PILLAR 3 DISCLOSURES 2020

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1. INTRODUCTION

1.1 Corporate Information

Ancoria Bank Limited ("the Bank") is a relatively newly established Cyprus bank, licensed and supervised by the Central Bank of Cyprus ("CBC"). The Bank was incorporated in Cyprus on 20 August 2013 as a limited liability company under the Cyprus Companies Law, Cap.113.

On 14 October 2013, the Company filed an application with the Central Bank of Cyprus for a banking licence to enable the Company to operate as a Credit Institution under the Business of Credit Institutions Laws of 1997 and all amendments thereafter. The Bank was granted the banking license on 3 November 2014 and began operations as a Credit Institution in October 2015, following the fulfilment of licensing conditions imposed by the CBC.

The principal activity of the Bank is the provision of banking services mainly in Cyprus. Its banking products and services are concentrated in the provision of loans to individuals, small-to-medium enterprises ("SME") and Corporates and the acceptance of deposits. Treasury activities span around placements for the management of the Bank's liquidity with an aim to maintain its liquidity ratios within acceptable limits.

Currently the Bank operates three banking centres in Nicosia, Limassol and Larnaca.

1.2 Scope of application

The Bank is a subsidiary of Ancoria Investments Plc, which is incorporated in Cyprus and holds 100% of the Bank's issued share capital. Ancoria Investments Plc is owned by several legal entities as well as natural persons, and has no other significant activity, assets or liabilities other than its holding in the Bank. The financial statements of Ancoria Bank Limited are prepared on a solo basis, whereas Ancoria Investments Plc prepares its consolidated financial statements incorporating the financial statements of Ancoria Bank Limited.

1.3 Basel III Regulatory Framework

The Basel III Framework comprises of three Pillars:

- Pillar 1. Sets the minimum capital and liquidity requirements the Bank must adhere to and computation methodology.
- Pillar 2. Internal self-assessment and supervisory assessment of Bank-wide risk management, governance and capital planning
- Pillar 3. Sets external disclosure requirements in terms of frequency and format for uniform assessment of information on the capital structure, risk exposures, internal processes and capital adequacy.

This document represents both quantitative and qualitative disclosures for the year ended 31 December 2020, in accordance with the requirements of Part Eight of the EU Regulation 575/2013 (the "CRR") and other subsequent relevant European Banking Authority (the "EBA") guidelines published in December 2016 and applicable from 31 December 2017, such as EBA/GL/2016/11 - version 2[1] and EBA/GL/2017/01[2].

The guidelines do not change the substance of the regulatory disclosures regarding the requirements defined in Part Eight of Regulation (EU) No 575/2013 (the CRR). However, they provide guidance on these disclosures from a presentational aspect. Although the comprehensiveness of the guidance provided in the guideline has led the EBA to limit at first stage its scope of application to global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs) and to any other institution opted into these guidelines on the basis of a supervisory decision, in an effort to promote transparency and ease of comparison, the Bank, taking into account the principle of proportionality, is in compliance with the standardised disclosure tables and templates of the EBA guidelines.

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[1] Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 (https://www.eba.europa.eu/-/eba-publishes-final-guidelines-on-revised-pillar-3-disclosures-requirements)

[2] Guidelines on LCR disclosure to complement the disclosure of liquidity risk management under Article 435 of Regulation (EU) No 575/2013) https://www.eba.europa.eu/documents/10180/1885725/Guidelines+on+LCR+disclosure++%28EBA-GL-2017-01%29_EN.pdf/177da5bf-dc41-4f0d-ad84-ceeff766c984

In an effort to better monitor how the financial crisis negatively affected the European banking sector, on 17 December 2018 EBA published its Guidelines on disclosure of non-performing and forborne exposures (EBA/GL/2018/10). The guidelines specify the common content and uniform disclosure formats for the information on non-performing exposures ("NPEs"), forborne exposures and foreclosed assets that credit institutions should disclose. These enhanced disclosure requirements, in the long term, intend to reduce information asymmetry and increase the comparability of credit institutions' risk profiles, thus promoting market discipline.

In response to the need to address negative economic consequences of COVID-19 pandemic, the European Union (EU) and Member States have introduced a wide range of mitigating measures to support the real economy and the financial sector. The lack of sufficient information on the application of general payment moratoria and the introduction of public guarantees that have been provided not in a uniform way across the EU necessitated additional collection of specific information from the institutions for supervisory purposes, and also called for public disclosure for the purposes of market discipline and transparency for investors and in the interest of the wider public. The EBA covering both aspects, on 2 June 2020 published Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis (EBA/GL/2020/07). The guidelines cover the following:

- reporting requirements to monitor the use of payment moratoria and the evolution of the credit quality of the exposures subject to such moratoria in accordance with the GL on moratoria
- disclosure requirements for the exposures subject to the payment moratoria in accordance with the GL on moratoria,
- reporting requirements for the new loans subject to specific public guarantees set up to mitigate the effects of the COVID-19 crisis,
- disclosure requirements for the new loans subject to the specific public guarantees set up to mitigate the effects of COVID-19 crisis, and
- reporting requirements on other forbearance measures applied in response to COVID-19 crisis.

Reporting should be performed on a quarterly basis, with the first reference date of 30 June 2020, and for an expected period of 18 months. Disclosures are included in the Pillar 3 Disclosures report.

1.4 Materiality

The Bank discloses additional information in this report as regards its risk management objectives and policies for each separate category of risk, including the strategies and processes to manage those risks, the structure and organization of the relevant risk management function or other appropriate arrangements and the scope and nature of risk reporting and measurement systems, to allow market participants to have a clear understanding and a comprehensive view of the Bank's capital position and risk profile.
The Bank may elect to exempt from this report information which is considered as non-material, proprietary or confidential as per EBA GL/2014/14 guidelines[3]. Information shall be regarded as material, if its omission or misstatement could change or influence the assessment or decision of a user relying on that information for the purpose of making economic decisions. Information shall be regarded as proprietary to an institution if disclosing it publicly would undermine its competitive position. Information shall be regarded as confidential if there are obligations to customers or other counterparty relationships binding an institution to confidentiality.

1.5 Verification, frequency and publication

The Bank's Risk Management Function ("RMF") has an oversight of the framework and process followed by the Bank for the preparation of Pillar 3 Disclosures for 2020. The document is validated by the Bank's Audit and Risk Committees and approved by the Board of Directors (the "BoD") prior to being publicly available. The Report is published annually on the Bank's website www.ancoriabank.com (ABOUT US), in conjunction with the Bank's Annual Financial Report, as per regulatory guidelines. The Bank's Pillar 3 frequency of disclosures is included in the Bank's Pillar 3 disclosures policy.

[3] Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of Regulation (EU) No 575/2013 (https://www.eba.europa.eu/regulation-and-policy/transparency-and-pillar-3/guidelines-on-materiality-proprietary-and-confidentiality-and-on-disclosure-frequency)

2. GOVERNANCE ARRANGEMENTS

2.1 Governance

Risks faced by financial institutions can be summarised to the following main categories: credit risk, market risk, liquidity risk, operational risk and capital risk. The Bank sets policies and procedures in order to mitigate, control, accept or transfer these risks according to the Bank's risk appetite. The Risk Management Function is responsible for the monitoring and adherence to the Bank's risk appetite and the monitoring of risks on a regular basis. The primary objectives of the RMF are to establish risk limits and then to ensure that exposure to risks are contained within the limits set. The bank regularly reviews its risk management framework to reflect the changes in market and economic conditions as well as effective best practice and to suggest amendments where weaknesses are identified in order to mitigate them.

The Board of Directors of the Bank has the ultimate responsibility for internal governance and the Bank's risk appetite at all times. It defines, oversees and is accountable for the implementation of governance arrangements that ensure effective and prudent risk management of the Bank.

The following graph shows the management and board committees formed by the Bank taking into consideration its size and complexity in order to assists the Board of Directors in fulfilling its responsibilities.

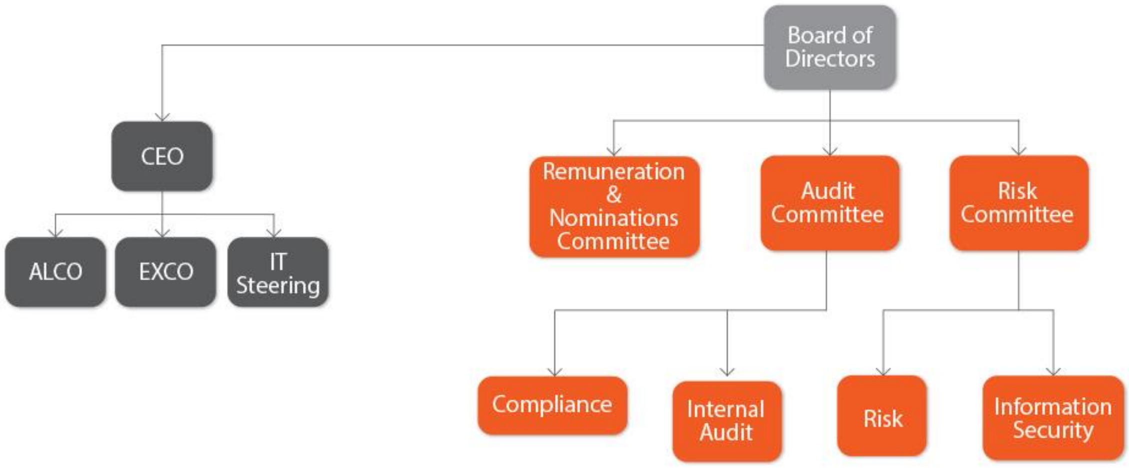

Figure 1: Governance

As shown in Figure 1 above, the Bank has four separate independent internal control functions: Compliance, Information Security, Internal Audit and Risk Management Function. Internal control functions report directly to the BoD through its committees and are independent from operational activities. Heads of internal control functions are appointed and removed by the BoD as also indicated in their role descriptions.

Internal control functions have direct access to the BoD to communicate any concerns and meet with their respective Board committees at least on a quarterly basis. Internal control functions have adequate resources to perform their tasks given the size and complexity of the institution. The Bank makes continuous efforts in enhancing its monitoring of bank-wide risks.

2.2 Board of Directors

The following table shows the number of directorships the directors of the board held, including the directorship position held in the Bank's Board of Directors in 2020. Positions in the Boards of the same group are regarded as one position. Positions in the Boards of organisations that are not engaged in profit-making activities are not presented in the table below.

Directorships as at 31 December 2020 shown in the table below includes retired or resigned Directors who retired or resigned during the year 2020:

Name	Position held with Ancoria Bank	Directorships – Executive	Directorships – Non-Executive
Andreas C. Kritiotis	Chairman	-	2
Charalambos Panayiotou	Vice-Chairman	1	3
Charidemos Theocharides	Non-executive Director Senior Independent Director	1	2
Martin Schenk	Non-executive Director	-	1
Sievert Larsson	Non-executive Director	-	3
Athena Papadopoulou	Non-executive Director	-	1
Marios Clerides	Non-executive Director	-	3
Chloe Kyprianou	Non-executive Director	-	1
Panayiotis Mavromichalis	Non-executive Director	1	1
Alexandra Spyrou	Non-executive Director		4
Ioannis Loizou	Executive Director	1	2
Nicolas Prentzas	Executive Director	1	-

- It is noted that Mr. Martin Schenk has resigned from his position on 29th of September 2020.
- Mr. Panayiotis Mavromichalis was appointed as Non-Executive Director on 8th January 2020 and Ms. Alexandra Spyrou was appointed as Non-Executive and Independent Director on 28th August 2020.
- During 2020 the Board of Directors met 10 times in its efforts to effectively discharge its duties

2.3 Board of Directors Declaration

The management and BOD of the Bank provide assurance that the Risk Management Framework is adequate given its risk profile and its strategy.

The Bank has fairly adequate systems to generate risk data for regulatory reporting purposes. In addition, the Bank has in place a business continuity management procedure, with identified critical functions for business continuity and disaster recovery purposes which is annually reviewed.

The Bank has in place a budget plan, a formal statement of business goals of both financial and operational nature, and plans for achieving them. In its fully detailed form, it covers a financial year ending 31 December, however, it forms part of a condensed business plan spanning usually 3 years ahead. It is reviewed and approved by the Board of Directors on an annual basis and its monitored monthly through ALCO and at least quarterly by the Board of Directors.

The Bank has a Liquidity Management Policy and a Treasury Risks Limit Policy in place which are approved by the BoD and reviewed at least annually. Early Warning Levels for regulatory liquidity ratios are also reflected in the Bank's Recovery Plan.

2.4 Board Committees

The Bank has established the following Board Committees:

Audit Committee

During 2020 the Committee has convened 11 times. The Committee's duties and responsibilities include:

- The monitoring and assessment, on an annual basis, of the adequacy and effectiveness of internal control and information systems, based on reports from the internal audit function and the observations and comments of external auditors and competent supervisory authorities and subsequently the submission of proposals to the Board of Directors for addressing any weakness which have been identified;
- The monitoring of the financial reporting process and the integrity, accuracy and reliability of the Bank's financial statements and any formal announcements relating to the Bank's financial performance;
- The submission of proposals to the Board of Directors on the appointment, compensation, terms of engagement and substitution or rotation of the approved auditor and other external auditors;
- The assessment and monitoring of the independence adequacy and effectiveness of internal audit function;
- Advising the Board of Directors, drawing on the work of the compliance function, on the adequacy and effectiveness of the framework for business conduct;
- Advising the Board of Directors, drawing on the work of the compliance function and external auditors, on the adequacy and effectiveness of the compliance framework;
- The assessment and monitoring of the independence, adequacy and effectiveness of the compliance function;
- The submission to the Board of Directors of recommendations for the appointment or removal of the heads of the internal audit and compliance functions;
- The review and approval of the annual audit plan of the internal audit function and the compliance programme of the compliance function;
- The oversight that Senior Management takes the necessary corrective actions in a timely manner to address control weaknesses, non-compliance with policies, laws and regulations and other weaknesses identified by external auditors, the internal audit and the compliance functions and supervisory authorities;
- The monitoring of the establishment of accounting policies and practices.

Remunerations and Nominations Committee

During 2020 the Committee has convened 5 times. The Committee's duties and responsibilities include:

- The preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the Bank and which are to be taken by the Board of Directors;
- Takes into account the long-term interest of shareholders, investors and other stakeholders in the Bank and the public interest and ensures that:
- These are closely linked with the Bank's business objectives and strategies;
- These are in line with the CBC Governance Directive;
- Non-executive members are not included in the beneficiaries of performance related remunerations.
- Identifying and recommending , for the approval of the Board of Directors or for approval of the general meeting, candidates to fill Board of Directors vacancies, evaluating the balance of knowledge, skills, diversity and experience of the Board of Directors and preparing a description of the roles and capabilities for a particular appointment and assessing the time commitment expected;
- The Committee decides on a target for the representation of the underrepresented gender in the Board of Directors and prepares a policy on how to increase the number of the underrepresented gender in the Board of Directors in order to meet that target; the target, policy and its implementation are made public.

