17	8		3.9
12 C.12 - Manufacture of tobacco products	35		0	0	0	(0)	0	(0)	9,770	5,423	69.01%	35				2.0
13 C.13 - Manufacture of textiles	53		0	17	2	(1)	(0)	(1)	73,616	55,478	0.00%	47	6	0		3.1
14 C.14 - Manufacture of wearing apparel	44		0	5	9	(7)	(0)	(7)	13,847	10,432	0.00%	38	5	0		2.8

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
15 C.15 - Manufacture of leather and related products	4		0	0	3	(1)	(0)	(1)	411	309	0.00%	4	0			2.4
16 C.16 - Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials	36		0	2	19	(14)	(0)	(14)	9,998	8,025	0.00%	32	3	1		3.3
17 C.17 - Manufacture of pulp, paper and paperboard	184		0	10	0	(0)	(0)	(0)	76,528	53,555	0.00%	113	56	14		4.7
18 C.18 - Printing and service activities related to printing	32		0	3	0	(0)	(0)	(0)	14,941	10,600	0.00%	27	4	1		2.9
19 C.19 - Manufacture of coke oven products	505	102	12	0	4	(2)	(0)	(1)	965,423	605,610	19.58%	455	51			3.8
20 C.20 - Production of chemicals	113	0	0	8	12	(1)	(0)	(1)	102,339	33,324	0.00%	97	10	6		3.6

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
21 C.21 - Manufacture of pharmaceutical preparations	203		0	2	0	(0)	(0)	(0)	84,975	64,868	0.00%	134	69			4.0
22 C.22 - Manufacture of rubber products	134		0	19	5	(3)	(1)	(2)	75,142	43,504	2.56%	111	19	1	4	3.7
23 C.23 - Manufacture of other non-metallic mineral products	93		0	16	18	(11)	(0)	(11)	182,481	62,636	0.04%	75	10	8		3.6
24 C.24 - Manufacture of basic metals	461		129	33	8	(4)	(0)	(3)	700,304	508,087	50.25%	378	82	0		3.6
25 C.25 - Manufacture of fabricated metal products, except machinery and equipment	182		0	4	8	(7)	(1)	(6)	103,835	80,780	0.00%	111	42	29		5.0
26 C.26 - Manufacture of computer, electronic and optical products	40		0	1	1	(1)	(0)	(1)	14,694	12,328	0.00%	34	3	3		3.3

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
27 C.27 - Manufacture of electrical equipment	100		36	2	0	(0)	(0)	(0)	187,079	171,783	0.00%	91	3	6		3.2
28 C.28 - Manufacture of machinery and equipment n.e.c.	66		0	5	2	(2)	(2)	(1)	28,500	25,786	0.00%	52	12	2		3.4
29 C.29 - Manufacture of motor vehicles, trailers and semi-trailers	8		0	0	0	(0)	(0)	(0)	2,766	2,283	0.00%	8	1			3.0
30 C.30 - Manufacture of other transport equipment	4		0	1	0	(0)	(0)	(0)	536	388	0.00%	3	2			3.9
31 C.31 - Manufacture of furniture	28		0	6	1	(1)	(0)	(0)	8,017	6,751	0.00%	16	11	1	0	4.7
32 C.32 - Other manufacturing	49		7	5	2	(1)	(0)	(1)	40,837	37,480	33.20%	40	8	1		3.3

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
33 C.33 - Repair and installation of machinery and equipment	19		0	1	0	(0)	(0)	(0)	14,959	12,573	0.00%	14	5		0	3.9
34 D - Electricity, gas, steam and air conditioning supply	2,720	435	579	27	19	(16)	(1)	(10)	913,787	128,793	23.82%	846	712	1,163		9.3
35 D35.1 - Electric power generation, transmission and distribution	2,658	374	579	27	19	(16)	(1)	(10)	909,276	125,991	22.11%	844	651	1,163		9.3
36 D35.11 - Production of electricity	2,304	374	528	23	19	(16)	(1)	(10)	716,238	75,469	20.06%	718	545	1,042		9.5
37 D35.2 - Manufacture of gas; distribution of gaseous fuels through mains	62	61	0	0	0	(0)	(0)	(0)	4,442	2,749	97.52%	1	61			9.3
38 D35.3 - Steam and air conditioning supply	1		0	0	0	(0)	(0)	(0)	69	53	0.00%	1	0			2.8

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
39 E - Water supply; sewerage, waste management and remediation activities	49	2	0	1	0	(0)	(0)	(0)	97,734	17,851	0.00%	41	8			3.5
40 F - Construction	1,289	1	230	68	66	(42)	(3)	(38)	990,425	907,843	14.84%	570	216	438	65	8.0
41 F.41 - Construction of buildings	390	1	0	59	32	(20)	(2)	(17)	311,029	287,503	0.00%	213	152	26		4.8
42 F.42 - Civil engineering	797	0	230	5	14	(5)	(0)	(4)	578,369	526,905	24.07%	271	50	411	65	10.2
43 F.43 - Specialised construction activities	101	0	0	4	20	(17)	(1)	(17)	101,027	93,435	0.00%	87	13	1		3.3
44 G - Wholesale and retail trade; repair of motor vehicles and motorcycles	3,297	153	21	239	142	(91)	(12)	(74)	1,752,399	1,302,506	5.74%	2,749	471	75	1	3.5
45 H - Transportation and storage	4,121	0	323	147	96	(86)	(2)	(82)	2,729,667	757,406	7.78%	2,566	1,181	360	14	5.1

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity

Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
46 H.49 - Land transport and transport via pipelines	124		0	8	6	(5)	(0)	(4)	166,098	39,251	0.00%	103	14	7		4.2
47 H.50 - Water transport	3,372		305	128	86	(80)	(1)	(77)	2,445,810	657,043	9.51%	2,324	1,015	18	14	4.4
48 H.51 - Air transport	353		0	0	0	(1)	(0)	(0)	33,053	19,424	0.00%	56		297		10.9
49 H.52 - Warehousing and support activities for transportation	271	0	18	11	3	(1)	(0)	(0)	84,374	41,469	0.00%	82	151	38	0	7.2
50 H.53 - Postal and courier activities	1		0	0	0	(0)	(0)	(0)	332	219	0.00%	1	0			3.6
51 I - Accommodation and food service activities	2,768		0	426	48	(26)	(6)	(19)	348,149	298,458	5.28%	723	1,399	583	63	7.6
52 L - Real estate activities	1,068		130	49	56	(31)	(1)	(30)	17,149	9,821	7.10%	296	465	246	61	8.1

Table 27: Banking book - Climate Change transition risk: Credit quality of exposures by sector, emissions, and residual maturity																
Jun 2024 (€ mn) Sector/Subsector	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
	Gross carrying amount					Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions			GHG financed emissions (scope 1, scope 2, and scope 3 emissions of the counterparty) (in tons of CO ₂ equivalent)		GHG emissions (column i): gross carrying amount percentage of the portfolio derived from company-specific reporting	Gross carrying amount				Average weighted maturity (years)
		Of which exposures towards companies excluded from EU Paris-aligned Benchmarks in accordance with points (d) to (g) of Article 12.1 and in accordance with Article 12.2 of Climate Benchmark Standards Regulation	Of which environmentally sustainable (CCM)	Of which stage 2 exposures	Of which non-performing exposures		Of which Stage 2 exposures	Of which non-performing exposures		Of which Scope 3 financed emissions		≤ 5 years	> 5 years ≤ 10 years	> 10 years ≤ 20 years	> 20 years	
53 Exposures towards sectors other than those that highly contribute to climate change*	3,332	9	268	253	96	(69)	(7)	(53)				2,056	899	301	76	5.3
54 K - Financial and insurance activities	1,385		165	70	6	(12)	(0)	(6)				693	499	146	47	6.7
55 Exposures to other sectors (NACE codes J, M - U)	1,947	9	103	183	90	(57)	(7)	(47)				1,363	400	155	29	4.3
56 TOTAL	23,044	702	1,734	1,469	984	(530)	(43)	(455)	11,001,279	6,035,449	10.48%	13,383	6,109	3,267	285	5.7

Note: * In accordance with the Commission delegated regulation EU) 2020/1818 supplementing regulation (EU) 2016/1011 as regards minimum standards for EU Climate Transition Benchmarks and EU Paris-aligned Benchmarks -Climate Benchmark Standards Regulation - Recital 6: Sectors listed in Sections A to H and Section L of Annex I to Regulation (EC) No 1893/2006

The next table shows information on the distribution of the Group's loans covered by real estate and of repossessed real estate collateral, by energy consumption and by Energy Performance Certificate (EPC)⁹ label of the collateral. Only EPC eligible collaterals, categorized by location, are included in the table.

The Group's immovable property collaterals are located mainly in Greece, US, Germany and Serbia and a small fraction is located in Romania, Ukraine, Bulgaria and other EU and non-EU countries (including Collaterals and Repossessed Properties).

The gross carrying amount of exposures is grouped by energy consumption buckets (i.e. Energy Performance score in kWh/m²) considering both actual and estimated data, and by EPC label using only actual data derived from the collaterals' energy performance certificates.

