

## **Annual Audit Committee report to Shareholders for 2022**

**Dear Shareholders,**

I am pleased to present our Audit Committee Report for 2022 covering our work over the course of the year including some areas of particular focus.

The primary role of the Audit Committee (hereinafter referred to as the 'Committee') is to assist the Board of Directors in fulfilling its oversight responsibilities in areas such as the integrity of financial reporting, the effectiveness of the risk management framework and system of internal controls as well as consideration of ethics and compliance matters. We are also responsible for assessing the quality of the audit performed by, and the independence and objectivity of, the statutory auditor (Deloitte). The Committee also makes a recommendation to the Board on the appointment or reappointment of the statutory auditor. In addition, the Committee oversees the work and quality of the internal audit function.

In 2022, the Committee continued to focus attention on the Company's response to its many regulatory and economic challenges to ensure the steady restoration of financial stability after the years of Covid-19 pandemic as well as, the occasion of Russia's unprecedented invasion of Ukraine that has caused serious turbulence in the European economic environment. In addition, the year represented a watershed for the Company with a focus on the continued ambitious plan to derisk the balance sheet, allow a full focus on the growth agenda, and on completing the plan for the further organizational transformation of the Group.

This year of change was also a year of risk and the Committee, working in partnership with other Board Committees, focused on ensuring that the Company managed its activities safely and in line with good practice to ensure a successful outcome.

Looking ahead to 2023, the Committee's key priorities will include maintaining oversight of the Company's risk management and internal control processes, sustaining a strong culture of risk management across the entity, continuing to monitor the impact of climate change on Company's assumptions.

**Anne Weatherston**  
**Chair of the Audit Committee**  
**March 16<sup>th</sup>, 2023**

### **Composition - Operation**

The Audit Committee is comprised of Non-Executive members of the Board, the majority of which are independent within the meaning of the provisions of Greek Law 4706/2020. The HFSF Representative participates as a member in the Audit Committee, with full voting rights. The operation of the Committee is governed by article 44 of Greek Law 4449/2017, as amended by Greek Law 4706/2020, the respective notices, explanations and recommendations of the Supervisory Authorities and additionally by its Terms of Reference.

On 31 December 2022, and on the date of the publication of the 2022 Annual Financial Report, the composition of the Audit Committee is as follows:

<b>AUDIT COMMITTEE</b>	
Anne Weatherston	Chairman, Independent Non-Executive BoD Member Member since: July 2020, Chair since: July 2021
Solomon Berahas	Vice-Chairman, Independent Non-Executive BoD Member Member since: February 2017
Karel De Boeck	Member, Independent Non-Executive BoD Member Member since: August 2016
David Hexter	Member, Independent Non-Executive BoD Member Member since: August 2016
Francesca Tondi	Member, Independent Non-Executive BoD Member Member since: June 2022
Periklis Dontas	Member, Non-Executive BoD Member, HFSF Representative pursuant to Law 3864/2010 Member since: December 2019
<b>83% Independent Non-Executive</b>	
<b>17% Non-independent</b>	

During 2022, the following changes were made to the composition of the Committee: On 23 June 2022, Mr. Andrew Panzures ceased to be a member and Ms. Francesca Tondi was elected as a new member. On the same day, Mr. Solomon Berahas was designated as Vice Chairman of the Committee.

It is noted that the Chair of the Audit Committee Ms. Anne Weatherston is an Independent Non-Executive member of the BoD and has, inter alia, extended experience in Internal Audit and Finance within the meaning of Greek Law 4449/2017. The Committee as a whole possesses appropriate competence and experience for the effective performance of its duties.

The Chief Financial Officer (CFO), Head of Internal Audit, Compliance and Risk Officer, Group Controller, Senior Advisor on Internal Control and Audit matters and other Executives of Senior Management are invited to attend the Audit Committee meetings. The Group's statutory auditors are invited to attend all meetings. The Audit Committee Chair maintained regular contact with the audit partner throughout the year.

Based on its Terms of Reference, the Audit Committee meets at least four (4) times a year, of each calendar quarter and extraordinarily, if the circumstances so require.

In 2022, the Audit Committee convened fifteen (15) times and all its decisions were taken unanimously based on the thorough examination of supporting material and further clarifications provided during these meetings by the competent managerial officers, statutory auditors and other experts. Members' attendance rates in the Committee meetings are depicted in the Members Participation in the BoD and the respective Committees' table above. It is noted that the statutory auditors attended all Audit Committee's meeting following respective request.