Risk Committee

During 2020 the Committee has convened 13 times. The Committee's duties and responsibilities include:

- Advises the Board of Directors:
  - ✓ on the Bank's overall current and future risk appetite and strategy taking into account the requirements of relevant CBC Directives, the Bank's financial and risk profile and the capacity of the institution to manage and control risk;
  - ✓ on the adequacy and effectiveness of the risk management framework, based on the input of the audit committee, risk management function and external auditors;
  - ✓ on the adequacy and effectiveness of the information security framework, based on the input of the audit committee, information security manager and external auditors;

  - ✓ to enable identification, measurement, assessment and reporting of risk in a timely and accurate manner:
  - ✓ to ensure the adequate protection of the institution's confidential and proprietary information;
  - ✓ on the adequacy of provisions and effectiveness of strategies and policies with respect to maintaining, on an ongoing basis, amounts, types and distribution of both internal capital and own funds adequate to cover the risks of the Bank;
  - ✓ on the adequacy and robustness of information and communication systems;
- ➢ Assists the Board of Directors in overseeing the effective implementation of the risk strategy by senior management including the management and mitigation of material exposures and the identification and escalation of breaches in risk limits in a timely manner;
- ➢ Reviews whether pricing of banking products offered to clients take into account in full the institution's business model and risk strategy;
- ➢ Examines whether incentives provided by the remuneration system take into consideration risk, capital, liquidity and the likelihood of timing of earnings;
- ➢ Submits to the Board of Directors proposals and recommendations for corrective action, whenever weaknesses are identified in implementing the risk strategy;
- ➢ Assesses and monitors the independence, adequacy and effectiveness of the risk management and information security functions;
- ➢ Ensures that risk parameters and risk models developed and used are subject to periodic independent validation.

2.5 Recruitment Policy regarding the selection of Board of Directors members

For the recruitment and selection of members of the Board of Directors of the Bank, the Remunerations and Nominations Committee identifies, evaluates and recommends for approval to the Board candidates to be appointed as Directors. The candidates are assessed with regards to their ethos, integrity and honesty; their professional experiences and academic backgrounds in order to enhance the collective knowledge and experience of the Board; and the availability on their behalf to commit the necessary time and effort to fulfil their responsibilities.

The Bank has in place a policy in relation to the selection, appointment, and succession of members of the Board.

2.6 Diversity policy regarding the selection of Board of Directors members

Ancoria Bank, as regards to the Board's composition, embraces diversity and strongly believes that it brings benefits for the customers, bank business and staff. Different perspectives help to ensure that the bank is better equipped to make sound and prudent decisions and also meet the demands of its customer base.

The Remunerations and Nominations Committee of the Board of Directors of the Bank engages a broad set of qualities and competences when nominating for appointment or re-appointment, members of the Board that includes gender, academic background, and professional experience.

3. RISK MANAGEMENT FRAMEWORK

3.1 Overview

Table 1 – EU OVA

Risk management is considered to be an integral part of the Bank's operations and as such the Board of Directors ("BoD" or the "Board") and Senior Management take all reasonable steps to recognize and assess risks and develop strategies to effectively manage, control and mitigate them. The Board, considering the importance of risk management on the Bank's operations, especially given the fragile economic conditions and the demanding regulatory environment in which the Bank operates, has defined the Bank's Risk Appetite Statement (the "Risk Strategy"), which is in alignment with the Bank's overall strategic goals and objectives.

The Risk Strategy of the Bank aims to provide its Management and employees with a general framework for the management of the different types of risk in line with the Bank's risk appetite. The Risk Strategy is in alignment with the business strategy and operational targets, as well as the external and internal environment of the Bank.

The Bank's risk management strategy is based on the following principles:

- To create value for the shareholders by accommodating the capital needs for value-enhancing growth;
- To comply with the regulatory requirements;
- To manage capital effectively, through reliable measurement of the current capital situation and forecasts of its future developments;
- To promote transparent risk disclosure through clear communication lines to the Bank's Senior Management.

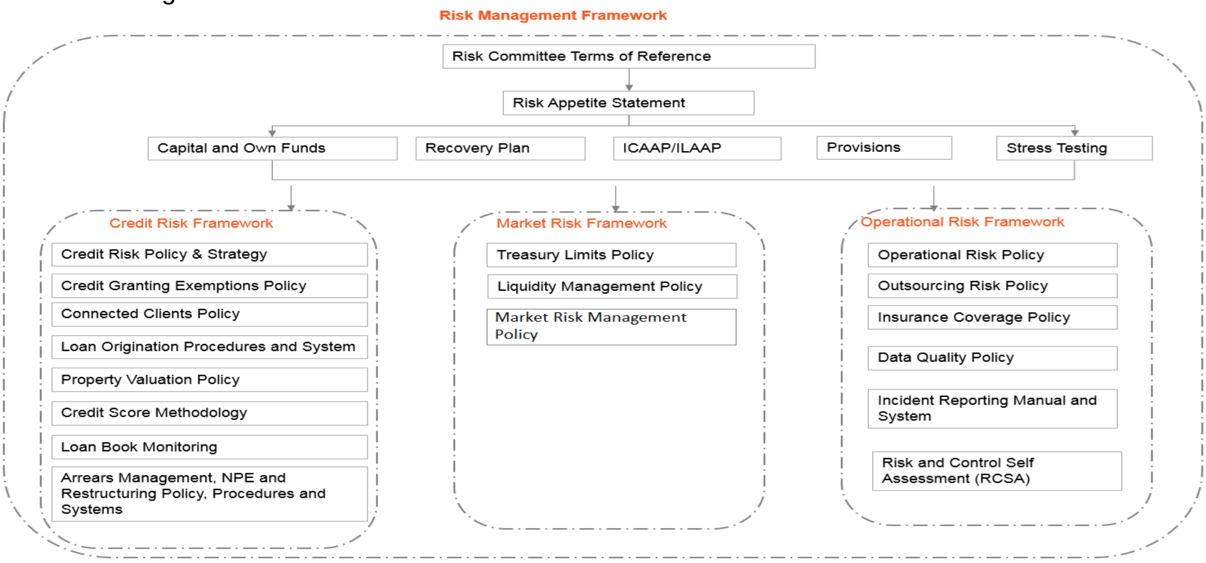

Figure 2: Risk Management Framework

Figure 2 above shows the architecture of the RMF's policies and procedures. During 2020 and in the first quarter of 2021 the following policies and bank-wide were approved/reviewed by the Board of Directors:

1. Risk Appetite Statement
2. Credit Granting Exemptions Policy
3. Credit Risk Management Policy
4. Market Risk Management Policy
5. Credit Risk Strategy
6. Data Quality Policy
7. Property Valuations Policy
8. Insurance Coverage Policy
9. Operational Risk Management Policy
10. Project Risk Management Policy
11. Sanctions Policy
12. Remuneration Policy

13. Information Security Policy
14. Data Protection Policy
15. Customer Acceptance Policy
16. Loan Loss Provision Methodology
17. Forbearance and Default classification Policy
18. Provisioning Policy
19. Outsourcing Policy

3.2 Risk Appetite Statement

The Bank's Risk Appetite Statement describes the quantum, types and level of risk that Ancoria Bank through the Board of Directors (BoD), is prepared to accept in order to achieve its objectives. Risk appetite is expressed in both quantitative and qualitative terms and covers all material risks.

The formulation of the Bank's risk appetite considers the following:

- the financial profile and position of the Bank
- the Bank's capacity to manage, control, and absorb risk
- the Bank's strategic, capital and financial plans as well as compensation programs
- the requirements of the Central Bank of Cyprus ("CBC") Governance and Management Directive of 2014
- the Central Bank's conditional requirements for license to operate in the Republic of Cyprus capital, liquidity and other regulatory requirements applicable
- capital, liquidity and other regulatory requirements applicable

The Bank's risk appetite statement is monitored on a monthly basis through ALCO and on a quarterly basis by the BoD through the BoD Risk Committee.

The risk appetite statement considers the risk strategy of the Bank as well as the Bank's BoD approved business plan. The Bank's risk appetite statement and by extension the business plan, takes into consideration both regulatory capital and liquidity requirements but also bank-specific buffers. The BoD approved risk appetite statement is readily available to all Bank employees.

The Bank has updated its risk appetite to include qualitative statements of compliance risk. These include specific statements of zero tolerance for Money Laundering and Terrorism Financing Risks and the requirement to act in compliance with all applicable laws and regulations that govern its operations and business.

This can be expressed both with qualitative statements describing the risks undertaken and the rationale behind them, as well as using various quantitative techniques. The main aim is to ensure that:

1. Business activity is guided, controlled and aligned to the risk appetite statement;
2. Specific business actions necessary to mitigate risk are identified early and acted upon promptly;
3. Key assumptions underpinning the risk appetite are continuously monitored and adjusted accordingly.

There are two main risk categories impacting upon the Bank's objectives:

1. External: Includes economic, political, environmental, regulatory and industry specific risks;
2. Company specific: Includes capital and earnings, credit and counterparty, funding and liquidity, as well as other operational risks.

The Bank whilst appreciating the importance of environment specific risks, these lay outside its direct control, hence it focuses on mitigating company specific risks in order to achieve its medium to long term target.

As a high-level summary of the Bank's Risk Appetite Statement to serve necessary disclosures, the Board of Directors define its Risk Capacity as:

Capital: The Bank aims to maintain its reportable Total Capital Ratio ("TCR") 1% above regulatory TCR and no less than 13%;

Liquidity: The Bank aims to maintain its Liquidity Coverage Ratio above the regulatory minimum to a value of 110% and its Net Stable Funding Ratio above the regulatory minimum to a value of 105%;

Leverage: The Bank aims to maintain its Leverage Ratio to a minimum of 6%.

3.3 Risk Management Function

The Bank has a risk management function (the "RMF") headed by the risk manager that is independent of the business and support lines it monitors and controls. The RMF reports directly to the Board of Directors through its Risk Committee and is responsible for the timely and accurate monitoring of all risks of the Bank. The head of the RMF reports directly to the Board of Directors Risk Committee. Information Security is a separate internal control function that reports directly to the Board of Directors through its Risk Committee. In view of their close relationship, internal control functions communicate any relevant findings between them to serve as a feedback mechanism for improving internal policies and procedures and increase awareness of enterprise-wide risks.

The Risk Management Function is responsible for the correct and timely monitoring of the risk appetite statement of the bank and the monitoring of risks on a regular basis. The primary objectives of the financial risk management function are to establish risk limits and then to ensure that exposure to risks stays within these limits. The bank regularly reviews its risk management framework to reflect the changes in market and economic conditions as well as effective best practice.

Indicatively, the RMF is responsible for the following:

1. Identification, measurement, management and reporting of all material risks;
2. Assessing the inherent risks when setting the Bank's strategy;
3. Ensuring that risk management is a fundamental part of the Bank's strategy, risk appetite statement and capital planning;
4. Drafting of policies and procedures according to the Bank's strategy and risk appetite statement;
5. Communicating occasions of misalignment with risk strategy and risk appetite statement;
6. Performing bank-wide stress testing and sensitivity analyses;
7. Assisting the business decision making process by assessing the inherent risks;
8. Recommending remedial actions where and when risk limits are breached.
9. Developing stress test guidelines/framework to facilitate effective stress test analysis.

3.4 Basel III Framework

Basel III Framework comprises of three Pillars, all of which are detailed below:

- Pillar 1 which sets forth the guidelines for calculating the minimum capital requirements to cover the credit risk, the market risk and the operational risk.
  - ✓ The Bank has adopted the Standardised Approach for the calculation of the minimum capital against credit risk. Under this approach, exposures are classified in specified classes and are weighted using specific weights, depending on the class the exposures belong to and their credit rating.
  - ✓ The Bank has applied the Comprehensive Approach for the recognition of collateral, as this enables the fairer recognition and more accurate estimation of the Bank's capital.
  - ✓ The Bank has adopted the Standardised Approach for the calculation of the minimum capital requirements for market risk, according to which the minimum capital requirement is estimated by adding together the interest rate, equity and debt securities position, foreign exchange and price risk on derivatives using predefined models.
  - ✓ The Bank uses the Basic Indicator Approach ("BIA") for the calculation of the capital requirements for operational risk, based on which the operational risk capital requirement is estimated using a specific percentage on the average over three years of the relevant indicator on the basis of the last three twelve-monthly positive figures (in accordance with article 316 of the CRR) at the end of the financial year

- Pillar 2 which cover the Supervisory Review & Evaluation process ("SREP") that includes rules to ensure that adequate capital is in place to support any risk exposures of the Bank and requires appropriate risk management, reporting and governance policies.
  - ✓ SREP is a holistic assessment of the Bank's business model, internal governance and institution-wide control arrangements, risks to capital and adequacy of capital to cover these risks and risks to liquidity and adequacy of liquidity resources to cover these risks.
  - ✓ The objective of SREP is for the CBC to form an up-to-date supervisory view of the Bank's risks and viability and to form the basis for supervisory measures and dialogue with the Bank.
  - ✓ Banks are assessing their capital needs relative to their risks with their Internal Capital Adequacy Assessment Process ("ICAAP"), while at the same time maintaining communication with supervisors on a continuous basis.

- ✓ In conjunction with the ICAAP, banks are required to prepare the Internal Liquidity Adequacy Assessment Process (“ILAAP”). The ILAAP acts as a control cycle through which the Bank identifies, evaluates, manages and monitors its liquidity risks. The key objective behind ILAAP is to ensure the Bank has sufficient liquidity resources to support its business and be able to withstand any adverse future conditions which may threat its liquidity position. The ILAAP forms an integral part of the Bank’s risk management framework, plays a key role in the strategic planning of the Bank and is used to facilitate the decision making process.
- ✓ Finally, the Bank is required to prepare a Recovery Plan report which aims to formulate the framework in terms of actions capable of restoring the Bank’s capital asset quality, profitability and liquidity metrics under stress scenarios thus strengthening the Bank’s ability to restore its financial and economic standing.
- ✓ All the above reports (ICAAP, ILAAP, and Recovery Plan) are submitted to CBC and evaluated during the SREP of the Bank.
- ✓ For the year 2020 all the reports have been submitted to CBC on 30 April 2020 and were based on 2019 year end results.

- ➢ Pillar 3 which sets out required disclosures to allow market participants and stakeholders to assess key pieces of information relevant to the capital structure, risk exposures, risk assessment processes and hence the capital adequacy of the Bank.
  - ✓ Disclosures include information that relates to the Bank’s risk management objectives and policies, the composition of own funds and original and supplementary funds, their compliance with minimum capital requirements and the internal capital adequacy assessment process.

4. SCOPE OF APPLICATION OF OWN FUNDS

The accounting basis of the Bank is prepared in accordance with IFRS and is described in the Notes of the Bank’s Financial Statements for 2020.

This section outlines a comparison between the basis for accounting and prudential purposes.

4.1 Reconciliation of Regulatory Capital with Equity as per Bank’s Financial Statements

The Bank’s regulatory capital is composed entirely by ordinary shares. There are no restrictions on the transfer of the Bank’s ordinary shares other than the provisions of the Bank’s Articles of Association and other than the Banking Law of Cyprus which requires Central Bank of Cyprus approval prior to the acquiring of shares of the Bank in excess of certain thresholds and the requirements of the Directive on Insider Dealing and Market Manipulation, which relates to transactions with related parties.

Reconciliation of Regulatory Capital with Equity as per Bank’s Financial Statements

The table presented below provides a reconciliation of own funds items to audited Financial Statements of the Bank for the year ended 31 December 2020, in accordance with CRR Article 437(1) and Commission Implementing Regulation (EU) No. 1423/2013.

Main Features of Equity & Deductions from Own funds

	31-Dec-20	31-Dec-19
Total Equity per Financial Statements	**35,326,813**	**27,166,082**
Non-controlling interests		
Value adjustments to prudent valuation	-2,209	-
Intangible assets	-779,442	-691,296
Reserves arising from revaluation of properties and other non CET1 eligible reserves	-6,321	-7,919
Total Common Equity Tier 1	**34,538,541**	**26,466,867**
Tier 2		
Property revaluation reserve and other unrealized gains	-	-
Total Tier 2		
Total Regulatory Capital	**34,538,841**	**26,466,867**

Prudential filters and deductions
Own funds is the result of regulatory capital after the deduction of retained earnings and other intangibles. Other intangibles refer mainly to software programs.

The Bank deducts from CET1 capital intangible assets in accordance with Article 36 of the CRR. Intangible assets, which include mainly computer software were deducted from CET1 capital. The amount deducted in 2020 and 2019 is reported within the 'Intangible assets' line in the tables above.