In order to address the limited availability of energy performance related information for real estate properties that are recognized as collateral in its loan portfolios, and to allocate an Energy Performance (EP) score and EPC class to the eligible real estate properties, the Group applied the following approach:

Publicly available data sources (e.g. Hellenic Statistical Authority, Ministry of Energy) were examined; however, since the information was not available at the property level, but rather on more aggregate levels, it was not deemed appropriate.

Private data sources providers offer property level energy performance data in Greece. This level of data granularity supported the development of a statistical model to predict the EP score and EPC class of the Group's real estate collaterals. The Group's existing data and the acquired data from the external provider, which included properties that were on sale along with their energy performance features, were used for the development of this model based on key property characteristics (e.g. year of construction, surface, property usage, floor level, etc.).

The performance of the model was assessed, and an EP score and EPC class were assigned to all eligible immovable properties.

With regards to the Group's efforts towards the continuous improvement of its climate risk management practices, the Group has adopted a course of actions in order to increase the coverage of its immovable property collaterals with actual energy consumption and EPC label data, including:

1. Ongoing collection of EPCs and incorporation into the systems for all new disbursements, starting from early 2022.
2. The introduction of a procedure aiming to back-populate EPCs for mortgage collaterals from 2019 onwards.
3. Active participation in an interbank effort for the collection of actual EPC data for the Group's real estate collaterals from the national database (Ministry of Energy).

Through its banking products and services, Piraeus Group also contributes to the transition to a more efficient immovable property stock of its clients, while taking into consideration and following closely the updates concerning the revision of the Energy Performance of Buildings Directive (EPBD), which is expected to set higher standards with regard to energy performance of the EU building stock.

⁹ Energy Performance Certificates (EPCs) were introduced by the Energy Performance of Buildings Directive (2010/31/EU) and the Energy Efficiency Directive (2012/27/EU), which promote policies that aim to raise the energy efficiency of the EU building stock.

Table 28: Banking book - Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral																		
Jun 2024 (€ mn)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	
		Total gross carrying amount amount																
			Level of energy efficiency (EP score in kWh/m² of collateral)							Level of energy efficiency (EPC label of collateral)							Without EPC label of collateral	
			0; ≤ 100	> 100; ≤ 200	> 200; ≤ 300	> 300; ≤ 400	> 400; ≤ 500	> 500	A	B	C	D	E	F	G		Of which level of energy efficiency (EP score in kWh/m² of collateral) estimated	
1	Total EU area	10,317	535	7,014	1,375	296	705	392	136	202	222	166	113	81	158	9,239	100%	
2	Of which Loans collateralised by commercial immovable property	3,876	118	2,813	506	44	340	55	4	106	100	11	2	4	12	3,638	100%	
3	Of which Loans collateralised by residential immovable property	5,613	400	3,702	742	205	229	335	132	84	100	118	97	70	137	4,874	100%	
4	Of which Collateral obtained by taking possession: residential and commercial immovable properties	827	17	499	127	47	136	2		12	21	37	13	7	10	727	100%	
5	Of which Level of energy efficiency (EP score in kWh/m² of collateral) estimated	9,846	506	6,817	1,225	264	686	348								9,239	100%	
6	Total non-EU area	99	2	2	95		1								99	100%		

Table 28: Banking book - Climate change transition risk: Loans collateralized by immovable property - Energy efficiency of the collateral

[illegible]

Approaches used for assessing alignment efforts with the objectives of the Paris Alignment

Piraeus Group pathway to net-zero emissions includes committing to the Science Based Targets Initiative (SBTi) and working at a near mid-term (reviewed and validated targets for year 2030). The Group's targets refer to asset classes that do not exactly align to the predefined sectors incorporated in Template 3 and IEA's Net Zero Emissions by 2050 Scenario.

Therefore the Template 3 was filled for selected sectors, for which either the Bank has already adopted emission reduction targets (i.e., power generation, CRE) in the context of SBTi, or the activities included are characterized by high GHG emission intensity (e.g., aluminum production).

The Sectoral Decarbonization Approach is implemented in all sectors under consideration. Specifically, for each of these sectors, the GHG emissions intensity of the Group's portfolio was estimated for the reference year 2023 and then compared to the performance of the corresponding global sector in 2030, as derived by the IEA's Net Zero Roadmap: A Global Pathway to Keep the 1.5 °C Goal in Reach (2023 Update), in order to calculate the distance reported in column f. The sectoral GHG emission intensities of the Group's portfolio for the reference year were estimated by dividing the financed emissions calculated for each sector with the financed output (expressed in MWh, t of aluminum, square meters of buildings) of the corresponding sector.

The analysis includes the scope 1 and 2 emissions of the portfolios and the respective sectors (only the power generation sector is based on analysis of the scope 1 emissions).

For specific sectors (e.g., chemicals), Piraeus Group's clientele focuses on low energy-intensive activities that are not directly comparable to the production of primary chemical products, included in the above-mentioned IEA's report. For these sectors the Group did not estimate the distance between the GHG emissions intensity of the Bank's portfolio, and the performance of the corresponding sectors included in IEA's scenario.

The Group is in the process of collecting activity data (either directly from its clients or from specialized databases – e.g. Thetis) in order to calculate the GHG emissions intensity of its portfolios in other priority sectors, namely maritime, oil and gas, iron and steel. This information will be available in the upcoming reporting period.

For more information about Piraeus targets, please refer to 'SBTi emissions reduction targets' (<https://www.piraeusholdings.gr/en/sustainable-banking/environment-and-society/environment/environmental-policy-principles/sbti>).

Table 29: Banking book - Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
Jun-24	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
1	Power	D.35.11	1,987	206 kg CO ₂ e/MWH	2023	10.6	
2	Fossil fuel combustion						
3	Automotive						
4	Aviation						
5	Maritime transport						

Table 29: Banking book - Climate change transition risk: Alignment metrics

	a	b	c	d	e	f	g
Jun-24	Sector	NACE Sectors (a minima)	Portfolio gross carrying amount (Mn EUR)	Alignment metric	Year of reference	Distance to IEA NZE2050 in % ***	Target (year of reference + 3 years)
6	Cement, clinker and lime production						
7	Iron and steel, coke, and metal ore production	C.24.42	192	10900 kg CO ₂ e/t aluminium	2023	148	
8	Chemicals						
9	Non-residential buildings (CRE)	N/A	585	43.5 kg CO ₂ e/m ²	2023	68	

*** PIT distance to 2030 NZE2050 scenario in % (for each metric)

The next table shows information on exposures to chronic and acute climate-related hazards. Rows 1-9 and 13 include the Group's loans and advances, debt securities, and equity instruments towards NFCs, while rows 10-12 show the Group's loans covered by real estate and repossessed real estate collateral. The table excludes items held for trading and non-trading positions in collective investment undertakings.

The purpose of this table is to examine exposures in the banking book sensitive to chronic physical risks that arise from long-term shifts in climate patterns and acute physical risks that arise from increased severity and occurrence of extreme weather events. Chronic physical risks are defined as those that arise from progressive shifts in climate patterns, while acute physical risks are defined as those that occur from extreme weather events.

Since the Group's financed activities and collaterals are located mainly in Greece, the analysis for the assessment of the potential climate change physical risk is focused on the specific geographic area of Greece.

The information regards a breakdown by sector of economic activity (NACE Level 1 classification) and by geography of location of the activity of the counterparty or of the collateral for those sectors and geographical areas subject to climate change acute and chronic events. The first column of this template reports the gross carrying amount for each economic sector, with the subsequent columns examining the exposures sensitive to impact from climate change physical events in terms of residual maturity (by maturity bucket), sensitivity to chronic and acute climate change events, stage 2 exposures, non-performing exposures, etc.

Chronic physical climate risks for companies arise from the fact that the change of one or more climatic parameters affects their activity level and/or production cost. For example, in some economic sectors there is a direct impact as their activity level is a function of climatic parameters (e.g. the annual yield as well as the quality of agricultural products), while in other sectors there is an indirect impact (e.g. use of raw materials whose production level and consequently their supply cost is directly affected by climatic conditions).

The Group has already developed a methodological framework and tool to analyze and quantify the impacts of chronic climate change on its counterparties, as these risks may affect their ability to service their loans and consequently the Group's economic performance.

Specifically, the quantitative assessment of chronic physical climate risks was carried out on a NACE four-digit sectoral level and NUTS2 geographical level, while the assessment also accounted for variations within some sectors that significantly affect the impact of chronic events on the counterparties (e.g. type of products in agriculture, technologies and fuel used in industrial land

power generation sectors, seasonality in hotels and accommodation). Chronic climate risks are estimated in monetary terms as the ratio of the increased production cost or the reduced output to the current turnover of a typical company in each sector and location.

For the analysis, a short- to mid-term horizon up to 2050 was used, as this period covers the repayment of existing loans provided by the Group, while after 2050 climatic and economic uncertainties are much higher. The reference period from 1970 to 2000 is selected as the historic climate. Physical impacts were estimated for three Representative Concentration Pathway (RCP) Scenarios, namely the low emissions RCP2.6 Scenario, the moderate RCP4.5 Scenario and the high emissions RCP8.5 Scenario, in order to assess all the possible evolutions of the global GHG emissions. For the assessment of the impact under future climatic conditions, climate data derived from nine climate simulations, developed under the EURO-CORDEX program with a horizontal spatial resolution of approximately 11x11 km, were used.

