



AstroBank Public Company Limited
Pillar III Disclosures for the year ended 31 December 2021

AstroBank Public Company Limited

PILLAR III DISCLOSURES FOR THE YEAR ENDED 31 DECEMBER 2021

October 2022

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1. INTRODUCTION

AstroBank Public Company Limited (the “Bank”) was incorporated as a private limited liability company, in accordance with the provisions of the Cyprus Companies Law, Cap. 113. The presence of AstroBank Public Company Ltd (ASTROBANK) (Former Piraeus Bank (Cyprus) Ltd) commenced back in 2008 when it was incorporated and licensed by the Central Bank of Cyprus (CBC) to carry out banking activities in accordance with the requirements of the Banking Law of 1997. The Bank was a wholly owned subsidiary of Piraeus Bank S.A, a company incorporated in Greece and listed in the Athens Stock Exchange, which held 100% of the Bank’s share capital, up until the 28th of December 2016. As from 28th of December 2016, the Bank is owned by a number of investors, none of which, has a direct or indirect controlling interest on the Bank. On 30th March 2017, the Bank changed its name from Piraeus Bank (Cyprus) Ltd to ASTROBANK Limited and subsequently to ASTROBANK Public Company Limited.

On 18 January 2019, the Bank acquired the Banking business of USB Bank Plc. Following this acquisition, the Bank’s balance sheet grew by more than 50% thus providing the combined Bank with substantial opportunities for economies of scale and future growth. The Bank is now the largest of the Less Significant Credit Institutions. The principal activities of the Bank during the year continued to be the provision of banking and financial services. The principal activities of the Bank’s property subsidiaries, which are unchanged from last year are the holding, administration and disposal of property acquired by the Bank in debt satisfaction. A separate subsidiary is also used as an insurance broker.

The Bank provides banking and financial services through its branch network. As at 31 December 2021, the branch network included 14 Retail Banking branches, 3 Service Centers for Large Corporate Companies, 1 Shipping Unit, 1 Service Center for SMEs, 1 Private Banking Service Centre and 5 Service Centers for International Business Services, as well as a representative office in Moscow. The Bank is currently examining whether to terminate the operations of its Moscow Representative Office due to the developments of the Russia-Ukraine war. With its network of the Retail branches throughout Cyprus, the Bank is well established in the local market, offering a complete package of innovative and technologically advanced products and services that meet the needs of its local and international customers. The Bank’s operations are based on four axes:

- Retail Banking
- Corporate / Business Banking
- Private Banking
- International Corporate Banking

The Bank is a Less Significant Credit Institutions and it has been designated by the CBC as an “Other Systemically Important Institution (O-SII) since October 2019. The Bank is subject to supervision by the CBC for the purposes of prudential requirements.

2. SCOPE OF APPLICATION

The following information represents the Pillar III disclosures of the Bank for the year ended 31 December 2021, in accordance with the requirements of the Capital Requirements Regulation No. 575/2013 (the CRR) and the Capital Requirements Directive 2013/36/EU (the CRD IV), as amended by Regulation (EU) 2019/876 (the CRR II) and Directive (EU) 2019/878 (the CRD V), respectively. The

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preparation of these disclosures was in line with the European Banking Authority (EBA) guidelines on Pillar III disclosures requirements, where applicable. The Bank's policy is to meet all Pillar III disclosure requirements as detailed in the CRR II. The Pillar III disclosures are published on an annual basis on the Bank's website <https://www.astrobank.com>

The Bank prepares the Pillar III disclosures on annual basis and these are approved by the Board of Directors, following review and verification by the Bank's Internal Audit Department. The present disclosures have been prepared on a stand-alone basis, as per the stand-alone audited financial statements of the Bank for the year ended 31 December 2021.