Scope of the prudent valuation standards
The value adjustments to prudent valuation have been calculated pursuant to Article 105 of Regulation (EU) No 575/2013 and in accordance with EBA/RTS/2014/06/rev1 - Regulatory Technical Standards on prudent valuation under Article 105(14) of Regulation (EU) No 575/2013 (CRR), which refers to the prudent valuation standards being applicable to all trading book positions. However, Article 34 of CRR requires that institutions apply the standards of Article 105 to all assets measured at fair value.

The Bank applied the simplified approach described given that the sum of the absolute value of fair-valued assets and liabilities, as stated in the Bank's financial statements under the applicable accounting framework, is less than EUR15bn.

Authorised capital

Under its Memorandum and Articles of Association, the Bank fixed its authorised share capital at 1.000 ordinary shares of nominal value of €1 each. On 15 December 2014, the Bank increased its authorised capital to 201.000 ordinary shares of nominal value of €1 each.

Issued capital

Upon incorporation on 20 August 2013, the Company issued to the subscribers of its Memorandum and Articles of Association 1.000 ordinary shares of €1 each at par.
On 15 December 2014, the Company issued 50.000 additional ordinary shares of €1 each, at a premium of €499 each. On 29 December 2014, the Company issued 38.493 additional ordinary shares of €1 each, at a premium of €499 each.
On 24 July 2015, the Bank issued 11.507 additional ordinary shares of €1 each, at a premium of €499 each.

Based on a resolution passed by the Board of Directors on 8 April 2020, the Bank has issued and allotted an additional 20.000 ordinary shares of €1 each at a premium of €499 each. The entirety of the Bank's issued capital is allotted to Ancoria Investments Plc.

As at 31 December 2020, the issued share capital of the Bank amounted to €60 million, through contributions from its immediate parent company. There are no restrictions on the transfer of the Bank's ordinary shares other than the provisions of the Bank's Articles of Association and the Banking Law of Cyprus which requires the approval of the Central Bank of Cyprus prior to the acquiring of shares of the Bank in excess of certain thresholds.

The movement of the share capital for the years 2020 and 2019 is shown on the table below:

	2020			***2019***		
	Number of shares	**Share capital (€)**	***Share premium(€)***	***Number of shares***	***Share capital (€)***	***Share premium(€)***
Authorized Share capital						
Ordinary shares of €1,00 each	201.000	201.000	-	201.000	201.000	-
Issued and fully paid						
1 January	101.000	101.000	49.900.000	101.000	101.000	49.900.000
Ordinary Shares	20.000	20.000	9.980.000	-	-	-
31 December	**121.000**	**121.000**	**59.880.000**	**101.000**	**101.000**	**49.900.000**

Scope of application

The two Templates below outline a comparison between the basis for accounting and prudential purposes. Any differences between the carrying values reported in the published Financial Statements and the carrying values under the scope of regulatory purposes may exist due to the different basis for prudential purposes, which form the basis for the calculation of the regulatory capital requirements.

Template 1: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

Differences between accounting and regulatory scopes of consolidation and Mapping of financial statement categories with regulatory risk categories as at 31 December 2020							
	Carrying values as reported in published financial statements	**Carrying values under scope of regulatory consolidation**	**Carrying values of items**				
	a	**b**	**c**	**D**	**e**	**f**	**G**
			Subject to the credit risk framework	**Subject to the CCR framework**	**Subject to the securitisation framework**	**Subject to the market risk framework**	**Not subject to capital requirements or subject to deduction from capital**
	€	**€**	**€**	**€**	**€**	**€**	**€**
ASSETS							
Cash and balances with Central Bank	**46,889,442**	**-**	**46,889,442**	**-**	**-**	**-**	**-**
Placements with banks	**4,557,610**	**-**	**4,557,610**	**-**	**-**	**-**	**-**
Loans and advances to customers	**271,430,543**	**-**	**271,430,543**	**-**	**-**	**-**	**-**
Investments at fair value through other comprehensive income	**2,187,431**	**-**	**2,187,431**	**-**	**-**	**-**	**-**
Investments at amortised cost	**25,452,008**	**-**	**25,452,008**	**-**	**-**	**-**	**-**
Intangible assets	**779,442**	**-**	**-**	**-**	**-**	**-**	**779,442**
Property and equipment	**6,851,945**	**-**	**6,851,945**	**-**	**-**	**-**	**-**
Other assets (debtors) (total)	**3,236,812**	**-**	**2,254,771**	**-**	**-**	**-**	**982,040**
				-	**-**	**-**	**-**
Total assets	**361,385,233**	**-**	**359,623,751**	**-**	**-**	**-**	**1,761,482**
LIABILITIES							
Customer deposits	**296,260,609**	**-**	**-**	**-**	**-**	**-**	**296,260,609**
Funding from central banks	**18,000,000**	**-**	**-**	**-**	**-**	**-**	**18,000,000**
Other borrowings	**8,124,749**	**-**	**-**	**-**	**-**	**-**	**8,124,749**
Lease liabilities	**989,645**	**-**	**-**	**-**	**-**	**-**	**989,645**
Provisions and other liabilities	**2,683,417**	**-**	**-**	**-**	**-**	**-**	**2,683,417**
Total liabilities	**326,058,420**	**-**	**-**	**-**	**-**	**-**	**326,058,420**

In accordance with EBA guidelines, the breakdown of carrying amounts under the regulatory frameworks (columns c – f) correspond to the risk frameworks listed in Part Three of the CRR. Items included in column "not subject to capital requirements or subject to deduction from capital" relate to amounts that are not subject to capital requirements according to the CRR or that are subject to deductions from own funds in accordance with Part Two of the CRR.

For the liabilities balances, shown in column 'Not subject to capital requirements or subject to deduction from capital' are balancing amounts in order for 'Carrying values under scope of regulatory consolidation' to agree to the sum of those in columns relating to the regulatory framework.

Template 2: EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements.

	Total	Items subject to			
		Credit risk framework	CCR frame work	Securitisation framework	Market risk framework
	€,000	€,000	€,000	€,000	€,000
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	**361,385,233**	**359,623,751**	-	-	-
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	**(326,058,420)**	**(326,058,420)**	-	-	-
Total net amount under the regulatory scope of consolidation	**35,326,813**	**33,565,331**	**-**	**-**	**-**
Off-balance-sheet amounts	**43,996,484**	**17,973,427**	-	-	-
Items not subject to capital requirements or subject to deduction from capital	**(1,761,482)**		-	-	-
Differences due to different netting rules, other than those already included in row 2			-	-	-
Differences due to consideration of provisions			-	-	-
Differences due to prudential filters			-	-	-
Exposure amounts considered for regulatory purposes	**77,561,815**	**51,538,758**	-	-	-

The amount of €43,996,484 in row ''Off-balance sheet amounts'', under column 'Total' relates to exposures prior to the use of conversion factor, and does not equal the figure as outlined in column 'credit risk framework' which has been reported post conversion factors.

The ''items not subject to capital requirements or subject to deduction from capital'' comprise mainly of intangible assets deductible from CET1 capital as per Article 36(i) (b) of the CRR.

5. CAPITAL REQUIREMENTS

The Bank has received its first SREP communication by the CBC on 24/01/2019 indicating a requirement of 4.5%, setting the minimum Total Capital Requirements, including Capital Conservation Buffer (CCB) and Countercyclical Buffer (CB), at 15%. An additional Pillar 2 Guidance of 0.5% was also communicated by the CBC. As per CBC clarification, the majority of this requirement acts as a buffer to ensure the smooth development of the Bank's business plan and the remaining of the requirement reflects the risk-profile of the Bank as also estimated through the ICAAP/ILAAP scoring methodology.

The Board of Directors is intensifying its efforts to develop the operations of the Bank in a manner consistent with the expectations of its stakeholders and regulators. As part of these efforts, amongst others, it has approved the revised 3-year business plan which will allow the Bank to fulfil its business objectives and become profitable. The revised business plan will enable the Bank to substantially increase its operations during this period and requires a share capital increase, for which the major shareholder of Ancoria Investments Plc, the parent company, has already committed to participate.

The Bank's regulatory capital as at 31 December 2020, is calculated in accordance with the provisions of the EU Regulation 575/2013:

The Bank is comfortably above regulatory capital ratio minima. Nevertheless, the Bank monitors its capital position on a regular basis taking into consideration its business model, macro-economic environment and regulatory environment. Countercyclical buffer at reporting date is set to 0% as communicated by the Central Bank of Cyprus on a quarterly basis. The Bank's minimum Total Capital Requirement is set at 15%:

Item	€'000
Equity	**35,327**
Share Capital	121
Share Premium	59,880
Reserves	(24,674)
Common Equity Tier 1	**34,539**
Total Tier 1 Capital	**34,539**
Additional Own Funds (Tier 2)	**-**
Total Tier 2	**-**
Total Own Funds	**34,539**
Common Equity Tier 1 Ratio	**18.82%**
Total Capital Ratio	**18.82%**

Minimum TCR	8,00%
Conservation buffer	2,50%
Countercyclical buffer	0%
SREP	4.5%
Total Capital	15%

Pillar 1 capital requirement at year end 2020 and 2019, taking into account minimum Total Capital Requirement was:

Template 4: EU OV1 – Overview of RWAs

Risk Type	RWAs	Minimum Capital Requirements	RWAs	Minimum Capital Requirements
	2020		**2019**	
	(€'000s)	(€'000s)	(€'000s)	(€'000s)
Credit (excluding CCR):	175,905	14,072	133,543	10,684
Of which Standardised Approach	175,905	14,072	133,543	10,684
Market:	-	-	-	-
Of which Standardised Approach	-	-	-	-
Operational:	7,590	607	4,310	345
Of which Basic Indicator Approach	7,590	607	4,310	345
Credit Valuation Adjustment (CVA)	-	-	-	-
Totals	**183,945**	**14,680**	**137,853**	**11,029**

6. CREDIT RISK

6.1 Credit Risk Definition

Table 2 – EU CRA

Credit risk is the risk arising from the uncertainty of a borrower's ability to perform their contractual obligations. Credit risk could arise from both on-balance sheet and off-balance sheet transactions. The Bank is exposed to Credit risk from diverse financial instruments, primarily from credit facilities, trading and treasury management if one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, trade finance products and acceptances, foreign exchange, swaps, bonds, commitments and guarantees.

6.2 Credit Risk Management procedures

The Bank has in place both a Credit Risk Management Policy and a Credit Risk Strategy that is reflected in the Bank's overall Risk Appetite Statement.

The Bank seeks to achieve an appropriate balance between risk and reward. This is not done by avoiding credit risk exposure but by managing the risk the Bank has chosen to take so that potential credit losses are mitigated. To achieve that the Bank adopts a well-rounded approach to assessing credit risk and ensures that credit risk management is part of an integrated approach to the management of all financial risks and has a clearly defined process as regards the credit cycle.

Risk Management Function

The Bank's Risk Management Function (the "RMF"):

- is responsible for setting, with the collaboration of the Organisations and Methods (the "O&M") department, appropriate procedures for the management of credit risk
- has the responsibility to identify, evaluate and assess the credit risk of the Bank and the responsibility to make proposals on the management of and controls on credit risk through various mechanisms on the basis of the strategic goals as determined by the Board of Directors

- recommends establishing and developing credit policies and procedures based on European and local directives, regulations, and guidelines, best practices performed internationally, and adjusts internal policies and procedures as appropriate
- sets the procedure for granting of credit facilities to customers of the Bank according to the Bank's Risk Appetite Statement and Credit Risk Policy as set by the Board of Directors
- sets limits and principles of financing and assesses the new banking products and new banking activities of the Bank.

Credit granting organisational framework, policies and procedures

Regarding the loan origination process, the Bank has written and published procedures in place that clearly indicate the roles and responsibilities of personnel involved and is in line with the Directive issued by the Central Bank of Cyprus ('CBC') on Credit Granting and Review Processes as updated, including amendments made in April 2020. Segregation of duties is present throughout the process as relationship officers prepare applications and provide an opinion but cannot approve a credit facility.

Credit risk monitoring and reporting

In terms of regulatory reporting, the Bank has in place an external solution for which data and results are cross-checked prior to submission.

The Bank prepares all reports relating to the control of credit risk at fixed intervals. The Risk Management Function communicates credit risk issues to the Board of Directors through its Risk Committee at least on a quarterly basis. Standardised reports to the Supervision Department of the CBC are sent on a monthly, quarterly, semi-annual and annual basis according to each report's requirements.

Arrears Management Process

The Bank has in place an Arrears Management Policy and Strategy, as well as an Arrears Management Procedure which is in accordance with the CBC's Directive on Arrears Management of 2015 and as updated. The Bank established an independent, centralised Arrears Management Unit ('AMU') specialising in the various categories of credit facilities with a view to effectively monitor arrears and troubled cases, as well as, restructurings of borrowers in financial difficulties. The AMU is distinct from the Debt Recovery Unit which deals with non-viable and non-cooperative borrowers.

Credit Sanctioning department

Main responsibility of the Credit Sanctioning department is the thorough, independent and detailed analysis of loan applications in order to comply with the Bank's lending practices and procedures in terms of customers' repayment ability, solvency, credibility and sufficient securitization.

Debt Recovery Unit

When a customer is classified as non-viable and / or non-cooperative and all alternative options have been investigated and exhausted, then the case is transferred to the Bank's Debt Recovery Unit. Currently, due to the size and quality of the Bank's portfolio, such an in-house unit does not exist. The Bank intends to outsource such cases to specialised companies for the time being.

Approving authorities

Approving authorities apply for all solutions to be suggested to a borrower in arrears (viable / cooperative or non-viable / non-cooperative). All cases should be accompanied with Credit Sanctioning departments' and Risk Management Function's opinions when reviewed exceeding specific exposure thresholds at group level.

Internal audit department

As a third layer of defence, the Internal Audit department performs audits of the loan origination process for the entire portfolio on a sample-selection basis.

6.3 Measurement and credit limits

The Bank, recognizing that credit risk is its most material risk, has formulated credit policies and a credit strategy which aim to achieve the following:

- To avoid large concentrations of credit exposures to a number of industries / sectors / currency / nature of collateral
- To avoid large unsecured exposures to group of connected customers

- To monitor the exposures on a connected client basis
- To implement sound procedures and controls for the assessment and granting of credit facilities
- To implement sound procedures for the monitoring and reporting of customer exposures

Counterparty Credit Risk ('CCR')

Table 3: EU CCRA – Qualitative disclosure requirements related to CCR

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows (CRR Article 272). As at 31 December 2020 and 2019 the Bank did not have any outstanding repurchase transactions, securities or commodities lending or borrowing transactions, long settlement transactions, margin lending transactions or derivative instruments transactions.

Credit risk concentration

According to the EU Regulation 575/2013, a large exposure is defined as the Bank's exposure to a client or group of connected clients which is equal or exceeds 10% of eligible capital. The Bank should not incur exposures the value of which exceeds 25% of the Bank's eligible capital, after taking into account the effect of credit risk mitigation.

Collateral and other credit enhancements

Table 7 – EU CRC

The credit decision is primarily based on the creditworthiness and repayment ability of the borrower, but collateral and guarantees offered as credit risk mitigation techniques are also of significance. It is emphasised, however, that collateral cannot be a substitute for a comprehensive assessment of the borrower or counterparty, nor can it compensate for insufficient information.

When accepting guarantees for credit facilities, the Bank evaluates the level of coverage being provided as per the credit quality, legal capacity and strength of the guarantor. The Bank ensures the enforceability of guarantee agreements and is careful when making assumptions about implied support from third parties.

The Bank has relevant and clear policies and procedures for:

- Accepting different types of collateral;
- Classifying collateral;
- Regularly monitoring and assessing collateral values;
- Ensuring that collateral is legally enforceable, adequate and realisable;
- Identifying and managing any concentrations arising from collateral.