The quantitative assessment of physical climate risks in the various economic sectors was based on a variety of sectoral models, namely:

- Detailed simulation models through which the physical processes associated with an activity are represented and the influence of climatic parameters is quantitatively assessed (e.g. analytical agronomic models simulating the whole cultivation cycle).
- Statistical models developed on the basis of historical data, correlating the production level of an activity with several independent variables, which include one or more climatic parameters (e.g. regression models connecting the production volumes with one or more statistically significant climatic parameters).
- Mathematical models which estimate the production level of an economic activity as a function of climatic parameters (e.g. the way changes in wind speed or solar radiation affect the productivity of wind farms and photovoltaic units correspondingly).

The above models were applied to both historic and future climate, and the difference represents the net impact of climate change on the economic activity under consideration. The ratio of the net impact to the turnover of a typical enterprise of each sector represents the chronic physical climate risk. In the context of the present analysis, the exposures of the Group that are considered sensitive to Chronic Climate Change events have been estimated based on the results of the above methodology considering the period 2021-2030 and the high emissions scenario RCP8.5 and taking into account the economic sectors (at four-digit NACE code level) and geographic locations (at NUTS2 level) with a chronic physical climate risk greater than 0.2%.

The physical impact of chronic climate change on collateralized immovable properties and buildings refers mostly to energy use for heating and cooling. It also concerns sea level rise, which affects coastal properties. Other chronic climatic changes, such as variations in precipitation and wind, are not expected to significantly impact these properties. Impacts on energy use are estimated based on Heating Degree Days (HDD) and Cooling Degree Days (CDD) under the historic and future climate. On the assumption that the structural characteristics of buildings and the efficiency of cooling and heating installations remain stable, the percentage change of energy needs results in a proportional change of energy consumption for cooling and heating. However, as the increased energy needs for cooling due to higher temperatures during summer are counterbalanced by lower heating costs due to higher winter temperatures, the impact on collateralized immovable properties is considered negligible. At the same time, the expected sea level increase in Greece, even under the worst-case scenario RCP8.5 (Representative Concentration Pathway 8.5), will not exceed 0.1 meters until 2030 (compared to 1971-2000 average). This long-term change is likely to significantly impact coastal properties only in conjunction with storm surges and astronomical tides that cause coastal flooding. These impacts are specifically examined in the analysis of acute effects.

The analysis of the effects of the acute climate change events on the exposures in the banking book was done by examining to what extent these effects influence both the economic activities financed as well as the immovable properties used to collateralize these financings. The methodological approaches developed and applied to this end are briefly presented below.

Analysis of the impact on economic activities

The analysis of the acute effects of climate change on the economic activities of the counterparties financed by Piraeus Group was performed by considering seven specific hazards, namely fluvial floods, pluvial floods, landslides, wildfires, extreme heat, water scarcity, and coastal floods, thus covering the most important types of climate extremes that affect the Greek territory. In the context of this analysis, the exposures of the Piraeus Bank that are considered sensitive to Acute Climate Change events are based on a methodology considering the period 2031-2060

under the high emissions scenario RCP8.5. However, the results are not expected to differ significantly for the time horizon up to 2030. The developed and implemented methodological approach includes the following steps:

Step 1: Assessing the hazard related to climate acute events in different geographical regions in Greece

The assessment was done for each of the seven aforementioned extreme phenomena at a NUTS3 level of geographical analysis. It was based on both observed data and future projections derived by the National Hub for Climate Adaptation (<https://geo.adaptivegreecehub.gr>), which were then used to classify the hazards attributed to each of the acute events on a five-level qualitative scale from 0 corresponding to a negligible hazard up to 4, which corresponds to a very high-risk hazard. The results are based on the ensemble mean of 7 EUROCORDEX simulations and they are available at a geographical resolution of 500m x 500m.

The climate indices used for the assessment of hazard for each extreme event are the following:

- Days with very heavy precipitation (daily rain > 20 mm) for pluvial floods, fluvial floods and landslide
- Days with maximum temperature > 35 °C for heatwaves
- Days with very high fire danger (FWI>50) for wildfires
- Maximum duration of consecutive dry days

For coastal floods it is assumed that all coastal areas will be affected due to the sea level rise.

Step 2: Assessing the exposure related to climate acute events of each geographical regions in Greece

For the exposure, official datasets (<https://floods.ypeka.gr>, <https://mapsportal.ypen.gr>, <https://land.copernicus.eu>, <https://database.espon.eu>) are used to calculate the area potentially affected by each extreme event at postal code level. Specifically:

- the percentage of area affected by a fluvial flood with a return period of 100 years is used for fluvial floods,
- the percentage area that depicts at least moderate susceptibility to erosion is used for the landslides,
- the distance from coastal areas is used for coastal floods and
- the percentage of forest areas is used for wildfires

For pluvial floods and water scarcity it is assumed that all the area is affected.

A five-level qualitative scale is also used for exposure ranging from 0 (negligible exposure) up to 4 (very high risk exposure).

Step 3: Assessing the vulnerability of the economic activities to the various climate acute events

Different economic sectors exhibit varying levels of vulnerability to acute events. For example, the agricultural sector is more vulnerable to various types of extreme phenomena, while on the other hand most industrial sectors are less affected. This step examines to what extent economic sectors at the two-digit NACE level could be affected by the hazards in question, regardless of their significance. A four-level rating scale was used to map the associated risks from negligible up to high, based on expert judgement as well as the results of the relevant assessments presented in the framework of the Regional Plans for Adaptation to Climate Change by the Greek Regional Authorities.

Step 4: Estimation of total risk score and classification

In this final step, the total risk score for each economic sector and each geographic region is estimated based on the following approach.

For each postal code i , economic sector j and extreme event k a risk score $R_{i,j,k}$ is estimated based on the following equation:

$$R_{i,j,k} = H_{i,k} \times E_{i,k} \times V_{j,k} \text{ (Eq. 2)}$$

The score $R_{i,j,k}$ can take values from 0 to 48 since $H_{i,j,k}=\{0,4\}$, $E_{i,j,k}=\{0,4\}$ and $V_{i,j,k}=\{0,3\}$. For each sector and postal code a Total Risk score $T_{i,j}$ is calculated as the maximum value of all risk scores $R_{i,j,k}$ for acute events:

$$T_{i,j} = \max(R_{i,j,k}) \text{ (Eq. 3)}$$

Analysis of the impact on collateralized immovable properties

The analysis of the acute effects of climate change on the collateralized immovable properties is based on all previously mentioned specific hazards, except for hazards associated with extreme heat and water scarcity since those hazards are considered to have a negligible effect on buildings and other immovable properties. Therefore, the analysis includes **fluvial floods, pluvial floods, landslides, wildfires and coastal floods**.

The same four-step methodology described earlier for the economic activities is also applied to estimate the total risk score and classify buildings sensitive to acute climate events based on postal codes.

For each postal code i and extreme event k a risk score $R_{i,k}$ is estimated based on the following equation:

$$R_{i,k} = H_{i,k} \times E_{i,k} \times V_k \text{ (Eq. 4)}$$

For the hazard ($H_{i,k}$) and exposure ($E_{i,k}$) scores, the same data sources and valuation values used for economic activities are employed. The vulnerability scores (V_k) are estimated based on expert judgments, considering the possible impact of each extreme event (k) on immovable properties in general.

Table 30: Banking book - Climate change physical risk: Exposures subject to physical risk														
a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
Jun 2024 (€ mn) Variable: Geographical area subject to climate change physical risk - acute and chronic events (Greece only)	Gross carrying amount													
		of which exposures sensitive to impact from climate change physical events												
		Breakdown by maturity bucket					of which exposures sensitive to impact from chronic climate change events	of which exposures sensitive to impact from acute climate change events	of which exposures sensitive to impact both from chronic and acute climate change events	Of which Stage 2 exposures	Of which non-performing exposures	Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		
		<= 5 years	> 5 year <= 10 years	> 10 year <= 20 years	> 20 years	Average weighted maturity							of which Stage 2 exposures	Of which non-performing exposures
1 A - Agriculture, forestry and fishing	377	88	9	6		3.2	9	83	12	7	9	(5)	(0)	(4)
2 B - Mining and quarrying	126	0	0	0			0	0	0	0	0	0	0	0
3 C - Manufacturing	3,835	552	124	10	0	3.2	513	95	79	33	54	(23)	(1)	(21)

[illegible]

In 2020, the European Parliament adopted the EU Taxonomy Regulation (EU Regulation 2020/852), setting out an EU-wide framework -a classification system- that allows investors and undertakings to determine whether certain economic activities are environmentally sustainable. On June 4th, 2021 the EC adopted the Commission Delegated Regulation (EU) 2021/2139, establishing the technical screening criteria for the climate change mitigation and climate change adaptation objectives, and on July 6th, 2021 the Commission Delegated Regulation (EU) 2021/2178 ("the Disclosures Delegated Act"), which supplements Article 8 of the Taxonomy Regulation and specifies the content, methodology and presentation of information to be disclosed by financial and non-financial undertakings concerning the proportion of environmentally sustainable economic activities in their business, investments or lending activities. On July 15th, 2022, a Complementary Climate Delegated Act was released, including, under strict conditions, specific nuclear and gas energy activities in the list of economic activities covered by the EU Taxonomy. Sequentially in November 2023, the Delegated Act for economic activities was published in the Official Journal contributing to the four environmental objectives for: sustainable use and protection of water, transition to a circular economy, pollution prevention and control, and protection and restoration of biodiversity and ecosystems. Further amendments were incorporated to add economic activities to the list of those substantially contributing to the objectives of climate change mitigation and adaptation, and to clarify the reporting obligations for the additional four environmental objectives.