## **Role and responsibilities**

The main duties of the Audit Committee are:

- Supervising and evaluating of the drafting processes of the annual and interim financial statements of the Group and the Company prior to their publication;
- Supervising of the audit and review of the Group and the Company's annual financial statements and mid-year interim financial information conducted by the statutory auditors and cooperation with the statutory auditors on a regular basis;
- Ensuring the independence of the statutory auditors in accordance with applicable Greek Laws;
- Proposing to the Board the selection of statutory auditors and whenever deemed appropriate, proposing their replacement or rotation; conducting the tender procedure for the appointment of the auditors in accordance with article 16 of Regulation (EU) no. 575/2014 in conjunction with article 44 of Greek Law 4449/2017;
- Monitoring and annual evaluation of the adequacy and effectiveness of the ICS of the Group and the Company;
- Evaluating the work of the Internal Audit, focusing on issues related to the degree of its independence, the quality and scope of its audits, the priorities determined by changes in the economic environment, the systems and in the level of risks and the overall efficiency of its operation;
- Determining the scope and appointing the latest every three years, an external audit firm, other than the statutory auditors to assess the adequacy of the ICS;
- Monitoring and evaluating on an annual basis the work of the Compliance function.

## **How the Committee discharged its responsibilities during 2022**

### **Regarding Financial Statements and relevant notifications, the Audit Committee:**

- Reviewed the Group and the Company's critical accounting estimates and judgments and their application to the Group and the Company's quarterly interim financial statements as well as annual financial statements;
- Reviewed the quarterly interim financial statements and annual financial statements prior to their publication, discussing and asking for clarifications on the accounting standards implemented and suggested to the Board their approval;
- Met regularly with Management and the statutory auditors to discuss any changes in accounting policies, critical accounting estimates, one-off items impacting the financial statements and any other significant issues;
- Was updated regularly and reviewed legal and tax matters which could significantly impact the judgments made by management when preparing the financial statements;
- Was updated regularly and reviewed financial reporting issues that could significantly affect the annual and interim financial statements, prior to their publication.

**Regarding External Audit, the Audit Committee:**

- Reviewed the statutory auditor's audit plan and methodology for the interim review and the annual audit, the extended independent auditor's report and audit findings;
- Ensured appropriate rotation of the statutory auditors after five (5) consecutive years and pre-approved the appointment of Deloitte as the Group's statutory auditor for the financial year 2022;
- Reviewed and proposed to the Board the fees for audit and permissible non-audit services to Deloitte for the year ended 31 December 2022, as disclosed in Note 49 of the Annual Financial Statements;
- Considered Deloitte independent. Deloitte, in accordance with professional ethical standards, provided the Audit Committee with written confirmation of its independence for the financial year 2022;
- Was updated on the impact on Deloitte's audit plan and audit approach, in relation to climate related risks, cyber risk and supply chain disruption risk.

**Regarding Internal Control System, the Audit Committee:**

- Promoted the continuous strengthening of the ICS as a strategic priority for the BoD and Management of the Group and the Company, as well as the procedure for the development and integration of the appropriate internal control mechanisms, with the objective of the further improvement of the operational risks that the Group face in its operations;
- Assessed the effectiveness of the ICS and the developments affecting it. In order to carry out its assessment, the Audit Committee discussed with Management the internal control deficiencies as well as the implementations of remediation actions, following recommendations of the internal and statutory auditors as well as the Supervisory Authorities;
- Approved the audit scope of the project "Assessment of the adequacy of the ICS in accordance with the Bank of Greece Governor's Act 2577/2006" and the appointment of the firm of external auditors to carry out this assessment;
- Was updated on the performance of the Company's subsidiary, JSC Ukraine.

**Regarding Internal Audit Unit, the Audit Committee:**

- Monitored the implementation of the Internal Audit Annual Action Plan for year 2022 and concluded that the Internal Audit was effective;
- Was notified of the Internal Audit Annual Action Plan for year 2023, staff related issues and budget. Pre-approved its implementation and submitted it for further approval to the BoD;
- Was notified on the significant audit findings (regular and special audits) and Management's responses in relation to the timing and activities of remediation plans.

**Regarding Compliance Function, the Audit Committee:**

- Monitored the implementation of the Compliance Annual Action Plan for year 2022 and concluded that Compliance function was effective;

- Was notified of the Compliance Annual Action Plan for year 2023, pre-approved its implementation and submitted it for approval to the BoD;
- Reviewed and approved the updated Piraeus Financial Holdings Compliance Policy;
- Reviewed and approved the updated Conflict of Interests questionnaire.

Information on the current composition of the Audit Committee, its operation and responsibilities are available on the Company's website.

### **Sustainable Development Policy of Piraeus Group**

Piraeus Group seeks to contribute to and operate in alignment with the United Nations Sustainable Development Goals and the Paris Agreement on climate. The scope of the Piraeus Group Sustainable Development Policy (henceforth 'Policy') is to support, promote, and finance sustainability with adherence to ESG criteria. The Policy focuses on the areas of corporate governance – economy – society – culture – employees – environment.

In the context of its responsible business activities, Piraeus Group remains consistent with its commitments regarding the growth of the Greek economy, financing sustainable entrepreneurship, ensuring best workplace practices, reinforcing social coherence, strengthening its relationship with local communities, safeguarding cultural heritage and protecting the environment. Through this Policy and guided by the Principles for Responsible Banking of UNEP FI (United Nations Environment Programme Finance Initiative), Piraeus Group integrates Environmental, Social and Governance factors in its operation and business activity.

The Piraeus Group [Sustainable Development Policy](#) is available in the Group's website.