The recoverable amount of a collateral is the realisable amount of the collateral which can be recovered in case of legal enforcement or liquidation of that collateral, which reflects the collateral amount on the legal documents plus interest and other expenses. This depends on the market value or security amount of the collateral based on the CBC directive.

Securities act as a credit risk mitigation measure in the case of customer default. In other words, credit facilities are collateralised as a safety net in case of future adverse deviations in the servicing ability of borrowers. Collaterals are classified into the following categories:

- Own collateral – i.e. belonging to the respective borrower
- Third Party collateral – i.e. belonging to a third party and to not the respective borrower

Collaterals should cover either specific facilities of the customer or all the facilities of a customer with the owner providing his consent accordingly. All types of collaterals can be required and used for all the different types of credit facilities offered by the Bank. Collaterals may take the form of either tangible or non-tangible security. Tangible security are all types of collateral where the Bank can assign recoverable value as per CBC directives (e.g. mortgage on real estate property, cash, Bank guarantees, etc.) whereas non-tangible security refer to collateral without physical existence where the Bank cannot assign a recoverable value (e.g. personal / corporate guarantees, term insurance policies, etc.).

As at 31 December 2020, the main types of collateral obtained by the Bank consisted of:

- Legal Pledge of Cash Deposit - Cash Collateral
- Mortgages - Legal Charge on Property

- Guarantees of which: Personal, Corporate, Government, Bank Guarantees
- Fixed Charges
- Floating Charges on company assets
- Assignment of Life Insurance Policies
- Assignment of General Insurance Policies
- Pledge on marketable securities (shares, debt securities, etc.)

6.4 Application of the standardized approach

The Bank has adopted the Standardised Approach for the calculation of the minimum capital against credit risk. Under this approach, exposures are classified in specified classes and are weighted using specific weights, depending on the class the exposures belong to and their credit rating.

The following table shows the RWAs calculated based on Standardized approach used to calculate the minimum capital requirement in accordance with the requirements laid down in Article 92 of the CRR.

Asset Class	Risk Weighted Amount (€'000s)	Minimum Capital Requirement (€'000s)	Risk Weighted Amount (€'000s)	Minimum Capital Requirement (€'000s)
	2020		**2019**	
Central governments or central banks	-	-	216	17
Regional governments or local authorities	-	-	-	-
Public sector entities	889	71	923	74
Multilateral Development Banks	-	-	-	-
International Organisations	-	-	-	-
Institutions	4,182	335	4,434	355
Corporates	65,756	5,261	29,732	2,379
Retail	344,184	2,735	22,463	1,797
Secured by mortgages on immovable property	50,815	4,065	60,042	4,803
Exposures in default	206	16	248	20
Items associated with particular high risk	10,764	861	6,416	513
Covered bonds	-	-	-	-
Claims on institutions and corporates with a short-term credit assessment	-	-	-	-
Collective investment undertakings (CIU)	-	-	-	-
Equity	-	-	-	-
Other items	9,106	728	9,070	726
Total	**175,905**	**14,072**	**133,543**	**10,684**

6.5 Nominated ECAI's

For the purposes of applying the Standardized Approach, the rating of nominated External Credit Assessment Institutions (ECAI) which are recognized by the CBC are Fitch ratings, Standard and Poor's rating services, and Moody's Investor service.

For the purpose of applying the Standardized Approach, the Bank adopts the three ratings approach as described in Article 138 of EU Regulation 575/2013 for all asset classes.

The Bank complies with the standard assignment of external ratings of each nominated ECAIs with the credit quality steps, as per the table below:

Table 8 – EU CRD

Credit Quality Step	Moody's Ratings	S&P Ratings	Fitch Ratings
1	Aaa to Aa3	AAA to AA-	AAA to AA-
2	A1 to A3	A+ to A-	A+ to A-
3	Baa1 to Baa3	BBB+ to BBB-	BBB+ to BBB-
4	Ba1 to Ba3	BB+ to BB-	BB+ to BB-
5	B1 to B3	B+ to B-	B+ to B-
6	Caa1 and below	CCC+ and below	CCC+ and below

6.6 Credit Risk mitigation techniques (CRM)

According to the directive, there are two methods for the recognition of collateral, the Simple Approach and the Comprehensive Approach. The Bank has applied the Comprehensive Approach, as this enables the fairer recognition and more accurate estimation of the Bank's capital.

Exposure before and after credit risk mitigation

The exposure before and after credit risk mitigation associated with each credit quality step mostly for financial institutions and governments, as at the year-end was as follows:

Credit Quality Step 31/12/20	Exposures before Credit Conversion Factors and Credit Risk Mitigation (€000)	Exposures before Credit Conversion Factors and Credit Risk Mitigation Net of Provisions (€000)	Exposures post Credit Risk Mitigation (€000)	Exposure values after Credit Conversion Factors and Credit Risk Mitigation (€000)
CQS 1	10,203	10,181	17,569	17,569
CQS 2	14,922	14,854	14,854	14,854
CQS 3	49,180	49,161	49,161	49,161
CQS 4	-	-	-	-
CQS 5	-	-	-	-
CQS 6	-	-	-	-
Unrated **	330,635	329,424	312,744	288,076
Total	**404,940**	**403,620**	**394,328**	**369,660**

**Unrated refers mainly to individuals and legal entities

Template 19: EU CR4 – Standardised Approach – Credit Risk exposure and CRM effects

The table below presents the breakdown of exposures under Standardized Approach analysed per asset type that is on balance sheet and off balance sheet, pre and post application of the credit risk mitigation effect and pre and post credit conversion factors.

		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	50,507,562	-	50,442,014	-	-	0%
2	Regional government or local authorities	-	-	-	-	-	0%
3	Public sector entities	1,799,836	-	1,777,974	-	888,987	50%
4	Multilateral development banks	153,049	-	7,221,478	159,694	-	0%
5	International organisations	-	-	-	-	-	0%
6	Institutions	14,484,971	-	14,473,134	-	4,182,063	29%
7	Corporates	83,414,207	8,511,675	77,453,179	3,358,719	65,756,286	81%
8	Retail	52,208,276	19,633,720	42,318,456	7,306,292	34,184,040	69%
9	Secured by mortgages on immovable property	138,171,575	12,706,790	138,171,575	5,551,008	50,817,975	35%
10	Exposures in default	325,181	73,250	135,691	36,625	205,979	120%
11	Exposures associated with particularly high risk	5,744,139	3,128,284	5,614,637	1,561,089	10,763,589	150%
12	Covered bonds	-	-	-	-	-	0%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	0%
14	Collective investment undertakings	80,261	-	80,261	-	-	0%
15	Equity	-	-	-	-	-	0%
16	Other items	13,997,849	-	13,997,849	-	9,106,465	65%
17	**Total**	**360,886,907**	**44,053,720**	**351,686,248**	**17,973,427**	**175,905,385**	48%

Template 20: EU CR5

The table below presents the breakdown of exposures under Standardized Approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to the standardized approach). The exposure are disclosed before credit conversion factors and post credit risk mitigation techniques, net of provisions.

		Risk weight								Total	Of which unrated
	Exposure classes	0%	20%	35%	50%	75%	100%	150%	Deducted		
		€000	€000	€000	€000	€000	€000	€000	€000	€000	€000
1	Central governments or central banks	50,442	-	-	-	-	-	-	-	**50,442**	**-**
2	Regional government or local authorities	-	-	-	-	-	-	-	-	**-**	**-**
3	Public sector entities	-	-	-	1,778	-	-	-	-	**1,778**	**-**
4	Multilateral development banks	153	-	-	-	-	-	-	-	**153**	**-**
5	International organisations	-	-	-	-	-	-	-	-	**-**	**-**
6	Institutions	-	10,182	-	4,291	-	-	-	-	**14,473**	**-**
7	Corporates	-	483	-	3,465	-	87,380	-	-	**91,328**	**84,059**
8	Retail	-	-	-	-	71,405	-	-	-	**71,405**	**71,405**
9	Secured by mortgages on immovable property	-	-	119,647	31,231	-	-	-	-	**150,878**	**150,878**
10	Exposures in default	-	-	-	-	-	179	69	-	**247**	**247**
11	Exposures associated with particularly high risk	-	-	-	-	-	-	8,837	-	**8,837**	**8,837**
12	Covered bonds	-	-	-	-	-	-	-	-	**-**	**-**
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	**-**	**-**
14	Collective investment undertakings	80	-	-	-	-	-	-	-	**80**	**-**
15	Equity	-	-	-	-	-	-	-	-	**-**	**-**
16	Other items	4,891	0	-	-	-	9,106	-	-	**13,998**	**13,998**
17	**Total**	**55,566**	**10,665**	**119,647**	**40,766**	**71,405**	**96,665**	**8,905**	**-**	**403,620**	**329,424**

6.7 Risk of impairment

Table 6 – EU CRB-A

Measurement of exposures

Financial assets managed on a fair value basis and those that are held for trading are measured at fair value through profit and loss. These include financial assets acquired principally for trading, equity instruments (for which no election was made to present gains or losses in other comprehensive income), assets mandatorily measured on a fair value basis and derivatives, except to the extent that they are designated in a hedging relationship, in which case the Bank elected as a policy choice permitted under IFRS 9, to continue to apply hedge accounting in accordance with IAS 39.

Financial assets at FVTPL are recorded in the statement of financial position at fair value. Changes in fair value are recorded in profit or loss under 'Fair value gain / loss on revaluation of financial assets' line.

Impairment methodology

The Bank groups its financial instruments into Stage 1, 2 and 3 as well as Purchased or Originated Credit Impaired ('POCI') exposures based on the applied impairment methodology, as described below:

- **Stage 1 – Performing exposures**

Exposures for which the credit risk has not increased significantly since initial recognition, a 12-month ECL is recognised, unless the financial asset is purchased or originated credit-impaired. All Stage 1 facilities are measured under a collective basis (refer to Financial Statements for more details). The collective portfolio is segmented into exposures to individuals and exposures to business and then according to internal credit rating bands.

- **Stage 2 – Underperforming exposures**

Exposures for which the credit risk has increased significantly since initial recognition, a lifetime ECL is recognised that can be significantly higher than a 12-month ECL.

- **Stage 3 – Impaired exposures**

Exposures which are considered to be credit-impaired (refer to section below on the definition of credit-impaired debt financial assets) and a lifetime ECL is recognised. All facilities under Stage 3 are assessed for impairment on an individual basis.

- **Purchased or Originated Credit Impaired exposures**

Purchased or originated financial assets are financial assets that are credit-impaired on initial recognition. POCI assets include loans purchased or originated at a deep discount that reflect incurred credit losses. On initial recognition POCI assets do not carry an impairment allowance as lifetime ECLs are incorporated into the calculation of the effective interest rate. On subsequent measurement, the ECLs for POCI assets are always measured at an amount equal to lifetime ECLs. The amount recognised as a loss allowance for these assets is equal to the changes in lifetime ECLs since initial recognition of the asset. Favourable changes in lifetime ECLs are recognised as an impairment gain, even if the favourable changes are more than the amount, if any, previously recognised in profit or loss as impairment loss.

Loss allowance on loans and advances to customers

The Bank reviews loans and advances to assess whether a loss allowance should be recorded in profit or loss. For individually significant assets, loss allowances are calculated on an individual basis and all relevant considerations that have a bearing on the expected future cash flows are taken into account. The level of the loss allowance is the difference between the value of the expected future cash flows discounted at the loan's original effective interest rate and its carrying amount. Subjective judgements are made in the calculation of future cash flows.

Furthermore, judgements change with time as new information becomes available, resulting in revisions to the loss allowance. Changes in these estimates would result in a change in the allowances and have a direct impact on the loss allowance charge.

In addition to loss allowances on an individual basis, the Bank also calculates loss allowances on a collective basis through the assignment of probabilities of default and loss given default for portfolios of loans with similar credit risk characteristics. This methodology is subject to estimation uncertainty, partly because it is not practicable to identify losses on an individual loan basis due to the large number of loans in each portfolio. Furthermore, the absence of historical loss experience increases estimation uncertainty.

For 12-month probabilities of default, credit score values are translated to probabilities of default using logistic distribution maps adding an adjustment factor.

For lifetime probabilities of default, the Bank uses as a basis the 12-month probabilities of default as follows:

➢ **Inherent default probability**

For each credit score value, the Bank uses a conditional probability formula to extend probabilities and reflect the state relative to the loan maturity. This is assumed as the 'inherent' default probability. As credit score value changes across maturity, the inherent lifetime probability of default will adjust accordingly.

➢ **Macro-factor and other adjustments**

The Bank adjusts inherent cumulative lifetime probabilities to influencing macro-factors and vested interest factors, such as the Loan-to-Value of the credit facility, the unemployment rate and GDP of Cyprus. The vested interest factor assumes that as the facility approaches maturity, the borrower has less incentive to default. This factor is assumed to be pro-rata per year approaching maturity.

Template 16: EU CR2-A - Changes in the Stock of general and specific credit risk adjustments
The table below presents the changes in the accumulated specific and general adjustment for 2020.

		a	B
		Accumulated specific credit risk adjustment	**Accumulated general credit risk adjustment**
1	**Opening balance**	**43,010**	**-**
2	Increases due to amounts set aside for estimated loan losses during the period	132,270	-
3	Decreases due to amounts reversed for estimated loan losses during the period	-62	-
4	Decreases due to amounts taken against accumulated credit risk adjustments	-	-
5	Transfers between credit risk adjustments	-232	-
6	Impact of exchange rate differences	-	-
7	Business combinations, including acquisitions and disposals of subsidiaries	-	-
8	Other adjustments	-34,043	-
9	**Closing balance**	**140,944**	**-**
10	Recoveries on credit risk adjustments recorded directly to the statement of profit or loss		-
11	Specific credit risk adjustments directly recorded to the statement of profit or loss		-

Template 17: EU CR2-B

The table below presented defaulted exposures which are exposures that are defaulted in accordance with Article 178 of the CRR and there relevant movement during 2020.

		a
		Gross carrying value defaulted exposures
1	**Opening balance**	**208,190**
2	Loans and debt securities that have defaulted or impaired since the last reporting period	375,430
3	Returned to non-defaulted status	179,820
4	Amounts written off	-
5	Other changes	-
6	**Closing balance**	**398,431**

Non-performing exposures

Exposures that meet the non-performing exposures ('NPE') definition in accordance with the European Banking Authority's ('EBA') technical standards are considered to be in default and for this reason classified under Stage 3 (credit-impaired). The expected credit losses ('ECL') of these credit facilities are calculated on a lifetime basis.