The EU Taxonomy is a cornerstone of the EU's sustainable finance framework and an important market transparency tool. It helps direct investments to the economic activities most needed to meet the European Green Deal objectives. The Taxonomy is a classification system that defines criteria for economic activities that are aligned with a net zero trajectory by 2050 and broader environmental goals over and above climate change.

A key indicator of alignment is the Green Asset Ratio ("GAR") which non-financial enterprises disclose from 2023, while financial institutions from 2024 onwards. For a credit institution, GAR is defined as the proportion of its assets invested in Taxonomy-aligned economic activities over its total covered assets. An economic activity is considered as Taxonomy-aligned when it satisfies all three conditions below:

- i) makes a substantial contribution to at least one of the six environmental objectives;
- ii) avoids negative effects on the other five objectives (DNSH: "Do No Significant Harm"); and
- iii) respects minimum social safeguards.

On the other hand, an economic activity is considered Taxonomy-eligible as long as it is described in the EU Taxonomy Regulation, regardless of whether it satisfies the above conditions.

The GAR is calculated based on the on-balance sheet exposures (total covered assets) according to the prudential scope of consolidation for the types of assets and accounting portfolios specified in the Disclosures Delegated Act. Credit institutions are required to disclose the aggregate GAR for on-balance sheet covered assets, a breakdown for the environmental objective pursued by environmentally sustainable assets, the type of counterparty, and the subset of transitional and enabling activities.

The disclosure requirements commenced in 2021 and initially focused on Taxonomy eligibility and respective ratios. Starting from the financial year 2023 for financial institutions, the disclosures will include information and respective KPIs on Taxonomy alignment, over and above eligibility.

EU Taxonomy alignment (as a proportion of Group's total covered assets (%))	30/06/2024	
	Taxonomy aligned based on	GAR % based on
	turnover € million	turnover
1. GAR for credit institutions (total of climate change mitigation and climate change adaptation)	11	0.65
2. GAR for other financial undertakings (total of climate mitigation and climate change adaptation)	64	13.62
3. GAR for non-financial undertakings (total of climate change mitigation and climate change adaptation)	863	23.05
4. GAR for loans collateralized by residential immovable properties (climate change mitigation)	54	0.98
5. GAR for building renovation loans (climate change mitigation)	55	8.89
6. GAR for motor vehicle loans (climate change mitigation)	0	0.00
7. GAR for loans to local governments for house financing and other specialised lending	0	0.00
8. GAR for collateral obtained by taking possession: residential and commercial immovable properties (climate change mitigation)	0	0.00
9. Total	1,047	2.30
Total covered assets	45,542	-
Group's total assets	76,626	-

In estimating the above figures, the Group followed an approach, refraining from recognizing Taxonomy alignment in cases where all regulatory requirements (including Technical Screening Criteria and Do-No-Significant-Harm) are not fully met. Due to limitations in available information, in particular around dedicated-purpose financings, a substantial number of exposures that are aligned to the Group's internal sustainable finance framework has not been recognized as Taxonomy-aligned. Furthermore, when it comes to corporates, Taxonomy-aligned activities are limited to undertakings subject to the Non-Financial Reporting Directive (NFRD) and, as a result, respective KPIs do not include exposures to SMEs.

Piraeus Group reports on Taxonomy KPIs and GAR, based on relevant input from non-financial counterparties, including information on turnover associated with eligible and aligned economic activities.

When assessing Taxonomy-eligible and Taxonomy-aligned activities for financial and non-financial undertakings, actual information published by counterparties has been leveraged to the extent possible.

The Group's total Green Asset Ratio based on turnover amounted to 2.3% of total covered assets as at 30/06/2024. It is noted that the ratio covers the two climate-related environmental objectives (mitigation and adaptation) of the EU Taxonomy.

The Group is committed to continuously improve its processes and enhance the availability of data and its frameworks and processes to upgrade its reporting scope according to the EU Taxonomy.

Table 31: Summary of GAR KPIs					
Jun-24		a	b	c	d
		KPI		% coverage (over total assets)*	
		Climate change mitigation	Climate change adaptation	Total (Climate change mitigation + Climate change adaptation)	
1	GAR stock	2.30%	0.00%	2.30%	59.43%
2	GAR flow	5.24%	0.01%	5.24%	100.00%

* % of assets covered by the KPI over banks' total assets

Table 32: - Mitigating actions: Assets for the calculation of GAR																	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
		Disclosure reference date T															
June 2024 (€mn)	Total gross carrying amount	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)						TOTAL (CCM + CCA)			
		Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)			
		Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)			
				Of which specialised lending	Of which transitional	Of which enabling				Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
	GAR - Covered assets in both numerator and denominator																
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	15,175	7,965	1,046	797	1	36	5	1	1	0	0	7,971	1,047	798	1	36
2	Financial corporations	2,089	361	74	32	1	5	2	0	0	0	0	363	74	32	1	5
3	Credit institutions	1,619	196	11	0	1	1	2	0	0	0	0	198	11	0	1	1

[illegible]

[illegible]

[illegible]

[illegible]

Table 32: - Mitigating actions: Assets for the calculation of GAR																	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p
June 2024 (€mn)		Disclosure reference date T															
		Total gross carrying amount	Climate Change Mitigation (CCM)						Climate Change Adaptation (CCA)						TOTAL (CCM + CCA)		
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)						Of which towards taxonomy relevant sectors (Taxonomy-eligible)		
			Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)						Of which environmentally sustainable (Taxonomy-aligned)		
					Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which adaptation	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling
49	TOTAL ASSETS EXCLUDED FROM NUMERATOR AND DENOMINATOR	31,083															
50	TOTAL ASSETS	76,626															

Table 33: - GAR (%)																																	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	a b	ac	ad	ae	af
	Jun-24	Disclosure reference date T: KPIs on stock																Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)										
		Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors				Proportion of eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of total new assets covered						
		Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable					Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable										
	% (compared to total covered assets in the denominator)		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional/adaptation	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling		Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling			
1	GAR	21 %	2 %	2 %	0 %	0 %	0 %	0 %	0 %	0 %	21 %	2 %	2 %	0 %	0 %	59 %	27 %	5 %	3 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	28 %	5 %	3 %	0 %	0 %	100 %	
2	Loans and advances, debt	52 %	7 %	5 %	0 %	0 %	0 %	0 %	0 %	0 %	53 %	7 %	5 %	0 %	0 %	20 %	26 %	5 %	3 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	27 %	5 %	3 %	0 %	0 %	99 %	

[illegible]

Table 33: - GAR (%)																																		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	a b	ac	ad	ae	af	
	Jun-24	Disclosure reference date T: KPIs on stock																Disclosure reference date T: KPIs on flows																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered	
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable							Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable					
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling		
7	of which management companies	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
8	of which insurance undertakings	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	
9	No n-financial corporations subject to NFRD disclosure obligations	42%	23%	20%	0%	1%	0%	0%	0%	0%	0%	42%	23%	20%	0%	1%	5%	27%	11%	8%	0%	1%	0%	0%	0%	0%	0%	0%	27%	11%	8%	0%	1%	33%
10	Households	65%	1%	0%	0%	0%						65%	1%	0%	0%	0%	12%	47%	3%	0%	1%	0%						47%	3%	0%	1%	0%	29%	

Table 33: - GAR (%)																																	
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	a b	ac	ad	ae	af
	Jun-24	Disclosure reference date T: KPIs on stock																Disclosure reference date T: KPIs on flows															
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)					
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered	Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of new eligible assets funding taxonomy relevant sectors					Proportion of total new assets covered
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable					Of which environmentally sustainable										
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/adaptation	Of which enabling	
11	f which loans collateralised by residential immovable property	94%	1%	0%	0%	0%						94%	1%	0%	0%	0%	7%	100%	4%	0%	0%	0%						100%	4%	0%	0%	0%	13%
12	f which building renovation loans	100%	9%	0%	0%	0%						100%	9%	0%	0%	0%	1%	100%	58%	0%	58%	0%						100%	58%	0%	58%	0%	1%
13	f which motor vehicle loans	65%	0%	0%	0%	0%						65%	0%	0%	0%	0%	0%	100%	0%	0%	0%	0%						100%	0%	0%	0%	0%	4%
14	Local government financing	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%
15	ousing	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%						0%	0%	0%	0%	0%	0%