Consolidation

The Audited Consolidated Financial Statements for the year 2021 were approved by the Board on 23 May 2022. The disclosures herein have been prepared based on the separate financial statements of the Bank as the subsidiary companies have not been consolidated for regulatory purposes. The Bank in its normal course of business acquires properties in debt satisfaction ("REOs"), which are held either directly or by entities set up and controlled by the Bank for the sole purpose of managing these properties with an intention to be disposed of. The main activities of the Investment Property subsidiary companies is the holding and administration of property acquired by the Bank in debt satisfaction. The Intermediate holding companies own shares of Investment property owner subsidiaries. In the Pillar I calculation these properties are treated as stock of property, reflecting the substance of these transactions. The basis of consolidation of all group entities for accounting and prudential purposes is presented in Annex I.

3. RISK MANAGEMENT FRAMEWORK AND GOVERNANCE

As a financial institution, the Bank is exposed to a number of risks, which mainly consist of Credit and Counterparty Credit Risk, Market and Liquidity Risk and Operational Risk. The Bank monitors and manages these risks through various control mechanisms, based on a risk management framework that focuses on the unpredictability of the economic environment in which it operates and which at the same time seeks to minimize potential adverse effects on its financial performance.

Risk management policies are established to identify and analyze the risks faced by the Bank, to set appropriate risk limits and controls, to monitor risks and to ensure adherence to limits. The risk management policies are reviewed regularly to reflect changes in market conditions as well as in the Bank's activities.

3.1 Risk Management Framework

A well-documented risk management framework underpins the consistent definition of policies and processes adopted by the Bank for all risk taking activities. Constant improvement and effective implementation of the Bank's risk appetite framework ensures that the risks taken by the Bank, are aligned with its strategic objectives, meet Regulators' requirements and protect the interests of all stakeholders, hence aim at highest possible profitability while maintaining adequate solvency, ensuring the long term viability of the Bank. The Bank ensures the evaluation of the potential loss level via stress testing, taking into consideration market conditions.

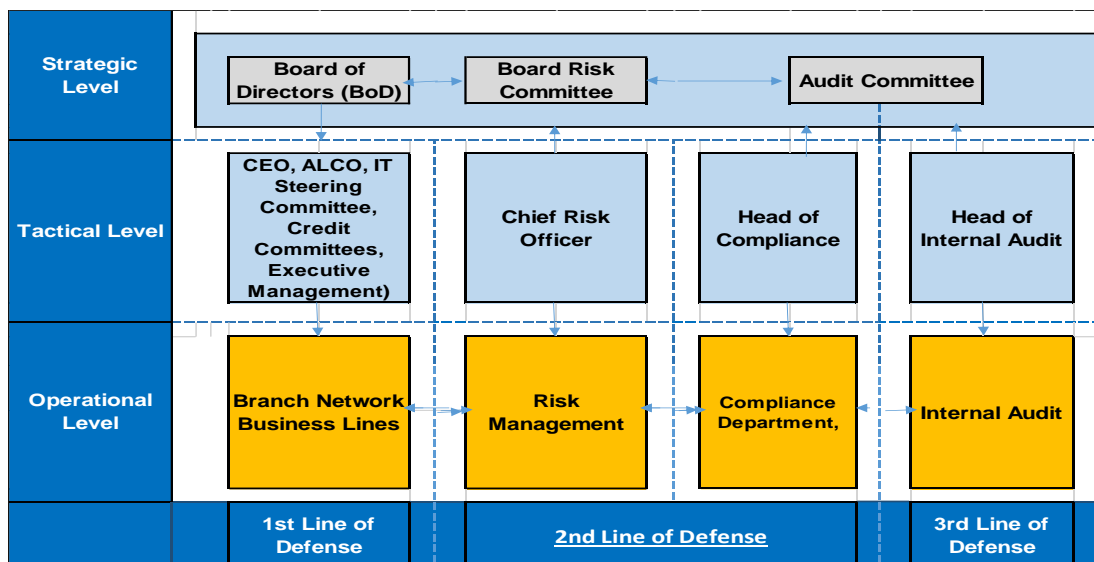
The Board of Directors (BoD), the Board Committees and the Executive Management are responsible for the establishment of a strong risk management culture across all activities and hierarchical levels

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of the Bank. The BoD, through the Risk Management Committee (RMC), has the responsibility for approving and reviewing the Bank’s risk profile and appetite as well as its Risk Management Framework and policies ensuring that Executive and Senior Management take all steps necessary to monitor and control risks in accordance with the approved strategies.