On 31 December 2020, an amount of €325.180 (2019: €206.918) was classified by the Bank as NPE for its on balance sheet exposures. The following exposures are considered NPE:

- Exposures with material credit obligations of more than ninety (90) days past due
- The debtor is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past due amount or of the number of days past due
- The exposure is impaired as per the applicable accounting framework
- Exposures considered as in default in accordance with EU Regulation 575/2013 Article 178
- Exposures where legal action has been taken by the Bank against them or exposures of which debtors are bankrupt
- Forborne exposures reclassified from NPE status that were NPE at forbearance or became NPE after forbearance and which are re-forborne while under probation
- Forborne exposures reclassified from NPE status that were NPE at forbearance or became NPE after forbearance that present arrears 30 days past due while under probation
- For debtors classified as retail as per the EU Regulation 575/2013, the Bank applies the definition of default, and thus the classification of NPE at the credit facility level. However, when the Bank has on-balance sheet exposures to a debtor that are material and are past due by more than 90 days and the gross carrying amount of which represents more than 20% of the gross carrying amount of all on-balance sheet exposures to that debtor, then all on and off-balance sheet exposures to that debtor shall be considered as NPE
- For debtors classified as non-retail as per the EU Regulation 575/2013, when the Bank has on-balance sheet exposures to a debtor classified as non-performing, then all on and off-balance sheet exposures to that debtor shall be considered as NPE

Materiality threshold

According to EU Regulation 575/2013 Article 178, reasonable materiality thresholds of credit obligations past due shall be defined by national competent authorities. The Central Bank of Cyprus ('CBC') has issued a Directive on Supervisory Reporting on Forbearance and Non-Performing Exposures of 2020 stating the following materiality thresholds:

- For obligors of retail exposures, including exposures secured by mortgages of residential or commercial property, the higher of:
  - ✓ A minimum limit of €100, i.e. if the amount in arrears of an obligor who has a retail exposure does not exceed €100, this exposure is not classified as defaulted exposure, or
  - ✓ A limit of 1% of the on-balance sheet exposure of the credit facility excluding equity exposures

- For other exposures, the higher of:
  - ✓ A minimum limit of €500, i.e. if the total amount in arrears of the total exposure of an obligor does not exceed €500, this exposure is not classified as defaulted exposure, or
  - ✓ A limit of 1% of all on-balance sheet exposures of the Bank against that obligor, excluding equity exposures

EBA/GL/2018/10 – Template 3 - Credit quality of performing and non-performing exposures by past due days

The table provides an overview of credit quality of non-performing exposures, as per Commission Implementing Regulation (EU) No 680/2014.

	A	b	c	d	e	f	g	h	i	j	k	l
	Gross carrying amount/nominal amount											
	Performing exposures			Non-performing exposures								
		Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
Loans and advances	**272,258,834**	**271,853,611**	**405,223**	**325,181**	**311**	**182,439**	**109,458**	**21,342**	**1,630**	**-**	**-**	**315,159**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	26	-	26	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	7,068,873	7,068,582	291	239	-	29	58	-	152	-	-	239
Non-financial corporations	115,570,505	115,406,481	164,024	128,858	311	15,421	102,663	47	416	-	-	118,858
Of which SMEs	113,384,034	113,220,104	163,930	128,720	311	15,421	102,663	-	325	-	-	118,720
Households	149,619,430	149,378,548	240,882	196,084	-	166,989	6,738	21,295	1,062	-	-	196,062
Debt securities	**27,668,859**	**27,668,859**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-
General governments	9,049,634	9,049,634	-	-	-	-	-	-	-	-	-	-
Credit institutions	5,171,241	5,171,241	-	-	-	-	-	-	-	-	-	-
Other financial corporations	4,361,467	4,361,467	-	-	-	-	-	-	-	-	-	-
Non-financial corporations	6,978,294	6,978,294	-	-	-	-	-	-	-	-	-	-
Off-balance-sheet exposures	**43,980,470**			**73,250**								**73,250**
Central banks	-			-								-
General governments	-			-								-
Credit institutions	-			-								-
Other financial corporations	222,159			-								-
Non-financial corporations	26,289,905			-								-
Households	17,468,406			73,250								73,250
Total	**343,908,163**	**299,522,470**	**405,223**	**398,431**	**311**	**182,439**	**109,458**	**21,342**	**1,630**	**-**	**-**	**388,409**

EBA/GL/2018/10 – Template 4 - Performing and non-performing exposures and related provisions

The table provides an overview of the credit quality of non-performing exposures and related impairments, provisions and valuation adjustments by portfolio and exposure class.

	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			
Loans and advances	**272,258,834**	**262,092,334**	**10,166,500**	**325,181**	**-**	**325,159**	**-1,002,529**	**-687,479**	**-315,051**	**-140,944**	**-**	**-140,944**	**-**	**265,250,875**	**166,595**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	*26*	*26*	-	-	-	-	-	-	-	-	-	-	-	-	-
Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other financial corporations	*7,068,873*	*7,068,873*	-	*239*	-	*239*	*-36,462*	*-36,462*	-	-	-	-	-	*7,032,071*	-
Non-financial corporations	*115,570,505*	*107,348,383*	*8,222,122*	*128,858*	-	*128,858*	*-697,273*	*-440,479*	*-256,794*	*-50,441*	-	*-50,441*	-	*112,424,045*	*66,893*
Of which SMEs	*113,384,034*	*105,161,912*	*8,222,122*	*128,720*	-	*128,720*	*-692,276*	*-435,482*	*-256,794*	*-50,441*	-	*-50,441*	-	*111,080,675*	*66,893*
Households	*149,619,430*	*147,675,052*	*1,944,378*	*196,084*	-	*196,062*	*-268,795*	*-210,538*	*-58,257*	*-90,502*	-	*-90,502*	-	*145,794,760*	*99,703*
Debt securities	**27,668,859**	**27,668,859**	**-**	**-**	**-**	**-**	**-108,627**	**-108,627**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General governments	*9,049,634*	*9,049,634*	-	-	-	-	*-66,060*	*-66,060*	-	-	-	-	-	-	-
Credit institutions	*5,171,241*	*5,171,241*	-	-	-	-	*-1,124*	*-1,124*	-	-	-	-	-	-	-
Other financial corporations	*4,361,467*	*4,361,467*	-	-	-	-	*-31,276*	*-31,276*	-	-	-	-	-	-	-
Non-financial corporations	*6,978,294*	*6,978,294*	-	-	-	-	*-10,167*	*-10,167*	-	-	-	-	-	-	-
Off-balance-sheet exposures	***43,980,470***	***43,963,448***	***17,022***	***73,250***	**-**	***73,250***	***57,235***	***57,021***	***214***	**-**	**-**	**-**		***35,651,981***	***73,250***
Central banks	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		-	-
General governments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		-	-
Credit institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		-	-
Other financial corporations	222,159	222,159	-	-	-	-				**-**	**-**	**-**		*232,758*	-
Non-financial corporations	26,289,905	26,283,883	6,022	-	-	-				**-**	**-**	**-**		*19,910,073*	-
Households	17,468,406	17,457,406	11,000	73,250	-	73,250				**-**	**-**	**-**		*15,509,150*	*73,250*
Total	***343,908,163***	***333,724,641***	***10,183,522***	***398,431***	**-**	***398,409***	***-1,053,921***	***-739,085***	***-314,837***	***-140,944***	**-**	***-140,944***	**-**	***300,902,856***	***239,845***

EBA/GL/2020/07_F90.01 - Overview of EBA-compliant moratoria (legislative and non-legislative)

				Gross carrying amount										
					Of which: granted									
									Residual maturity of moratoria					
		Number of obligors	Of which: granted			Of which: legislative moratoria	Of which: subject to extended moratoria	Of which: expired	<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 12 months <= 18 months	> 18 months
		0010	0020	0030	0040	0050	0055	0060	0070	0080	0090	0100	0110	0120
0010	**EBA-compliant moratoria loans and advances**	420	420	132,931,447	132,931,447	132,931,447		0	132,931,447					
0020	of which: Households				66,121,657	66,121,657		0	66,121,657					
0030	of which: Collateralised by residential immovable property				53,190,926	53,190,926		0	53,190,926					
0040	of which: Non-financial corporations				66,809,789	66,809,789		0	66,809,789					
0050	of which: Small and medium-sized enterprises				66,470,168	66,470,168		0	66,470,168					
0060	of which: Collateralised by commercial immovable property				50,020,296	50,020,296		0	50,020,296					

EBA/GL/2020/07_F91.01 - Information on loans and advances subject to EBA-compliant moratoria (legislative and non-legislative)

		Gross carrying amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk						Maximum amount of the guarantee that can be considered	Gross carriyng amount	Economic loss
			Performing				Non-performing		Performing				Non-performing			
				Of which: grace period of capital and interest	Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)				Of which: grace period of capital and interest	Of which: exposures with forbearance measures	Of which: instruments with significant increase in credit risk since initial recognition but not credit-impaired (Stage 2)		Public guarantee received in the context of the COVID-19 crisis	Inflows to non-performing exposures	
		0010	**0020**	**0030**	**0040**	**0050**	**0060**	**0100**	**0110**	**0120**	**0130**	**0140**	**0150**	**0190**	**0200**	**0210**
0010	**Loans and advances subject to EBA-compliant moratoria**	**132,931,447**	132,931,447	132,931,447		9,930,876	0	-669,417	-669,417	-669,417		-314,756	0		0	
0020	of which: Households	**66,121,657**	66,121,657	66,121,657		1,708,962	0	-156,164	-156,164	-156,164		-58,204	0		0	
0030	of which: Collateralised by residential immovable property	53,190,926	53,190,926	53,190,926		1,669,186	0	-131,543	-131,543	-131,543		-54,259	0		0	
0040	of which: Non-financial corporations	66,809,789	66,809,789	66,809,789		8,221,915	0	-513,252	-513,252	-513,252		-256,552	0		0	
0050	of which: Small and medium-sized enterprises	66,470,168	66,470,168	66,470,168		8,221,915	0	-511,341	-511,341	-511,341		-256,552	0		0	
0060	of which: Collateralised by commercial immovable property	50,020,296	50,020,296	50,020,296		5,354,579	0	-269,978	-269,978	-269,978		-68,270	0		0	

6.8 Credit risk exposures (tables and templates)

Template 7: EU CRB-B - Total and average net amount of exposures

The table below presents the total and average amount of net exposures for 2020 by exposure class. The average corresponds to the average of the quarterly net amounts by exposure class. Net exposures relate to amounts post value adjustments but before the application of credit conversion factors.

For on-balance-sheet items, the net value is the gross carrying value of exposure less allowances/impairments. For off-balance-sheet items, the net value is the gross carrying value of exposure less provisions.

	a	b
	Net value of exposures at the end of the period	**Average net exposures over the period**
Central governments or central banks	50,442,014	53,065,103
Regional governments or local authorities	-	1,213,004
Public sector entities	1,777,974	1,414,104
Multilateral development banks	152,825	152,583
Institutions	14,473,134	9,805,051
Corporates	91,328,156	58,324,408
Of which: SMEs	*69,548,160*	41,111,754
Retail	71,405,356	57,313,898
Of which: SMEs	*31,163,838*	23,300,399
Secured by mortgages on immovable property	150,878,366	163,827,536
Of which: SMEs	*37,228,526*	55,128,976
Exposures in default	247,487	1,190,187
Items associated with particularly high risk	8,836,815	5,378,584
Covered bonds	-	4,002,985
Collective investments undertakings	80,261	86,268
Other exposures	13,997,849	14,646,464
Total standardised approach	**403,620,237**	**370,420,176**
Total	**403,620,237**	**370,420,176**

Template 8: EU CRB-C - Geographical breakdown of exposures

The table below presents the value of the total exposures analyzed by asset/exposure class and by industry segment, after on and off balance sheet netting and credit risk valuation adjustments as at 31 December 2020.
For on-balance-sheet items, the net value is the gross carrying value of exposure less allowances/impairments whereas for off-balance-sheet items, the net value is the gross carrying value of exposure less provisions.

		Net value									
		Significant area 1: EU	Significant area 2: US	Significant area 3: ASAP	Significant area 1 Of Which: CY	Significant area 1 Of Which: NL	Significant area 1 Of Which: GB	Significant area 1 Of Which: FR	Significant area 2 Of Which: USA	Significant area 2 Of Which: Canada	Total
7	Central governments or central banks	49,379,834	1,062,180	-	44,492,446	-	-	196,529	-	1,062,180	**50,442,014**
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	**-**
9	Public sector entities	483,493	-	1,294,481	-	-	-	-	-	-	**1,777,974**
10	Multilateral development banks	152,825	-	-	-	-	-	-	-	-	**152,825**
11	International organisations	-	-	-	-	-	-	-	-	-	**-**
12	Institutions	10,185,181	3,768,497	519,457	6	2,188,953	2,004,991	653,687	2,253,294	1,515,203	**14,473,134**
13	Corporates	90,551,230	520,361	256,566	84,058,997	1,501,033	-	2,315,892	520,361	-	**91,328,156**
14	Retail	71,165,509	75,883	163,964	70,970,193	50,027	11,621	133,496	-	-	**71,405,356**
15	Secured by mortgages on immovable property	150,568,321	-	310,045	148,938,965	-	798,388	-	-	-	**150,878,366**
16	Exposures in default	247,487	-	-	247,395	-	-	-	-	-	**247,487**
17	Items associated with particularly high risk	8,836,815	-	-	8,836,815	-	-	-	-	-	**8,836,815**
18	Covered bonds	-	-	-	-	-	-	-	-	-	**-**
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	**-**
20	Collective investments undertakings	-	80,261	-	-	-	-	-	80,261	-	**80,261**
21	Equity exposures	-	-	-	-	-	-	-	-	-	**-**
22	Other exposures	13,997,849	-	-	13,497,849	-	500,000	-	-	-	**13,997,849**
23	***Total standardised approach***	**395,568,544**	**5,507,182**	**2,544,512**	**371,042,667**	**3,740,013**	**3,315,000**	**3,299,604**	**2,853,915**	**2,577,383**	**403,620,237**
24	***Total***	**395,568,544**	**5,507,182**	**2,544,512**	**371,042,667**	**3,740,013**	**3,315,000**	**3,299,604**	**2,853,915**	**2,577,383**	**403,620,237**

Template 9: EU CRB-D - Concentration of exposures by industry types

The table below presents the distribution of the exposures by industry, broken down by exposure class as at 31 December 2020. The exposures in Industries with exposures less than 10% of total standardised approach exposures have been consolidated under column ”Other Industries”.

		NACEs																
		A	C	F	G	H	I	K	L	M	O	P	Q	R	T			
		Agriculture, forestry and fishing	Manufacturing	Construction	Wholesale and retail trade	Transport and storage	Accommodation and food service activities	Financial and insurance activities	Real estate activities	Professional, scientific and technical activities	Public administration and defence, compulsory social security	Education	Human health services and social work activities	Arts, entertainment and recreation	Activities of households as employers	Other Industries	Other items	Total
7	Central governments or central banks	-	-	-	-	-	-	41,998,312	-	-	8,443,702	-	-	-	-	-	-	Total
8	Regional governments or local authorities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	50,442,014
9	Public sector entities	-	-	-	-	-	-	1,238,103	-	-	539,871	-	-	-	-	-	-	-
10	Multilateral development banks	-	-	-	-	-	-	152,825	-	-	-	-	-	-	-	-	-	1,777,974
11	International organisations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	152,825
12	Institutions	-	-	-	-	-	-	14,473,134	-	-	-	-	-	-	-	-	-	-
13	Corporates	2,992,127	5,452,495	9,837,901	12,496,615	3,219,467	1,857,097	38,494	35,543,932	1,252,277	-	501,315	454,608	29,579	12,511,198	5,141,051	-	14,473,134
14	Retail	1,702,185	1,956,763	8,508,387	7,265,090	1,063,694	2,128,463	15,499	5,241,850	1,102,849	26	635,050	987,239	1,086,112	37,539,079	2,173,070	-	91,328,156
15	Secured by mortgages on immovable property	-	3,402,297	7,634,055	6,028,038	100,868	431,706	1,409,228	6,200,869	5,392,519	-	3,088,677	2,825,871	3,449,708	108,776,403	2,138,126	-	71,405,356
16	Exposures in default	-	774	245	714	92	58,921	239	7,971	-	-	7,773	-	-	169,695	1,063	-	150,878,366
17	Items associated with particularly high risk	-	-	8,330,465	-	-	-	-	102,969	-	-	-	-	-	403,381	-	-	247,487
18	Covered bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,836,815
19	Claims on institutions and corporates with a short- term credit assessment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	-	-	-	80,261	-	-	-	-	-	-	-	-	-	-
21	Equity exposures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	80,261
22	Other exposures	-	-	-	-	-	-	317	-	-	-	-	-	-	-	-	13,997,532	-
23	*Total standardised approach*	**4,694,312**	**10,812,329**	**34,311,052**	**25,790,458**	**4,384,121**	**4,476,188**	**59,406,413**	**47,097,591**	**7,747,644**	**8,983,599**	**4,232,816**	**4,267,718**	**4,565,399**	**159,399,756**	**9,453,310**	**13,997,532**	**13,997,849**
24	*Total*	**4,694,312**	**10,812,329**	**34,311,052**	**25,790,458**	**4,384,121**	**4,476,188**	**59,406,413**	**47,097,591**	**7,747,644**	**8,983,599**	**4,232,816**	**4,267,718**	**4,565,399**	**159,399,756**	**9,453,310**	**13,997,532**	**403,620,237**

Template 10: EU CRB-E - Maturity of exposures

The table below sets out the net exposures by residual maturity and exposure classes as at 31 December 2020. The net exposures relate to amounts post value adjustments but before the application of credit conversion factors and credit risk mitigation techniques.