Table 33: - GAR (%)																																		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q	r	s	t	u	v	w	x	y	z	aa	a b	ac	ad	ae	af	
	Jun-24	Disclosure reference date T: KPIs on stock																Disclosure reference date T: KPIs on flows																
		Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)					TOTAL (CCM + CCA)						Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)								
		Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of eligible assets funding taxonomy relevant sectors					Proportion of total assets covered	Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of new eligible assets funding taxonomy relevant sectors				Proportion of total new assets covered				
		Of which environmentally sustainable					Of which environmentally sustainable					Of which environmentally sustainable						Of which environmentally sustainable				Of which environmentally sustainable				Of which environmentally sustainable								
	% (compared to total covered assets in the denominator)			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional	Of which enabling			Of which specialised lending	Of which transitional/al/adaptation	Of which enabling					Of which specialised lending	Of which transitional	Of which enabling				Of which specialised lending	Of which transitional	Of which enabling				Of which specialised lending	Of which transitional/al/adaptation
	financing																																	
16	ther local government financing	0 %	0 %	0%	0%	0%	0 %	0 %	0%	0%	0%	0 %	0 %	0%	0%	0%	0%	0 %	0 %	0%	0%	0%	0 %	0 %	0%	0%	0%	0 %	0 %	0%	0%	0%	0%	
17	Colateral obtained by taking possession: residential and commercial immovable properties	88 %	0 %	0%	0%	0%						88 %	0 %	0%	0%	0%	0%	2%	97 %	0 %	0%	0%	0%					97 %	0 %	0%	0%	0%	0%	1%

The final ESG-related table is intended to cover the Group's exposures that are not taxonomy aligned in accordance with Regulation (EU) 2020/852 but that still support counterparties in the transition and adaptation process for the objectives of climate change mitigation and climate change adaptation. The table includes assets (bonds and loans) that the Group has identified as environmentally sustainable financing, corresponding to the operations that the Group has considered to meet internal eligibility requirements for climate change mitigation and adaptation activities. These internal requirements leverage on EU Taxonomy criteria developed to date and also take into account standards and market best practices. In that sense, they are aligned to a significant extent, but not entirely, with the EU Taxonomy alignment criteria prescribed in Regulation (EU) 2020/852.

The following asset categories are presented:

Bonds categorized as “Green” in accordance with the International Capital Market Association (ICMA) Principles,

Sustainability-linked Bonds with sustainability performance-linked targets (SPT) related to GHG emissions reduction, and

Loans to both businesses and households classified as “Green”. These loans finance activities as described below:

- For Businesses: Renewable Energy Sources, Green buildings, and Energy Efficiency Specific eligibility criteria also described in the Group’s Green Bond Framework;
- For Households: improvement of residential buildings’ energy efficiency; and
- Investments underpinned by the Recovery and Resilience Fund (RRF).

Piraeus Group has assessed the EU Taxonomy alignment of its portfolio in accordance with the reporting requirements as of June 30th, 2024. Therefore the exposures presented in this table, exclude EU Taxonomy aligned exposures, following the relevant guidance.

The type of risk mitigated is mainly climate change transition risk. Piraeus Group supports counterparties by facilitating the financing towards activities included in the internal standards mentioned above, which mainly refer to climate change mitigation objectives.

Table 34: Other climate change mitigating actions that are not covered in the EU Taxonomy

Jun-24	a	b	c	d	e	f
	Type of financial instrument	Type of counterparty	Gross carrying amount (€ mn)	Type of risk mitigated (Climate change transition risk)	Type of risk mitigated (Climate change physical risk)	Qualitative information on the nature of the mitigating actions
1	Bonds (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Financial corporations	26	Y		Green Bonds
2		Non-financial corporations	83	Y		Includes Green Bonds or Sustainability Linked Bonds
3		Of which Loans collateralised by commercial immovable property	0			
4		Households	0			
5		Of which Loans collateralised by residential immovable property	0			
6		Of which building renovation loans	0			
7		Other counterparties	57	Y		Green Bonds
8		Financial corporations	53	Y		Loan related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies
9		Non-financial corporations	1,948	Y		Loan related to the acquisition, development, manufacturing, construction, operation and maintenance, distribution and transmission of renewable energies
10		Of which Loans collateralised by commercial immovable property	228	Y		
11	Loans (e.g. green, sustainable, sustainability-linked under standards other than the EU standards)	Households	136	Y		Mainly includes financing related to the construction or acquisition of Green buildings or renovation and upgrade of the existing building's EPC
12		Of which Loans collateralised by residential immovable property	30	Y		
13		Of which building renovation loans	5	Y		
14		Other counterparties	0			

5. Market Risk

Market risk is defined as the risk of incurring losses due to adverse changes in the level or the volatility of market prices and rates, including equity prices, interest rates, commodity prices, and currency exchange rates, as well as changes in their correlation.

The Group has established a Group-wide market risk limit system. The adequacy of the system and the limits are reviewed annually. The adherence to the limits structure is monitored by the Group's Market and Liquidity Risk Management unit as well as the responsible units at a subsidiary level. The Group has adopted and applied widely accepted techniques for the measurement of market risk.

A Market Risk Management Policy has been in place for all relevant Group units since the beginning of 2003. Based on this policy, every Group unit has been assigned specific market risk limits, which are monitored on a continuous basis, both locally as well as by GRM.

5.1. Capital Requirements - Standardized Approach

As a result of the containment of the trading book volume during the last years, position risk has been materially constrained. The main drivers for market risk capital requirements currently are general interest rate risk and FX risk.

Table 35: EU MR1 – Market risk under the standardized approach

Jun 2024 (€ 000's)		a
		RWEAs
OUTRIGHT PRODUCTS		
1	Interest rate risk (general and specific)	252,814
2	Equity risk (general and specific)	57,425
3	Foreign exchange risk	73,712
4	Commodity risk	31,335
OPTIONS		
5	Simplified approach	
6	Delta-plus method	697
7	Scenario approach	
8	Securitization (specific risk)	
9	Total	415,983

5.1.1. Credit Valuation Adjustment

According to the CRR, beginning January 1st, 2014, the Group is obliged to maintain adequate capital levels against CVA risk. The risk derives from an adjustment to the mid-market valuation of a portfolio of transactions with a counterparty. That adjustment reflects the current market value of the credit risk of the counterparty to the institution but does not reflect the current market value of the credit risk of the institution to the counterparty (unilateral CVA approach).

The Group uses the standardized approach for calculating CVA. On June 30th, 2024, the relevant capital requirements amounted to € 2.94 mn.

Table 36: EU CCR2 – CVA capital charge		
Jun 2024 (€ 000's)	a	b
	Exposure value	RWEA
1	Total portfolios subject to the Advanced method	
2	(i) VaR component (including the 3× multiplier)	
3	(ii) stressed VaR component (including the 3× multiplier)	
4	Transactions subject to the Standardized method	60,654
EU4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	
5	Total transactions subject to own funds requirements for CVA risk	36,809

6. Interest Rate Risk in the Banking Book

6.1. Definition

Interest rate risk in the banking book (IRRBB) is the risk to earnings and capital arising from adverse changes in the absolute level of interest rates. It involves:

- **Gap or repricing risk**, arising from the timing mismatch in the maturity and repricing profile of interest rate sensitive assets and liabilities,
- **Basis risk**, arising from the imperfect correlation in the adjustment of the rates earned and paid on different interest rate sensitive instruments, with otherwise similar rate change characteristics, and
- **Option risk**, arising from options (embedded and explicit), which alter the level and timing of cash flows relating to interest rate sensitive assets and liabilities.

IRRBB stems, mainly, from financial instruments that carry a fixed interest rate, especially those whose rate is fixed for a long period of time, such as mortgages, consumer loans, and fixed rate debt securities.

6.2. Measurements

In accordance with Article 448 of the CRR and Article 84 of the CRD, the following table illustrates the evolution of the IRRBB KRIs during the first half of 2024:

Table 37: EU IRRBB1 – Interest rate risks of non-trading book activities				
Supervisory shock scenarios 2024 (€ 000's)	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
	Jun 2024	Dec 2023	Jun 2024	Dec 2023
1 Parallel up	(398,909)	239,191	(109,179)	(11,180)
2 Parallel down	538,637	(202,709)	(116,699)	(169,333)
3 Steepener	(242,308)	(31,639)		
4 Flattener	171,229	67,214		
5 Short rates up	3,144	106,319		
6 Short rates down	(101,667)	(183,665)		

As the results indicate, the Group has adjusted its exposure to IRRBB, compared to the 2023 EoY disclosures, repositioning itself in accordance with its Risk Strategy and expectations on the evolution of global interest rate markets, focusing on the execution of its hedging strategies.

Finally, regarding the materiality of the Group's currency exposures, as defined by the EBA, EUR qualifies as the sole material currency, with EUR-denominated exposures amounting to approx. 94% of total banking book assets, as at June 28th, 2024. Nevertheless, for the purposes of prudence and completeness, the Group considers all currency exposures in the measurement of IRRBB.