- Exposures for which the counterparty has a choice of when an amount is repaid (e.g. current accounts) have been assigned to column "On demand".
- Exposures for which there is no stated maturity (e.g. tangible assets) have been assigned to column "No stated maturity".

		a	b	c	d	e	F
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
7	Central governments or central banks	41,998,312	3,096,521	2,873,033	2,474,148	-	50,442,014
8	Regional governments or local authorities	-	-	-	-	-	-
9	Public sector entities	-	754,610	483,493	539,871	-	1,777,974
10	Multilateral development banks	-	-	-	152,825	-	152,825
11	International organisations	-	-	-	-	-	-
12	Institutions	4,557,616	1,109,227	5,798,724	3,007,568	-	14,473,134
13	Corporates	7,938,277	2,130,802	10,284,196	70,974,882	-	91,328,156
14	Retail	8,635,985	1,007,228	7,119,955	54,642,187	-	71,405,356
15	Secured by mortgages on immovable property	-	-	3,225,105	141,956,399	5,696,862	150,878,366
16	Exposures in default	59,982	-	6,906	68,225	112,375	247,487
17	Items associated with particularly high risk	-	-	8,433,434	403,381	-	8,836,815
18	Covered bonds	-	-	-	-	-	-
19	Claims on institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
20	Collective investments undertakings	-	-	-	80,261	-	80,261
21	Equity exposures	-	-	-	-	-	-
22	Other exposures	-	-	-	323,033	13,674,816	13,997,849
23	***Total standardised approach***	**63,190,173**	**8,098,387**	**38,224,846**	**274,622,779**	**19,484,053**	**403,620,237**
24	***Total***	**63,190,173**	**8,098,387**	**38,224,846**	**274,622,779**	**19,484,053**	**403,620,237**

Template 11: EU CR1-A - Credit quality of exposures by exposure class and instrument

The table below presents total carrying values per default status, specific and general credit risk adjustments, accumulated write offs, credit risk adjustments of the period (calculated as additional risk adjustments and write offs per exposure class) and net values broken down by exposure class as at 31 December 2020.

		a	b	c	d	e	f	g
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
16	Central governments or central banks	-	50,508	66	-	-	50	50,442
17	Regional governments or local authorities	-	-	-	-	-	-	-
18	Public sector entities	-	1,800	22	-	-	18	1,778
19	Multilateral development banks	-	153	0	-	-	0	153
20	International organisations	-	-	-	-	-	-	-
21	Institutions	-	14,485	12	-	-	8	14,473
22	Corporates	-	91,926	184	414	-	294	91,328
23	*Of which: SMEs*	-	70,112	174	390	-	292	69,548
24	Retail	-	71,842	70	367	-	211	71,405
25	*Of which: SMEs*	-	31,342	68	110	-	91	31,164
26	Secured by mortgages on immovable property	-	150,878	-	-	-	-	150,878
27	*Of which: SMEs*	-	37,229	-	-	-	-	37,229
28	Exposures in default	398	-	149	2	-	108	247
29	Items associated with particularly high risk	-	8,872	10	26	-	20	8,837
30	Covered bonds	-	-	-	-	-	-	-
31	Claims on institutions and corporates with a short- term credit assessment	-	-	-	-	-	-	-
32	Collective investments undertakings	-	80	-	-	-	-	80
33	Equity exposures	-	-	-	-	-	-	-
34	Other exposures	-	13,998	-	-	-	-	13,998
35	***Total standardised approach***	***398***	***404,542***	***512***	***808***	***-***	***710***	403,620
36	***Total***	***398***	***404,542***	***512***	***808***	***-***	***710***	403,620
37	Of which: Loans*	325	272,259	394	749	-	615	271,441
38	Of which: Debt securities	-	27,669	110	-	-	86	27,559
39	Of which: Off- balance-sheet exposures	73	43,980	-	57	-	14	43,996

Template 12: EU CR1-B - Credit quality of exposures by industry or counterparty types

The table below presents total carrying values per default status, specific and general credit risk adjustments, accumulated write offs, credit risk adjustments of the period (calculated as additional risk adjustments and write offs per industry and net values broken down by debtor industry as at 31 December 2020.

		a	b	c	d	e	f	G
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	Agriculture, forestry and fishing	-	4,714	-	19	-	3	4,694
2	Mining and quarrying	-	17	-	0	-	- 0	17
3	Manufacturing	3	10,830	6	15	-	- 1	10,812
4	Electricity, gas, steam and air conditioning supply	0	2,704	3	0	-	2	2,701
5	Water supply	-	-	-	-	-	-	-
6	Construction	0	34,402	10	81	-	38	34,311
7	Wholesale and retail trade	11	26,045	184	81	-	186	25,790
8	Transport and storage	0	4,394	0	10	-	2	4,384
9	Accommodation and food service activities	101	4,424	42	7	-	20	4,476
10	Information and communication	1	2,834	70	3	-	70	2,762
11	Financial and insurance activities	0	59,447	33	7	-	31	59,406
12	Real estate activities	15	47,334	7	244	-	104	47,098
13	Professional, scientific and technical activities	-	7,776	-	28	-	7	7,748
14	Administrative and support service activities	-	1,245	-	4	-	2	1,241
15	Public administration and defence, compulsory social security	-	9,050	66	-	-	49	8,984
16	Education	11	4,230	4	4	-	- 4	4,233
17	Human health services and social work activities	-	4,282	-	14	-	3	4,268
18	Arts, entertainment and recreation	-	4,571	-	6	-	1	4,565
19	Other services	0	2,748	0	16	-	15	2,732
20	Activities of households as employers	255	159,498	85	268	-	182	159,400
21	Other	-	13,998	-	-	-	-	13,998
20	***Total***	**398**	**404,542**	**512**	**808**	**-**	**710**	**403,620**

Template 13: EU CR1-C - Credit quality of exposures by geography

The table below presents total carrying values per default status, specific and general credit risk adjustments, accumulated write offs, credit risk adjustments of the period (calculated as additional risk adjustments and write offs per geographical location) and net values broken down by geographical location as at 31 December 2020.

		a	b	c	d	e	f	G
		Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values
		Defaulted exposures	Non-defaulted exposures					(a+b-c-d)
1	**Significant area 1: EU**	398	396,482	504	808	-	703	395,569
2	**Significant area 2: US**	-	5,514	7	0	-	6	5,507
3	**Significant area 3: ASAP**	-	2,547	2	0	-	1	2,545
4	***Significant area 1 Of Which: CY***	398	371,860	409	807	-	630	371,043
5	***Significant area 1 Of Which: NL***	-	3,745	5	0	-	3	3,740
6	***Significant area 1 Of Which: GB***	-	3,316	1	0	-	0	3,315
7	***Significant area 1 Of Which: FR***	-	3,314	14	0	-	13	3,300
8	***Significant area 2 Of Which: USA***	-	2,855	1	-	-	1	2,854
9	***Significant area 2 Of Which: Canada***	-	2,583	6	-	-	6	2,577
11	**Total**	**398**	**404,542**	**512**	**808**	**-**	**710**	**403,620**

6.9 Countercyclical Capital Buffer

With a view to ensuring transparency and comparability, the table below presents the key elements of the calculation of the countercyclical capital buffer, comprising the geographical distribution of the relevant credit exposures and the final amount of the Bank's countercyclical capital buffer.

As set out in Article 130(1) of Directive 2013/36/EU, the Bank's specific countercyclical capital buffer consists of the weighted average of the countercyclical buffer rates that apply in the countries where the relevant credit exposures are located. The Bank's specific countercyclical capital buffer as at 31 December has been found to be 0%.

Materiality level: all countries which have less than 1% contribution to the total credit exposures have been grouped under 'Other countries'.

The distribution by country of relevant credit exposures is provided in the table below:

Breakdown by Country	Exposure value under the Standardised Approach	Own Funds Requirements General Credit Risk Exposure			Own Funds Requirements weights	Countercyclical Buffer Rate
		of which General Credit Exposures	of which Trading Book	of which Securitisation Exposure		
	€,000	€,000	€,000	€,000	%	%
Cyprus	327,759,912	11,817,443			95.76%	0.00%
Luxembourg	220,452	5,542			0.04%	0.25%
Other countries	10,014,847	518,058	-	-	4.20%	0.00%
Total	**337,995,211**	**12,341,043**	**-**	**-**	**100.00%**	

7. MARKET RISK
Table 4 – EU MRA

7.1 Definition of Market Risk
The Bank's Market Risk Management Policy has defined the Market risk as the risk of loss resulting from changes in the value of assets and liabilities (including off-balance sheet assets and liabilities) due to fluctuations in risk factors such as interest rates, foreign exchange rates and equity prices and the risk of loss resulting from changes in earnings generated from assets and liabilities. The development of a policy for market risk management is important to ensure the soundness and fitness of the bank's business. The policy, which outlines the roles and responsibilities for managing the Market Risk arising from the Bank's lending activity, treasury operations and any other third-party relationship, is in-line with the Bank's Risk Appetite Statement.

7.2 Monitoring
BoD approves and periodically reviews the aforementioned Market Risk Management Policy and Risk Appetite Statement.

The Treasury:
- daily monitors and manages the Treasury Portfolios according to the Liquidity Management Policy, limits set by ALCO as well as the Treasury Risk Limits Policy
- manages the Risk of interest rate mismatch and liquidity

The Risk Management Function at a minimum ensures:
- that the market risk policy is applied and works as intended
- that effective systems are in place to operate the ongoing administration and monitoring of the various market risk-bearing portfolios and exposures of institutions, including for identifying and managing troubled credits and for making adequate value adjustments and provisions
- the quality and diversification of the investable assets in the Treasury Portfolios

7.3 Foreign Currency risk
The risk of loss resulting from the difference between assumed and actual foreign exchange rates in the case where a financial institution has a long position or short position on a net basis with regard to its assets and liabilities denominated in foreign currencies.

In order to limit the Foreign Exchange Risk, Position Limits (that place a nominal euro cap on a given position) have been in place.
- Total foreign currency exposure not to exceed 5% of total assets, excluding fixed assets.
- CBC requirement:

Except with the prior approval of the Central Bank of Cyprus,

i. the overall net foreign exchange position at the close of any business day ("overnight position") shall not exceed 6% of the reporting bank's capital during a business day ("intra-day position") shall not exceed 8% of the reporting bank's capital base

ii. Notwithstanding the provisions of (i) above, the net open overnight position in any one currency, with the exception of the Euro, may not exceed 3% of the reporting bank's capital base, as calculated for the purposes of the capital adequacy return, while, the net open intra-day position in any one currency, with the exception of the Euro, may not exceed 5% of the reporting bank's capital base. In Euro, both the net open overnight position and the net open intra-day position may not exceed 6% of the reporting bank's capital base.

The Bank has limited exposure to foreign currency risk as demonstrated in the Table below:

Table 2020: Foreign currency exposure

Currency	Spot Position		Forward Position		Net Open Foreign Currency Position	
	Assets	Liabilities	Assets	Liabilities	In foreign currency	In EURO
	('000s)	('000s)	('000s)	('000s)	('000s)	(€'000s)
GBP	2,003	1,984	-		19	21
USD	388	371	-	-	17	14
JPY	1,900	90	-	-	1,810	14
CHF	19	-	-	-	19	17
SEK	100	-	-	-	100	10
PLN	515	-	-	-	515	113
			Total of net Long positions			189
			Total of net Short positions			0
			Overall net foreign exchange position			**189**

Table 2019: Foreign currency exposure

Currency	Spot Position		Forward Position		Net Open Foreign Currency Position	
	Assets	Liabilities	Assets	Liabilities	In foreign currency	In EURO
	('000s)	('000s)	('000s)	('000s)	('000s)	(€'000s)
GBP	2,777	2,268	-		9	11
USD	438	7	-	-	431	384
JPY	471	-	-	-	471	4
CHF	26	-	-	-	26	24
SEK	120	-	-	-	120	11
PLN	511	-	-	-	511	120
			Total of net Long positions			554
			Total of net Short positions			0
			Overall net foreign exchange position			**554**

7.4 Interest Rate Risk

Interest Rate risk is defined as the risk of loss resulting from changes in Interest Rates. As a result of a mismatch of interest rates on the Bank's assets and liabilities and/or timing differences in the maturity thereof, the organization might suffer a loss or a decline in profit due to changes in Interest Rates.

When calculating the impact of Interest Rate movements in the earnings perspective, the Treasury Department considers not only the effects on interest income and expenses, but also the effects of the market value changes of instruments — depending on accounting treatment — either shown in the profit and loss account or directly in equity (e.g. via other comprehensive income).

IRRBB: Net Interest Income/Expense ¬ The 12-month net interest adverse income change to a 100bps positive or negative fluctuation of interest rates not to exceed 5% of the Bank's total capital. ¬ The 12-month net interest adverse income change to a 100bps positive or negative fluctuation of interest rates not to exceed 20% of the budgeted net interest income of the static Balance Sheet.

IRRBB: Economic Value ¬ CBC requirement: Economic value should not decline by more than 20% of own funds as a result of a sudden and unexpected change in interest rates of 200 basis points.

The following table indicates the variation on the Bank's economic value of ±200 basis points in interest rates in Euro and other currencies:

Change (€000)	Euro	Other currencies	Total
2020			
-200 basis points	3,504	(2)	3,502
+200 basis points	(2,994)	2	(2,992)
2019			
-200 basis points	158	(11)	147
+200 basis points	(3,147)	11	(3,136)

Table: Interest rate sensitivity on Bank's economic value

7.5 Price Risk

The risk of loss resulting from a decline in the value of assets due to changes in the prices of securities held. The Price risk that is borne by an Investment Portfolio hinges on a number of factors, including Equity risk, Interest Rate risk, Commodity risk, and FX risk. Given the current Risk Appetite Statement, the Treasury Portfolios should not have any Commodity or Equity Risk. The management of the HTC and HTCS portfolios should be in line with the Risk Appetite Statement and the Risk Management Function desk should monitor and report any deviation from the approved statements.

- The Bank must not operate any trading book without specific Board Approval
- No investment in equities should take place without specific Board Approval

7.6 Capital Requirements

The Bank has adopted the Standardised Approach for the calculation of the minimum capital requirements for market risk, according to which the minimum capital requirement is estimated by adding together the interest rate, equity and debt securities position, foreign exchange and price risk on derivatives using predefined models.

8. LIQUIDITY RISK

8.1 Definition of Liquidity Risk

The Bank defines liquidity risk as the risk of the Bank over a specific horizon not being able to settle obligations with immediacy. This risk includes the situation of raising funds at a higher cost or sell assets at a discount in order to be able to satisfy its obligations.

It reflects the potential mismatch between incoming and outgoing payments, taking into account unexpected delays in repayment or unexpectedly high payment outflows. Liquidity risk involves both the risk of unexpected increases in the cost of funding of the portfolio of assets and the risk of being unable to liquidate a position in a timely manner on reasonable terms.