7. Liquidity Risk

Liquidity risk management is associated with the Group's ability to maintain adequate liquidity positions in order to meet its financial obligations, while also safeguarding its financial results and its capital. Liquidity risk is the risk arising from the Group's inability to meet its financial obligations when they come due, without incurring any unacceptable costs or losses, both under normal conditions and in times of stress. In order to manage this risk, current and future liquidity requirements are monitored thoroughly, along with the respective needs for funding, depending on the projected maturity of outstanding transactions. In general, liquidity management is a process of balancing cash flows within time bands, so that, under normal conditions, the Group may meet all its financial obligations as they become due.

7.1. Liquidity Coverage Ratio

The LCR is intended to promote the short-term resilience of an institution's liquidity risk profile over a 30-day stress scenario. The ratio is defined as the amount of High Quality Liquid Assets (HQLA) that could be used to raise liquidity, measured against the total volume of net cash outflows, arising from both contractual and modelled exposures, in a stressed scenario. This requirement has been implemented into European law via Commission Delegated Regulation (EU) 2015/61, adopted in October 2014. Compliance with the LCR is required in the EU since October 1st, 2015.

Piraeus Group's LCR sustained its robust profile, consistently remaining comfortably above risk appetite levels and standing at 215% as at June 28th, 2024. Piraeus Group's 12-month average LCR of 240%, as at the same reference date is calculated in accordance with the Commission Delegated Regulation (EU) 2015/61 and the EBA Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of the CRR. The HQLA as at June 28th, 2024, of € 20 bn was primarily held in Level 1 high quality securities (59%) and Level 1 cash and central bank reserves (41%). This compares to € 21.7 bn as at March 29th, 2024, primarily held in Level 1 high quality securities (52%) and Level 1 cash and central bank reserves (48%). The 12-month average HQLA, as at the same reference date and in accordance with the abovementioned regulation and guidelines, is calculated at € 21.7 bn. This compares to € 21.5 bn as at March 29th, 2024.

In June 2024, the Group's principal source of liquidity remained its robust customer deposit base, while its accumulated HQLA buffer maintained its strength and adequacy. The latter's evolution was mainly driven by TLTRO repayment, increased loan disbursements and decreased bank deposits, countered by customer deposits, Group's new bond issuance, and decreased margin placements. The LCR net outflows increase was mainly driven by the change in the deposits outflows mix in favor of higher outflow rate deposits, increase in committed facilities and letters of guarantee, as well as due to loans repayments.

Based on the aforementioned developments, the Group LCR remained consistently high, exhibiting outstanding stability and remaining comfortably above the regulatory minimum requirement of 100%, despite any adverse global economic conditions and increased market volatility.

Table 38: EU LIQ1 – Disclosure on the liquidity coverage ratio (LCR)									
(€ 000's)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2024	Mar 2024	Dec 2023	Sep 2023
EU-1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					21,726,551	21,524,365	20,880,056	19,923,499
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	46,999,600	46,632,970	46,258,999	45,785,622	2,600,921	2,589,605	2,579,262	2,594,750
3	Stable deposits	33,544,601	32,570,394	31,552,621	30,718,548	1,677,230	1,628,520	1,577,631	1,535,927
4	Less stable deposits	6,866,584	7,316,841	7,916,783	8,613,591	923,691	961,085	1,001,631	1,058,822
5	Unsecured wholesale funding	10,238,846	10,144,384	10,138,344	10,259,861	4,746,653	4,721,758	4,729,854	4,829,481
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	1,091,447	1,109,820	1,141,512	1,190,397	272,862	277,455	285,378	297,599
7	Non-operational deposits (all counterparties)	9,130,056	9,026,657	8,989,669	9,062,301	4,456,448	4,436,396	4,437,313	4,524,719
8	Unsecured debt	17,343	7,907	7,163	7,163	17,343	7,907	7,163	7,163
9	Secured wholesale funding					24,752	17,258	14,372	6,123
10	Additional requirements	3,182,609	3,168,210	3,116,292	2,997,800	1,394,048	1,389,203	1,381,416	1,368,530
11	Outflows related to derivative exposures and other collateral requirements	1,184,999	1,185,213	1,184,998	1,184,837	1,184,999	1,185,213	1,184,998	1,184,837

Table 38: EU LIQ1 – Disclosure on the liquidity coverage ratio (LCR)									
(€ 000's)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2024	Mar 2024	Dec 2023	Sep 2023
12	Outflows related to loss of funding on debt products	0	0	0	0	0	0	0	0
13	Credit and liquidity facilities	1,997,610	1,982,996	1,931,294	1,812,963	209,049	203,990	196,418	183,693
14	Other contractual funding obligations	74,593	73,002	68,609	53,483	0	0	0	0
15	Other contingent funding obligations	13,550,678	13,388,118	13,058,539	12,686,878	677,534	669,406	652,927	634,344
16	Total cash outflows					9,443,909	9,387,230	9,357,830	9,433,228
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	203,783	92,498	47,764	54,251	0	0	0	0
18	Inflows from fully performing exposures	676,921	650,678	707,740	744,899	404,729	398,198	435,942	462,407
19	Other cash inflows	0	1,000	1,152	2,272	0	1,000	1,152	2,272
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	Total cash inflows	880,704	744,177	756,655	801,421	404,729	399,198	437,094	464,680
EU-20a	Fully exempt inflows								
EU-20b	Inflows subject to 90% cap								
EU-20c	Inflows subject to 75% cap	880,704	744,177	756,655	801,421	404,729	399,198	437,094	464,680
TOTAL ADJUSTED VALUE									

Table 38: EU LIQ1 – Disclosure on the liquidity coverage ratio (LCR)									
(€ 000's)		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU-1a	Quarter ending on	Jun 2024	Mar 2024	Dec 2023	Sep 2023	Jun 2024	Mar 2024	Dec 2023	Sep 2023
EU-21	Liquidity Buffer					21,726,551	21,524,365	20,880,056	19,923,499
22	Total Net Cash Outflows					9,039,180	8,988,032	8,920,737	8,968,548
23	Liquidity Coverage Ratio (LCR)					240.45%	239.50%	233.93%	222.29%

7.2. Net Stable Funding Ratio

The NSFR requires banks to maintain a stable funding profile in relation to their on- and off-balance sheet activities. The ratio is defined as the amount of Available Stable Funding (ASF, i.e., the portion of capital and liabilities expected to be a stable source of funding), relative to the amount of Required Stable Funding (RSF). The section of the CRR that defines and implements the NSFR for the EU was finalized in June 2019 and has been effective since June 28th, 2021.

The NSFR as of June 28th, 2024, calculated in accordance with said CRR framework, stood at 133%, stable versus March 2024, remaining consistently high and comfortably above the regulatory minimum requirement of 100%. This was attributed mainly to increased Customer Deposits and new own bond issuance, counterbalanced by TLTRO repayment and increased PE loans. The table below presents the NSFR and the breakdown of ASF and RSF items for the reference date June 28th, 2024.

Table 39: EU LIQ2 – Net Stable Funding Ratio (NSFR)

Jun 2024 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	7,748,026	0	506,591	501,156	8,249,182
2	Own funds	7,748,026	0	506,591	501,156	8,249,182
3	Other capital instruments		0	0	0	0
4	Retail deposits		43,556,767	3,403,109	401,942	44,567,206
5	Stable deposits		35,639,456	2,388,043	64,827	36,190,951
6	Less stable deposits		7,917,311	1,015,066	337,115	8,376,254
7	Wholesale funding:		14,369,615	155,929	3,681,454	8,939,586
8	Operational deposits		1,090,116	0	0	545,058
9	Other wholesale funding		13,279,499	155,929	3,681,454	8,394,528
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	296,519	1,870,921	97	133,723	133,772
12	NSFR derivative liabilities	296,519				
13	All other liabilities and capital instruments not included in the above categories		1,870,921	97	133,723	133,772
14	Total available stable funding (ASF)					61,889,745
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					162,301
EU-15a	Assets encumbered for more than 12m in cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		2,869,511	1,758,489	34,834,823	31,133,249
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		50,001	0	541,476	541,476

Table 39: EU LIQ2 – Net Stable Funding Ratio (NSFR)

Jun 2024 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		502,941	438	6,386,623	6,437,136
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,096,299	1,590,254	21,936,038	19,837,189
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		853,415	729,498	3,258,599	2,909,546
22	Performing residential mortgages, of which:		141,309	164,076	4,758,345	3,245,617
23	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		141,309	164,076	4,758,345	3,245,617
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		78,962	3,721	1,212,341	1,071,831
25	Interdependent assets		0	0	0	0
26	Other assets		296,519	0	14,333,247	14,316,647
27	Physical traded commodities		0	0	12,369	10,514
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	197,139	167,569
29	NSFR derivative assets		0	0	0	0
30	NSFR derivative liabilities before deduction of variation margin posted		296,519	0	0	14,826
31	All other assets not included in the above categories		0	0	14,123,739	14,123,739
32	Off-balance sheet items		16,782,658	0	0	839,133
33	Total RSF					46,451,330
34	Net Stable Funding Ratio (%)					133.24%

Appendix III of this document contains the historical NSFR data for the two prior quarters (Q4 2023 and Q1 2024).

8. Appendices

8.1. Appendix I: Own Funds

EU CC1 – Composition of regulatory own funds		
Jun 2024 (€ 000's)	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
COMMON EQUITY TIER 1 (CET1) CAPITAL: INSTRUMENTS AND RESERVES		
1 Capital instruments and the related share premium accounts	4,417,426	A
of which: Instrument type 1 (Ordinary Shares)	1,162,842	A
of which: Instrument type 2	0	
2 Retained earnings	1,675,025	B
3 Accumulated other comprehensive income (and other reserves)	508,190	B
EU-3a Funds for general banking risk	0	
4 Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0	
5 Minority interests (amount allowed in consolidated CET1)	2,099	C
EU-5a Independently reviewed interim profits net of any foreseeable charge or dividend	422,354	B
6 CET1 capital before regulatory adjustments	7,025,093	
COMMON EQUITY TIER 1 (CET1) CAPITAL: REGULATORY ADJUSTMENTS		
7 Additional value adjustments (negative amount)	(2,544)	
8 Intangible assets (net of related tax liability) (negative amount)	(241,763)	D/G
10 Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(3,761)	E
11 Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	(7,268)	
12 Negative amounts resulting from the calculation of expected loss amounts	0	
13 Any increase in equity that results from securitised assets (negative amount)	0	
14 Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0	
15 Defined-benefit pension fund assets (negative amount)	0	
16 Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	(15,753)	F
17 Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	(4,096)	

EU CC1 – Composition of regulatory own funds		
Jun 2024 (€ 000's)	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(48,775)
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0
EU-20c	of which: securitisation positions (negative amount)	(48,775)
EU-20d	of which: free deliveries (negative amount)	0
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	(1,621,389) E
22	Amount exceeding the 17,65% threshold (negative amount)	0 E/G
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0 G
25	of which: deferred tax assets arising from temporary differences	0 E
EU-25a	Losses for the current financial year (negative amount)	0
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	(350,535)
28	Total regulatory adjustments to CET1	(2,295,883)
29	CET1 capital	4,729,210
ADDITIONAL TIER 1 (AT1) CAPITAL: INSTRUMENTS		
30	Capital instruments and the related share premium accounts	600,000 H
31	of which: classified as equity under applicable accounting standards	600,000 H
32	of which: classified as liabilities under applicable accounting standards	0
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	0

EU CC1 – Composition of regulatory own funds		
Jun 2024 (€ 000's)		a
		b
		Amounts
		Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0
35	of which: instruments issued by subsidiaries subject to phase out	0
36	AT1 capital before regulatory adjustments	600,000
ADDITIONAL TIER 1 (AT1) CAPITAL: REGULATORY ADJUSTMENTS		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0
42a	Other regulatory adjustments to AT1 capital	0
43	Total regulatory adjustments to AT1 capital	0
44	AT1 capital	600,000
45	Tier 1 capital (T1 = CET1 + AT1)	5,329,210
TIER 2 (T2) CAPITAL: INSTRUMENTS		
46	Capital instruments and the related share premium accounts	1,007,747
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	0
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0
49	of which: instruments issued by subsidiaries subject to phase out	0
50	Credit risk adjustments	0
51	T2 capital before regulatory adjustment	1,007,747
TIER 2 (T2) CAPITAL: REGULATORY ADJUSTMENTS		

EU CC1 – Composition of regulatory own funds		
Jun 2024 (€ 000's)	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0
EU-56b	Other regulatory adjustments to T2 capital	0
57	Total regulatory adjustments to T2 capital	0
58	T2 capital	1,007,747
59	Total capital (TC = T1 + T2)	6,336,957
60	Total Risk exposure amount	34,143,285
CAPITAL RATIOS AND BUFFERS		
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	13.85%
62	Tier 1 (as a percentage of total risk exposure amount)	15.61%
63	Total capital (as a percentage of total risk exposure amount)	18.56%
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	9.77%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical buffer requirement	0.08%
67	of which: systemic risk buffer requirement	0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	1.00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.69%
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.36%
AMOUNTS BELOW THE THRESHOLDS FOR DEDUCTION (BEFORE RISK WEIGHTING)		

EU CC1 – Composition of regulatory own funds		
Jun 2024 (€ 000's)	a	b
	Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	127,745
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	39,040
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	669,764
APPLICABLE CAPS ON THE INCLUSION OF PROVISIONS IN TIER 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	0
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0
CAPITAL INSTRUMENTS SUBJECT TO PHASE-OUT ARRANGEMENTS (ONLY APPLICABLE BETWEEN 1 JAN 2014 AND 1 JAN 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	0
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0
82	Current cap on AT1 instruments subject to phase out arrangements	0
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	0
84	Current cap on T2 instruments subject to phase out arrangements	0
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	0

Note: The references-column identify balance sheet components in Table 01: "EU CC2: reconciliation of regulatory own funds to balance sheet in the audited financial statements" which is used in the calculation of regulatory own funds. CET1 regulatory capital as at June 30th, 2024, includes H1 2024 interim profits, excluding dividend according to maximum pay-out ratio, following regulatory approval, in accordance with ECB Decision (EU) 2016/656.

8.2. Appendix II: Leverage Ratio

EU LR1 – LRSum: Summary reconciliation of accounting assets and leverage ratio exposures			
(€ 000's)		a	b
		Applicable amount	
		Jun 2024	Dec 2023
1	Total assets as per published financial statements	76,625,849	76,450,412
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of regulatory consolidation		
3	(Adjustment for securitized exposures that meet the operational requirements for the recognition of risk transference)		
4	(Adjustment for temporary exemption of exposures to central bank (if applicable))		
5	(Adjustment for fiduciary assets recognized on the balance sheet pursuant to the applicable accounting framework but excluded from the leverage ratio total exposure measure in accordance with point (i) of point (i) of Article 429a(1) CRR)		
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting		
7	Adjustment for eligible cash pooling transactions		
8	Adjustments for derivative financial instruments	565,448	769,952
9	Adjustment for securities financing transactions (SFTs)	104,902	29,918
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	3,093,818	2,787,896
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-11b	(Adjustment for exposures excluded from the leverage ratio total exposure measure in accordance with point (j) of Article 429a(1) CRR)		
12	Other adjustments	(3,036,444)	(3,532,148)
13	Leverage ratio total exposure measure	77,353,573	76,506,029

EU LR2 – LRCom: Leverage ratio common disclosure			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		Jun 2024	Dec 2023
ON-BALANCE SHEET EXPOSURES (EXCLUDING DERIVATIVES AND SFTS)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	74,889,679	74,764,884
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework		
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(5,961)	(11,140)
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)		
5	(General credit risk adjustments to on-balance sheet items)		
6	(Asset amounts deducted in determining Tier 1 capital)	(1,924,217)	(2,060,103)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	72,959,501	72,693,641
DERIVATIVE EXPOSURES			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	64,608	169,637
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardized approach		
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	644,545	791,271
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardized approach		
EU-9b	Exposure determined under Original Exposure Method		
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)		
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardized approach)		
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original exposure method)		
11	Adjusted effective notional amount of written credit derivatives		
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
13	Total derivatives exposures	709,153	960,908
SECURITIES FINANCING TRANSACTION (SFT) EXPOSURES			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	591,477	51,486

EU LR2 – LRCom: Leverage ratio common disclosure			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		Jun 2024	Dec 2023
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets	104,904	29,918
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR		
17	Agent transaction exposures		
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)		
18	Total securities financing transaction exposures	696,381	81,404
OTHER OFF-BALANCE SHEET EXPOSURES			
19	Off-balance sheet exposures at gross notional amount	16,782,658	15,277,429
20	(Adjustments for conversion to credit equivalent amounts)	(13,794,120)	(12,507,353)
21	(General provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)		
22	Off-balance sheet exposures	2,988,539	2,770,076
EXCLUDED EXPOSURES			
EU-22a	(Exposures excluded from the leverage ratio total exposure measure in accordance with point (c) of Article 429a(1) CRR)		
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off balance sheet))		
EU-22c	(Excluded exposures of public development banks - Public sector investments)		
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)		
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))		
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)		
EU-22g	(Excluded excess collateral deposited at triparty agents)		
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)		
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)		
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)		
EU-22k	(Total exempted xposures)		
CAPITAL AND TOTAL EXPOSURE MEASURE			
23	Tier 1 capital	5,329,210	4,926,738
24	Leverage ratio total exposure measure	77,353,573	76,506,029
LEVERAGE RATIO			
25	Leverage ratio	6.89%	6.44%

EU LR2 – LRCom: Leverage ratio common disclosure			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		Jun 2024	Dec 2023
EU-25	Leverage ratio (without the adjustment due to excluded exposures of public development banks - Public sector investments) (%)	6.89%	6.44%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.89%	6.44%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)		
EU-26b	of which: to be made up of CET1 capital (percentage points)		
27	Leverage ratio buffer requirement (%)		
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
CHOICE ON TRANSITIONAL ARRANGEMENTS AND RELEVANT EXPOSURES			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
DISCLOSURE OF MEAN VALUES			
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	428,297	52,446
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	591,477	51,486
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	77,190,393	76,506,989
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	77,190,393	76,506,989
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.90%	6.44%