The Bank has a Liquidity Management Policy and a Treasury Risks Limit Policy in place which are approved by the BoD and reviewed at least annually. Early Warning Levels for regulatory liquidity ratios are also reflected in the Bank's Recovery Plan.

8.2 Monitoring process

The Bank has developed monitoring tools for treasury operations in order to manage, amongst others, liquidity risk and cash flows and will continue to improve such tools as its operations become more complex. In addition, the Bank has set a limit structure for treasury placements that promotes diversity of exposures and to assist in monitoring the Bank's risk profile against its risk appetite.

The Treasury department is responsible for managing liquidity and to ensure compliance with internal and regulatory liquidity policies as well as to provide direction in respect of actions to be taken regarding liquidity availability.

The Treasury department monitors cash flows and highly liquid assets on a daily basis, in addition to the supervisory liquidity ratios, to ensure the uninterrupted operation of the Bank's activities. The Financial Control department submits to CBC a weekly report on liquidity position.

The Risk Management Function monitors compliance with such internal and regulatory limits. Additionally, the ALCO reviews the liquidity position on a monthly basis and takes any necessary actions.

8.3 Regulatory Ratios

The following table demonstrate compliance with European (Liquidity Coverage Ratio and Net Stable Funding Ratio) regulatory liquidity ratios.

The Bank's maintain a strong liquidity position and appropriate procedures for the Management of liquidity risk. Liquidity is managed by the Treasury Department whereas oversight of liquidity risk is performed by the Risk Management Function and the ALCO.

The liquidity position of the Bank as at 31-12-2020 as measured through key regulatory ratios is set below:

Regulatory Liquidity Ratios	Regulatory Requirement	Position as at 31 December 2020
LCR	≥100%	288%
NSFR	≥100%	121%

Table 1: Bank's Regulatory Liquidity Position as at 31 Dec 2020

The Bank complies with all regulatory ratios and is significantly above regulatory minimums.

8.4 Disclosures (tables and templates)

The table below shows a quantitative analysis of LCR which complements Article 435(1f) of CRR in accordance with EBA Guidelines on Liquidity Risk management and LCR Disclosure (i.e. EBA/GL/2017/01). In accordance with these Guidelines, the Bank shall disclose the LCR disclosure template that is presented below. However, as the Bank is neither identified as a Global systemically important institution ("G-SII") nor as Other systemically important institution ("O-SII"), then the Bank discloses in this Report solely the value of liquidity buffer, total net cash outflows and LCR%, based on the year end results as at 31 December 2020.

	Value (€'000s) / Percentage
Liquidity buffer	**53,648**
Net liquidity outflow	**18,623**
Liquidity coverage ratio (%)	**288%**
Numerator calculations	
L1 excl. EHQCB "adjusted amount before cap application"	52,300
L1 EHQCB "adjusted amount after cap application"	-
L2A "adjusted amount after cap application"	942
L2B "adjusted amount after cap application"	405
Liquidity buffer	**53,648**
Denominator calculations	
Total Outflows	26,323
Reduction for inflows subject to 75% Cap	7,700
Net liquidity outflow	**18,623**

Table EU LIQA: Liquidity Coverage Ratio breakdown

The Bank monitors the NSFR, which also stems from CRR, and was expected to be officially introduced on 1 January 2018. NSFR has been developed to provide a sustainable maturity structure of assets and liabilities. It calculates the proportion of available stable funding via the liabilities over required stable funding for the assets. The minimum requirement of NSFR is 100%, and must be calculated as per the Basel III requirements on a quarterly basis. At 31st December 2020 the Bank's NSFR, stood at 121%.

Table: Net Stable Funding Ratio breakdown

Available Stable Funding Amounts			
Category	ASF Factor	Actual (€'000s)	With Haircut (€'000s)
Tier 1 capital instruments	100%	34,539	**34,539**
Tier 2 capital instruments	100%	0	**0**
Deposits over 1 year (column 'after 12 months')	100%	10,352	**10,352**
Stable Retail Deposits up to 1 year (row 040)	95%	218,568	**207,640**
Less Stable Retail Deposits up to 1 year (row 050)	90%	34,313	**30,882**
All other categories of Deposits up to 1 year	50%	26,816	**13,408**
Total			**296,820**
Required Stable Funding Amounts			
Category	RSF Factor	Actual (€'000s)	With Haircut (€'000s)
All other Level 1 assets	5%	5,266	**263**
Encumbered Level 1 assets (for more than 1 year)	100%	7,162	**7,162**
All Level 2A assets	15%	1,098	**165**
Encumbered Level 2A assets (for more than 1 year)	100%	2,285	**2,285**
All Level 2B assets	50%	803	**401**
Encumbered Level 2B assets (for more than 1 year)	100%	5,132	**5,132**
Other financial assets with a remaining maturity of less than one year	50%	602	**301**
Unencumbered securities (not HQLAs and not in default) with a remaining maturity over one year	85%	903	**767**
" Encumbered securities (for more than 1 year) (not HQLAs and not in default) with a remaining maturity			
over one year "	100%	4,955	**4,955**
All performing loans under 1 year(rows 900-1250)	50%	5,043	**2,522**
All performing loans over 1 year (rows 900-1250)	85%	260,121	**221,103**
All other assets	100%	94	**94**
Total			**245,150**
NSFR Ratio			**121%**

9. OPERATIONAL RISK

9.1 Definition of Operational Risk

Operational risk is defined as the risk of direct or indirect loss resulting from a wide range of factors relating to inadequate or failed internal processes, people and systems, the premises infrastructure, the health and safety or from external events such as those resulting from non-compliance of the Bank with relevant Laws and Regulations, including outsourcing to third parties. This definition includes legal, conduct and reputational risk.

As part of operational risk the following are monitored:

- Human Resources Risk: Due to the relatively small size of the Bank, the Bank is exposed in certain cases to key personnel risk
- Legal and Compliance Risk: Includes, but is not limited to, exposure to fines, penalties or punitive damages resulting from supervisory actions or non-compliance with laws and regulation, as well as litigation cases against the Bank.
- Reputational Risk: Is a risk of loss resulting from damages to an entity's reputation, in lost revenue, increased operating, capital or regulatory costs, or reduction of shareholder value, consequent to an adverse or potentially criminal event if the Bank is not found guilty.
- Information Security and Information Technology (IT) Risk: Is a risk of loss resulting from the loss of confidentiality, the integrity and the availability of information from failures of systems.
- Business Continuity Risks: Refer to risks that may put the Bank in inability to provide continuous services and products at acceptable predefined levels and time frames, due to the occurrence of a disruptive event.

9.2 Management of the Operational Risk

Operational risk can impact every aspect of the Bank's business and can ultimately cause significant losses for its customers, employees and shareholders. The Bank pays particular attention to operational risk management practices into all areas of the business process.

The Bank uses a "three lines of defence" model for the management of operational risk:

First line of defence: Involves all employees, which have been adequately trained to look-out for and report incidents where operational risk is present as well as situations where operational risk could have occurred but was prevented.

Second line of defence: Involves the Bank's Risk Management Function (the "RMF"), including the Information Security Function. The RMF is responsible to monitor operational risk and the effectiveness and integrity of the operational risk management framework and report findings and concerns to the Board of Directors Risk Committee, which in turn communicates such findings to the Board of Directors. The Compliance Function provides an oversight of compliance risk in relevant business units and pursue monitoring and assessing responsibilities.

Third line of defence: Involves independent confirmation over the integrity and effectiveness of the operational risk management framework through internal and external auditor assessments.

More information is available in the risk management section of the Bank's Financial Statements 2020.

9.3 Monitoring (Procedures, Systems and Mitigating Techniques)

In order for the Bank to have an efficient operational risk management framework and minimise operational loss events at the greatest extent possible the Bank takes three main approaches:

1. To ensure that appropriate procedures are in place;
2. Appropriate systems are available for the reporting and monitoring of incidents; and
3. That corporate insurances are in place according to the complexity of the Bank's operations.

The Bank has established a procedure on how circulars, forms, documents and procedures are established and their review process. Procedures are reviewed by the Bank's internal control functions prior to publication. Where appropriate, training is scheduled for new or reviewed procedures. The Bank has established a conflicts of interest policy, the principles of which have been incorporated into the Bank's processes and procedures so that to ensure the identification, prevention, management and disclosure of conflicts of interest, including those that may result to benefit the Bank and/or damage the interest of its customers.

The Bank has in place an incident reporting system to enable the reporting and monitoring of bank-wide incidents. Training has been performed to all Bank employees. The establishment of such system is of crucial importance for the Bank as it enables and promotes a transparent corporate culture, truthful representation of the frequency and severity of incident occurrence, minimise the impact of a realised risk or incident and improve the efficiency of existing procedures. No significant operational losses have occurred for the year under review.

The Bank currently has in place insurance policies required by law and additional coverages for internal and external fraud events, conduct risk and other events. Insurance coverages include Directors and Officers Liability Insurance, Banker's Blanket Bond, Computer Crime and Civil Liability Insurance and Cyber Insurance.

The Bank performs an ICAAP report once a year, which amongst others involves assessment and stress testing of operational risk. The Bank's Board of Directors and senior management is aware of this and perform frequent assessments of the business model as a mitigating factor as well as focusing on the improvement of processes and procedures.

During 2020, the Bank has performed its annual Risk Control Self-Assessment (RCSA) report.

The preparation of RCSA is performed as follows:

Step 1	Initial meeting with department heads to layout the structure of processes and procedures performed by the department
Step 2	Assessment of processes and agreement with department heads on additional implementations required to improve controls. Information from internal and external audits was also taken into consideration for the assessment.
Step 3	RCSA findings communicated to senior management and report submitted to the BoD Risk Committee
Step 4	Final bank-wide report submitted to the Board of Directors.

For each process of each department the following where assessed:

Inherent Risk Types	The following risk type categories were used across departments: strategic, reputational, operational, transaction, financial, compliance, legal, project.
Systems used	Registry of all systems used which could also act as an inventory of the Bank's technological dependencies
Outsourced activities	Whether the aforementioned activity is considered as outsourcing as per the CBC's Governance directive.
Third party reliance	Vendor names on which the Bank depends on either to execute the aforementioned process or for the provision of systems or services.
Automation	Whether the process is automated to the extent possible or not without compromising controls in place.
Risks involved	Description of inherent risks involved and description of controls in place (systems, policies, procedures, audits) used to mitigate such risks.
Adequacy of controls	The level of sufficiency of existing controls in place.
Risk Score	Ranking of a risk based on its severity and probability
Additional controls	Suggested additional controls if and where required and their status of implementation.

9.4 Business Resilience and Continuity Risk Management

Business continuity plan ("BCP") is in place so that any Business continuity risks are managed. The purpose of BCP is to ensure that the Bank has business resiliency and continuity plans in place and is able to operate on an ongoing basis and limit losses in the event of severe business disruption. Moreover, an IT Disaster Recovery (DR) plan is maintained, reviewed and tested annually.

The Bank during 2020, and due to the challenges that Covid-19 pandemic outbreak presented, has initiated its BCP which was deployed successfully without any major disruptions in operations.

9.5 Capital Requirements

The Bank uses the Basic Indicator Approach for the calculation of the capital requirements for operational risk, based on which the operational risk capital requirement is estimated using a specific percentage of 15% of the average over three years of the relevant indicator (sum of a list of various elements related to interest and other income) as set out in Article 316 of CRR.

The table below shows the calculation of capital requirement for operational risk under the Basic Indicator approach.

Interest and Other Income			Minimum Capital Requirement (€'000s)	Total Operational Risk Exposure Amount
(€'000s) 2018	(€'000s) 2019	(€'000s) 2020	(€'000s)	(€'000s)
1,868	**4,053**	**6,223**	**607**	**7,590**

10. REMUNERATION

10.1 Remuneration Policy

The purpose of the Bank's Remuneration Policy is to provide an effective framework for determining, implementing, overseeing and amending, whenever required, the remuneration, both fixed and variable, of Ancoria Bank employees. The Policy defines important relevant terminology, outlines the responsibilities of all relevant stakeholders, and identifies the principles to be followed by the Bank, ensuring that the Policy is, at all times aligned with the risk appetite, values and long-term interest of the Bank. The Policy is fully compliant with all relevant local and international legislation.

10.2 Principles

The Bank follows a set of principles, as required by the relevant legislation, in a manner and to the extent that is appropriate to its size, internal organisation and the nature, scope and complexity of its activities.

Characteristics of the Policy

1. Covers all staff

- Is consistent with and promotes sound and effective risk management and does not encourage risk taking that exceeds the level of tolerated risk of the Bank.
- Is in line with the business strategy, objectives, values and long-term interests of the Bank, and incorporates measures to avoid conflicts of interest.

2. Design & Review of the Policy

- Design and amendment of the Policy is completed with the involvement of the BoD and its relevant Committees, internal control functions and corporate functions.
- Review of the Policy is performed on, at least, an annual basis, for compliance with relevant policies, procedures, and regulations.

3. Disclosure to Shareholders

- Shareholders are informed of the fees and emoluments of both the executive and non-executive Directors of the BoD, through the annual financial statements.

4. Identification Policy for 'Identified Staff'

- The Bank has responsibility for the identification of identified staff, which is to be made through a self-assessment by the Remuneration & Nominations Committee on an annual basis, and the involvement of relevant corporate functions. The Identification Policy is part of the Remuneration Policy.
- The identification is based on a set of qualitative and quantitative criteria that need to be taken into account, as set out in Commission Delegated Regulation (EU) No 604/2014.
- The list of identified staff is periodically updated during the year.
- The Bank keeps records of the identification process and is in a position to provide relevant clarifications and explanation to the Central Bank of Cyprus.

5. Categories of Remuneration

- The Policy distinguishes between two categories of remuneration, basic fixed, and variable remuneration, whose characteristics are outlined below:
  - ✓ Basic Fixed Remuneration primarily reflects the relevant professional experience and organisational responsibility of a staff member, as set out in the relevant job description as part of the terms of employment. It is reviewed on an annual basis.
  - ✓ Variable Remuneration reflects a sustainable and risk adjusted performance, as well as performance in excess of that required to fulfil a staff member's job description as part of the terms of employment.

6. All Staff

- The total amount of performance-related remuneration is based on a combination of the assessment of the performance of the individual staff member, the business unit/department concerned, and the overall results of the Bank.
- The Bank ensures that the total variable remuneration does not limit the ability of the Bank to strengthen its capital base.
- Guaranteed variable remuneration shall not be provided to any member of staff.
- The allocation of the variable remuneration components takes into account all types of current and future risks.
- Fixed and variable components of total remuneration are appropriately balanced, whereby the fixed component represents a sufficiently high proportion of the total remuneration. Specifically, the variable component shall not exceed 50% of the fixed component of the total remuneration for each individual member of staff, in order to avoid excessive risk taking. The BoD may approve a higher maximum level, which shall not exceed 100% of the fixed component of the total remuneration for each individual.

7. Identified Staff:

Additional principles apply for identified staff, including the following:

- The fixed remuneration reflects their professional experience and organisational responsibility.
- Assessment of performance is set in a multi-year framework, in order to ensure that the assessment process is based on longer-term performance and that the actual payment of performance-based components is spread over a period.
- A discount rate to a maximum of 25% of total variable remuneration may be applied, provided it is paid in instruments that are deferred for a period of not less than five (5) years.
- Deferral of at least 40% of variable remuneration over a period which is not less than three (3) to five (5) years and shall vest no faster than on a pro-rata basis.
- Deferral of at least 60% of variable remuneration in case that the amount to be awarded is particularly high.
- Payment or vesting of variable remuneration, including the deferred portion, only if it is sustainable according to the financial situation of the Bank as a whole, and justified on the basis of the performance of the Bank, the business unit/department and the individual concerned.
- Payments relating to the early termination of a contract reflect performance achieved over time and do not reward failure or misconduct.
- Instruments, if and where introduced, are to form at least 50% of variable remuneration.
- Discretionary pension benefits, if and where introduced, shall follow the principles below:
  - ✓ If an employee leaves the Bank before retirement, such benefits shall be held by the Bank for a period of five (5) years in the form of instruments, without the application for pro-rata vesting
  - ✓ If an employee reaches retirement, such benefits shall be paid in the form of instruments, subject to a five (5) year retention period.

8. Determining Fixed & Variable Remuneration

- Remuneration, both fixed and variable, is determined by different corporate functions / bodies, based on the category that each member of staff falls into. Namely, the five categories are: executive and non-executive members of the BoD, identified staff, heads of internal control functions and all other staff.

9. Performance Measurement

- In order to measure the individual's performance, an annual performance evaluation process takes place at the beginning of each year, through which the performance of the previous period is reviewed, and job-related and personal development objectives are set for the next evaluation period.

10. Remuneration of the BoD

- The remuneration of the executive members of BoD is consistent with their powers, tasks, expertise and responsibilities.
- The remuneration of the non-executive members of the BoD is only fixed, so as to properly address conflicts of interest.

- Where the non-executive members of the BoD, in exceptional cases, are awarded variable remuneration, the variable remuneration and risk alignment should be strictly tailored to the assigned oversight, monitoring and control tasks, reflecting the individual's authorities and responsibilities and the achievement of objectives linked to their functions.

11. Remuneration of Internal Control Functions

- Members of internal control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control, so as to ensure that no material conflict of interest arises. The remuneration is predominantly fixed, to reflect the nature of their responsibilities.

12. Conflicts of Interest

The Policy is in line with the business strategy, objectives, values and long-term interests of the Bank, and incorporates measures to avoid conflicts of interest.

The table bellows presents the remuneration of the members of the Board and other Key Management Personnel for the year ended 31 December 2020 and 2019:

2020					
Identified staff *in accordance with the criteria set out in the Commission Delegated Regulation (EU) 604/2014*	Non-Executive Members of the Board	Executive Members of the Board	Independent Control Functions	Corporate functions	Retail banking
No. of Staff (Head Count)	9	2	4	8	8
Fixed Remuneration / Fees	€147,249	€327,850	€229,181	€460,732	€347,793
Employer's contributions	-	€9,978	€6,748	€13,610	€11,199
Variable Remuneration	-	-	€4,275	€500	-
Total Remuneration	€147,249	€337,828	€240,204	€474,842	€358,992
Additional information regarding the amount of total variable remuneration					
Outstanding Deferred Remuneration	-	-	-	-	-
New sign-on payments / severance payments	-	-	€1,000	-	-

2019					
Identified staff *in accordance with the criteria set out in the Commission Delegated Regulation (EU) 604/2014*	Non-Executive Members of the Board	Executive Members of the Board	Independent Control Functions	Corporate functions	Retail banking
No. of Staff (Head Count)	8	2	3	10	8
Fixed Remuneration / Fees	€143,537	€324,405	€156,756	€513,284	€352,102
Employer's contributions	-	€22,553	€13,539	€36,353	€24,790
Variable Remuneration	-	-	-	€2,000	-
Total Remuneration	€143,537	€346,957	€170,295	€551,637	€376,892
Additional information regarding the amount of total variable remuneration					
Outstanding Deferred Remuneration	-	-	-	-	-
New sign-on payments / severance payments	-	-	-	-	-

11. LEVERAGE RATIO

11.1 Definition of Leverage ratio EBA/2016/200

Leverage ratio is calculated as the ratio, expressed as a percentage, of the Bank's capital measure divided by the Bank's total exposure measure, as per Article 429 of the EU Regulation 575/2013.Total capital consists of entirely Tier 1 capital using the fully phased-in definition.

11.2 Monitoring

The 'Risk of excessive leverage', effectively means the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require unintended corrective measures to its business plan, including distressed selling of assets which might result in losses or in valuation adjustments to its remaining assets.

This ratio must be closely monitored in order to manage this risk of excessive leverage. The ratio is affected for example from disposal of assets (i.e loans), from increases in provisions etc. The Bank's management of the risk of the excessive leverage (including changes that the Bank may need to perform to its business plan) is explained in a detailed and exhaustive manner in the ICAAP, ILAAP and its Recovery Plan.

The Bank's leverage ratio for year end 2020 is significantly above regulatory minimum of 3%.

11.3 Disclosures

The disclosure as shown in the tables below has been prepared using the format set out in Annex I of the final Implementation Technical Standards with regard to disclosure of the Leverage ratio for instructions (Commission Implementing Regulation – EU 2016/200).

Table LRSum: Reconciliation of accounting assets and leverage ratio exposures

Item	2020	2019
	€'000	€'000
Total consolidated assets as per published financial statements	358,842	273,265
Adjustment for off-balance sheet items	18,405	14,389
Leverage ratio exposure	**377,247**	**287,654**
Tier 1 capital	**34,539**	**26,467**
Leverage ratio	**9.16%**	**9.20%**

Table LRCom: Leverage ratio common disclosure

Item (€'000)	Leverage ratio exposure	
	2020	2019
On-balance sheet exposures		
On-balance sheet items (excluding derivatives and SFTs, but including collateral)	359,624	273,680
Asset amounts deducted in determining Basel III Tier 1 capital	(782)	(415)
Total on-balance sheet exposures	**358,842**	**273,265**
Other off-balance sheet exposures		
Off-balance sheet exposure at gross notional amount	43,997	35,032
Adjustments for conversion to **credit equivalent amounts**	(25,592)	(20,643)
Off-balance sheet items	**18,405**	**14,389**
Capital and total exposures		
Tier 1 capital	34,539	26,467
Total exposures	**377,247**	**287,654**
Leverage ratio		
Basel III leverage ratio	**9.16%**	**9,20%**

Table LRSpl: Split-up of on balance sheet exposure

Item (€'000)	Leverage ratio exposure	
	2020	2019
Total on-balance sheet exposures	-	273,680
Central governments and central banks	50,442	26,205
PSEs not treated as sovereigns	1,778	1,907
MDBs and International organisations	153	-
Institutions	14,473	13,952
Secured by mortgages on immovable properties	138,172	147,514
of which: secured by mortgages of residential properties	109,421	93,247
Retail exposures	51,809	32,346
of which: Retail SME	18,882	9,790
Corporate	82,831	33,734
of which: Non-financial	82,831	33,734
of which: SME exposures	62,109	20,062
of which: Corporate exposures other than SME	20,722	13,672
Exposures in default	174	165
Other exposures	19,792	17,857

12. ASSET ENCUMBRANCE

12.1 Encumbered and unencumbered assets analysed by asset type

An asset is classified as encumbered if it has been pledged as collateral against secured funding and other collateralised obligations and, as a result, is no longer available to the Bank for further collateral or liquidity requirements. An asset is classified as unencumbered if it has not been pledged as collateral against secured funding and other collateralised obligations. Unencumbered assets are further analysed into those that are available and can be potentially pledged and those that are not readily available to be pledged.

12.2 Disclosures

The table below presents an analysis of the Bank's encumbered and unencumbered assets and the extent to which these assets are currently pledged for funding or other purposes. The figures represent end-of-period values used in other regulatory disclosures as well.

Table: Asset encumbrance disclosures 2020

2020	Carrying amount of encumbered assets €'000	Fair value of encumbered assets €'000	Carrying amount of unencumbered assets €'000	Fair value of unencumbered assets €'000
Collective Investment Undertakings (CIU)			80	80
Debt securities	19,044	19,666	8,516	8,664
Other assets			333,745	333,745
Total	19,044	19,666	342,341	342,489

Table: Asset encumbrance disclosures 2019

2019	Carrying amount of encumbered assets €'000	Fair value of encumbered assets €'000	Carrying amount of unencumbered assets €'000	Fair value of unencumbered assets €'000
Collective Investment Undertakings (CIU)			87	87
Debt securities	10,194	10,482	16,987	17,215
Other assets			248,190	248,190
Total	10,194	10,482	265,264	265,492

13. ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

13.1 Basis of preparation of the Financial statements

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs'), as adopted by the European Union ('EU'), and the requirements of the Cyprus Companies Law, Cap.113.

The financial statements are presented in Euro (€) and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

13.2 Adoption of new and revised IFRSs

In the current year, the Bank has adopted all new and revised IFRSs that are relevant to its operations and are effective for accounting periods beginning on or after 1 January 2020.

Standard / Interpretation	**Effective for annual periods beginning on or after**
Amendments to IAS 1 and IAS 8 *Definition of Material*	1 January 2020
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to IFRS 3 *Business Combinations*	1 January 2020

The adoption of these new and revised standards and interpretations did not have a material effect on the accounting policies of the Bank.

14. APPENDICES

14.1 Glossary

ALCO	Assets and Liabilities Committee
ALMM	Additional Liquidity Monitoring Metrics
Bank	Ancoria Bank
BIA	Basic Indicator Approach
BoD or Board	Board of Directors
CBC	Central Bank of Cyprus
CCB	Capital Conservation Buffer
CCyB	Countercyclical Capital Buffer
CEO	Chief Executive Officer
CET 1	Common Equity Tier 1
COREP	Common Reporting Framework
CRD IV	Capital Requirements Directive 2013/36/EU
CRR	Capital Requirements Regulation (EU) No. 575/2013
CSE	Cyprus Stock Exchange
EBA	European Banking Authority
ECB	European Central Bank
HTC	Held to Collect
HTCS	Held to Collect and Sell
IAF	Internal Audit Function
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest Rate Risk Banking Book
IT	Information Technology
LCR	Liquidity Coverage Ratios
LR	Leverage Ratio
NPE	Non-Performing Exposure
NSFR	Net Stable Funding ratio
RAF	Risk Appetite Framework
Bod RC	Risk Committee
RMF	Risk Management Function
RCSA	Risk Control Self-Assessments
SREP	Supervisory Review & Evaluation Process

14.2 Information flow on risk to Board of Directors

Information of risk matters to the Board of Directors is done through the Board of Directors Committees, through meetings with the heads of control functions and the following reports:

No.	Report Name	Report Owner	Report Recipient	Frequency
1	ALCO Risk Report	RMF	ALCO/RC	Monthly
2	Risk Appetite Statement Monitoring	RMF	ALCO/RC	Monthly
3	Quarterly Risk Management Report	RMF	RC	Quarterly
4	Quarterly Information Security Report	ISF	RC	Quarterly
5	Quarterly Internal Auditor's Report	IA	AC/BoD /CBC	Quarterly
6	Quarterly Compliance Report	CF	AC	Quarterly
7	Annual Risk Management Report	RMF	RC/BoD/CBC	Annually
8	Annual Information Security Report	ISF	RC/BoD/CBC	Annually
9	Annual Internal Auditor's Report	IA	AC/BoD/CBC	Annually
10	Annual Compliance Report	CF	AC/BoD/CBC	Annually
11	Annual MLCO Report	MLCO	AC/BoD/CBC	Annually
12	Annual AML Risk Based Approach Report	MLCO	AC/BoD/CBC	Annually
13	Internal Capital Adequacy Process (ICAAP)	RMF	RC/BoD/CBC	Annually
14	Internal Liquidity Adequacy Process (ILAAP)	RMF	RC/BoD/CBC	Annually
15	Recovery Plan	RMF	RC/BoD/CBC	Annually
16	Review of Policies	Depending on policy owner	RC or AC /BoD	Annually

14.3 References to EBA guidelines

Templates	Compliance Reference	Section
EU LI1	Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories	4.1
EU LI2	Main sources of differences between regulatory exposure amounts and carrying values in Financial Statements	4.1
EU OV1	Overview of RWAs	5
EU INS1	Non-deducted participations in insurance undertakings	Not applicable
EU CRB-B	Total and average net amount of exposures	6.8
EU CRB-C	Geographical breakdown of exposures	6.8
EU CRB-D	Concentration of exposures by industry or counterparty types	6.8
EU CRB-E	Maturity of exposures	6.8
EU CR1-A	Credit quality of exposures by exposure class and instrument	6.8
EU CR1-B	Credit quality of exposures by industry of counterparty types	6.8
EU CR1-C	Credit quality of exposures by geography	6.8
EBA/GL/2018/10	Template 3 - Credit quality of performing and non-performing exposures by past due days	6.8
EBA/GL/2018/10	Template 4 - Performing and non-performing exposures and related provisions	6.8
EU CR2-A	Changes in the stock of general and specific risk adjustments	6.7
EU CR2-B	Changes in the stock of defaulted and impaired loans and debt securities	6.7
EU CR3	CRM techniques – Overview	Not applicable
EU CR4	Standardised Approach – Credit risk exposure and CRM effects	6.6
EU CR5	Standardised approach	6.6
EU CCR1	Analysis of CCR exposure by approach	Not applicable
EU CCR2	CVA capital charge	Not applicable
EU CCR3	Standardised Approach – CCR exposures by regulatory portfolio and risk	Not applicable
EU CCR5-A	Impact of netting and collateral held on exposure values	Not applicable
EU CCR5-B	Composition of collateral for exposures to CCR	Not applicable
EU MR1	Market risk under the Standardised Approach	Not applicable
EU OVA	Institution risk management approach	3.1
EU CRA	General qualitative information about credit risk	6.1
EU CCRA	Qualitative disclosure requirements related to CCR	6.3
EU MRA	Qualitative disclosure requirements related to market risk	7
EU LIA	Explanations of differences between accounting and regulatory exposure amounts	4.1
EU CRB A	Additional disclosure related to the credit quality of assets	6.7
EU CRC	Qualitative disclosure requirements related to CRM techniques	6.3
EU CRD	Qualitative disclosure requirements on institutions' use of external credit ratings under the Standardised Approach for credit risk	6.5 6.6
EU CRE	Qualitative disclosure requirements related to IRB models	Not applicable

14.4 References to CRR articles

CRR Ref.	Title	Compliance Reference (Document Sections)
General principles		
Article 431	Scope of disclosure requirements	Publication on Bank's website.
Article 432	Non-material, proprietary or confidential information	Introduction - Verification
Article 433	Frequency of disclosure	Introduction – Basel III framework
Article 434	Means of disclosures	Introduction – Basel III framework
Technical criterial on transparency and disclosure		
Article 435	Risk management objectives and policies	Governance and Risk Management, Risk Management Framework and Annex I
Article 436	Scope of application	Introduction – Scope of Application
Article 437	Own funds	Capital Requirements
Article 438	Capital requirements	Risk Management Framework – Internal Capital and Liquidity Assessment Process, Capital Requirements
Article 439	Exposure to counterparty credit risk	Credit Risk – Credit risk disclosures
Article 440	Capital buffers	Capital Requirements
Article 441	Indicators of global systemic importance	Not applicable to the Bank
Article 442	Credit risk adjustments	Credit Risk – Credit risk disclosures
Article 443	Unencumbered assets	Asset Encumbrance
Article 444	Use of ECAIs	Credit Risk – Nominated External Credit Assessment Institutions
Article 445	Exposure to market risk	Capital Requirements, Market Risk
Article 446	Operational risk	Operational Risk
Article 447	Exposures in equities not included in the trading book	Not applicable to the Bank
Article 448	Exposure to interest rate risk on positions not included in the trading book	Market Risk – Interest Rate Risk
Article 449	Exposure to securitisation positions	Not applicable to the Bank
Article 450	Remuneration policy	Remuneration Policy & Practices
Article 451	Leverage	Leverage
Qualifying requirements for the use of particular instruments or methodologies		
Article 452	Use of the IRB Approach to credit risk	Not applicable to the Bank
Article 453	Use of credit risk mitigation techniques	Credit Risk – Credit Risk Management Procedures
Article 454	Use of the Advanced Measurement Approaches to operational risk	Not applicable to the Bank
Article 455	Use of Internal Market Risk Models	Not applicable to the Bank