EU LR2 – LRCom: Leverage ratio common disclosure		
(€ 000's)	a	b
	CRR leverage ratio exposures	
	Jun 2024	Dec 2023

31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6.90%	6.44%
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EU LR3 – LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)			
(€ 000's)		a	b
		CRR leverage ratio exposures	
		Jun 2024	Dec 2023
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	72,775,902	72,725,345
EU-2	Trading book exposures	963,815	609,316
EU-3	Banking book exposures, of which:	71,812,087	72,116,029
EU-4	Covered bonds	10,150	10,013
EU-5	Exposures treated as sovereigns	23,965,351	26,275,879
EU-6	Exposures to regional governments, MDB, international organizations and PSE not treated as sovereigns	1,666,289	892,235
EU-7	Institutions	345,277	94,551
EU-8	Secured by mortgages of immovable properties	10,186,260	10,063,445
EU-9	Retail exposures	3,209,436	3,082,849
EU-10	Corporate	13,520,084	12,229,168
EU-11	Exposures in default	1,102,174	839,019
EU-12	Other exposures (eg equity, securitizations, and other non-credit obligation assets)	17,807,067	18,628,871

8.3. Appendix III: Net Stable Funding Ratio Historical Tables

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
Mar 2024 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	7,535,306	0	0	1,115,055	8,650,361
2	Own funds	7,535,306	0	0	1,115,055	8,650,361
3	Other capital instruments		0	0	0	0
4	Retail deposits		43,813,333	2,687,939	403,122	44,141,310
5	Stable deposits		35,893,927	1,846,940	54,879	35,908,702
6	Less stable deposits		7,919,405	840,999	348,243	8,232,607
7	Wholesale funding:		15,148,910	1,329,948	3,082,830	8,471,483
8	Operational deposits		1,106,239	0	0	553,120
9	Other wholesale funding		14,042,670	1,329,948	3,082,830	7,918,363
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	283,323	1,725,548	97	125,024	125,073
12	NSFR derivative liabilities	283,323				
13	All other liabilities and capital instruments not included in the above categories		1,725,548	97	125,024	125,073
14	Total available stable funding (ASF)					61,388,226
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					828,766
EU-15a	Assets encumbered for more than 12m in cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		3,001,066	2,152,598	33,100,512	30,029,007
18	Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut		0	0	641,155	641,155
19	Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions		470,396	434	6,359,173	6,406,429
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		2,360,763	1,928,716	20,148,980	18,678,965

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
Mar 2024 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
21	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		934,915	644,535	2,962,037	2,715,049
22	Performing residential mortgages, of which:		139,588	165,919	4,763,717	3,249,169
23	With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk		139,588	165,919	4,763,717	3,249,169
24	Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		30,320	57,529	1,187,487	1,053,289
25	Interdependent assets		0	0	0	0
26	Other assets:		283,323	0	14,515,705	14,482,335
27	Physical traded commodities		0	0	11,086	9,423
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	305,819	259,946
29	NSFR derivative assets		0	0	0	0
30	NSFR derivative liabilities before deduction of variation margin posted		283,323	0	0	14,166
31	All other assets not included in the above categories		0	0	14,198,800	14,198,800
32	Off-balance sheet items		15,401,279	0	0	770,064
33	Total RSF					46,110,173
34	Net Stable Funding Ratio (%)					133.13%

EU LIQ2 – Net Stable Funding Ratio (NSFR)						
Dec 2023 (€ 000's)		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
AVAILABLE STABLE FUNDING (ASF) ITEMS						
1	Capital items and instruments	7,297,921	0	419,059	519,920	7,817,841
2	Own funds	7,297,921	0	419,059	519,920	7,817,841
3	Other capital instruments		0	0	0	0
4	Retail deposits		45,559,909	1,855,087	445,725	45,048,247
5	Stable deposits		37,321,565	1,258,942	73,704	36,725,185
6	Less stable deposits		8,238,344	596,145	372,022	8,323,061
7	Wholesale funding:		13,760,459	1,236,355	3,134,308	8,503,629
8	Operational deposits		1,024,464	0	0	512,232
9	Other wholesale funding		12,735,994	1,236,355	3,134,308	7,991,397
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	295,393	1,731,400	0	194,876	194,876
12	NSFR derivative liabilities	295,393				
13	All other liabilities and capital instruments not included in the above categories		1,731,400	0	194,876	194,876
14	Total available stable funding (ASF)					61,564,593
REQUIRED STABLE FUNDING (RSF) ITEMS						
15	Total high-quality liquid assets (HQLA)					841,784
EU-15a	Assets encumbered for more than 12m in cover pool		0	0	0	0
16	Deposits held at other financial institutions for operational purposes		0	0	0	0
17	Performing loans and securities:		3,862,484	1,893,768	33,120,357	30,230,364
18	Performing securities financing transactions with financial customers collateralized by Level 1 HQLA subject to 0% haircut		0	0	51,346	51,346
19	Performing securities financing transactions with financial customer collateralized by other assets and loans and advances to financial institutions		498,424	0	6,520,114	6,569,956
20	Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:		3,213,883	1,673,803	20,609,288	19,333,420
21	With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		764,214	636,664	3,141,587	2,742,471

EU LIQ2 – Net Stable Funding Ratio (NSFR)					
Dec 2023 (€ 000's)	a	b	c	d	e
	Unweighted value by residual maturity				Weighted value
	No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
22 Performing residential mortgages, of which:		148,732	162,441	4,790,485	3,269,402
23 With a risk weight of less than or equal to 35% under the Basel II Standardized Approach for credit risk		148,732	162,441	4,790,485	3,269,402
24 Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products		1,445	57,524	1,149,123	1,006,240
25 Interdependent assets		0	0	0	0
26 Other assets:		295,393	0	14,435,482	14,405,667
27 Physical traded commodities		0	0	10,107	8,591
28 Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs		0	0	287,121	244,053
29 NSFR derivative assets		0	0	0	0
30 NSFR derivative liabilities before deduction of variation margin posted		295,393	0	0	14,770
31 All other assets not included in the above categories		0	0	14,138,254	14,138,254
32 Off-balance sheet items		15,277,358	0	0	763,868
33 Total RSF					46,241,684
34 Net Stable Funding Ratio (%)					133.14%

8.4. Appendix IV: Breakdown of the Countercyclical Capital Buffer

EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer													
Jun 2024 (€ 000's)	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk		Securitization exposures: Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total			
010	Breakdown by country:												
020	Ireland	603,160		0	0	603,160	21,737	0	0	21,737	271,715	1.23%	1.50%
030	United Kingdom	295,091		3,767	97,780	396,638	17,866	9	1,564	19,440	242,994	1.10%	2.00%
040	France	41,347		0	411,314	452,660	2,652	0	6,580	9,232	115,397	0.52%	1.00%
050	Netherlands	107,383		0	0	107,383	7,632	0	0	7,632	95,403	0.43%	2.00%
060	Romania	23,434		0	0	23,434	1,654	0	0	1,654	20,678	0.09%	1.00%
070	Estonia	51,253		0	0	51,253	4,098	0	0	4,098	51,228	0.23%	1.50%
080	Germany	82,168		0	0	82,168	4,357	0	0	4,357	54,456	0.25%	0.75%
090	Luxembourg	29,436		0	0	29,436	1,021	0	0	1,021	12,759	0.06%	0.50%
100	Hong Kong	1,199		0	0	1,199	48	0	0	48	598	0.00%	1.00%
110	Norway	263		0	0	263	9	0	0	9	117	0.00%	2.50%
120	Australia	1,713		0	0	1,713	53	0	0	53	658	0.00%	1.00%
130	Bulgaria	760		0	0	760	27	0	0	27	338	0.00%	2.00%
140	Denmark	286		0	0	286	11	0	0	11	137	0.00%	2.50%
150	Croatia	17		0	0	17	0	0	0	0	0	0.00%	1.50%

EU CCyB1 – Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

Jun 2024 (€ 000's)	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Relevant credit exposures – Market risk		Securitization exposures: Exposure value for non-trading book	Total exposure value	Own fund requirements				Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
	Exposure value under the standardized approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitization positions in the non-trading book	Total			
160 Cyprus	367,825		0		0	367,825	15,200	0	0	15,200	190,004	0.86%	1.00%
170 Czech Republic	312		0		0	312	14	0	0	14	173	0.00%	1.75%
180 Slovakia	1		0		0	1	0	0	0	0	1	0.00%	1.50%
190 Sweden	100,962		0		0	100,962	8,047	0	0	8,047	100,592	0.46%	2.00%
200 Iceland	0		0		0	0	0	0	0	0	0	0.00%	2.50%
210 Belgium	1,718		52		0	1,769	47	4	0	51	634	0.00%	0.50%
220 Korea Republic of	12		0		0	12	1	0	0	1	8	0.00%	1.00%
230 Total	1,708,339	0	3,819	0	509,093	2,221,252	84,474	14	8,144	92,631	1,157,891	0	0

EU CCyB2 – Amount of institution-specific countercyclical capital buffer

Jun 2024 (€ 000's)

a

1	Total risk exposure amount	34,143,285
2	Institution specific countercyclical capital buffer rate	0.08%
3	Institution specific countercyclical capital buffer requirement	26,940