Risk management is an integral part of good governance and the Bank acknowledges the need to implement a holistic and structured process for assessing and managing corporately its exposure to risks. To this end, the Bank applies a model of defined roles and responsibilities regarding the management of risk (defense lines), in line with the regulatory framework for evaluation of the organization of internal control systems (CRD IV), the relevant EBA Guidelines on Internal Governance (EBA/GL/2017/11) and with best banking practices. Risk governance is organized in two key dimensions that generate a governance matrix in which the CEO, Executive Management, Units, Committees and Management Body are located according to (a) the line of defense to which their activities belong to and (b) their hierarchical level.

The organizational structure is presented schematically in the following diagram:



Within all three lines of defense appropriate internal control procedures, mechanisms, processes are in place. The Branch Network and Business Lines, as the first line of defence, have a significant role in ensuring robust risk management and compliance within an institution. The business lines are supported by the appropriate processes and controls in place that aim to ensure that risks are identified, analysed, measured, monitored, managed, reported and kept within the limits of the institution’s risk appetite and that the business activities are in compliance with external and internal requirements.

The Risk Management Department and Compliance Department form the second line of defense. The risk management function facilitates the implementation of a sound risk management framework throughout the institution and has responsibility to further identifying, monitoring, analysing, measuring, managing and reporting on risks and forming a holistic view on all risks on an individual and consolidated basis.

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The Compliance Department monitors compliance with legal and regulatory requirements and internal policies, provides advice on compliance to the management body and other and establishes policies and processes to manage compliance risks and to ensure compliance. Both Departments may intervene to ensure the modification of internal control and risk management systems within the first line of defence where necessary. The independent Internal Audit Department, as the third line of defence, conducts risk-based and general audits and reviews the internal governance arrangements, processes and mechanisms to ascertain that they are sound and effective, implemented and consistently applied. The Internal Audit Department is in charge also of the independent review of the first two lines of defence.

3.2 Board of Directors

The Board of Directors (BoD) is the supreme governing body. As at 31 December 2021 the Board consisted of one Executive director and six Non-Executive directors, of which four were also Independent. The Board is chaired by an Independent Non-Executive director.

During 2021 and until the date of this Report the following changes to the BoD took place:

- Mr George Kourris, who was the Senior Independent Director, resigned on 22 April 2021.
- Mr Hikmat Abou Zeid, who was a Non-Executive Director, resigned on 10 December 2021.
- Mr Michalakis Sarris, who was appointed as an Independent Non-Executive Director on 24 September 2021, was appointed as Chairman on 15 December 2021.
- Mr Shadi Karam the Independent Non-Executive Chairman resigned on 15 December 2021
- Mr Maurice Sehnaoui, who was a Non-Executive Director, resigned on 19 July 2022.
- Ms Evi Rossidou Antoniadou was appointed on 15/06/2022 and
- Mr William J. Gallagher was appointed on 05/08/2022.

The constant pursuit of the Board is to enhance the long-term economic value of the Bank and the defence of its general interests by always applying the provisions of the institutional framework, its internal regulations and the principles of corporate governance. The Board is mainly responsible for charting the strategy, establishing policies and monitoring compliance with them, as well as, for the overall supervision of the work and the activities of the Bank.

More specifically, the role and responsibilities of the Board include the following:

- To approve the Bank's Business Strategy, including the risk appetite framework, prioritizing the current and future goals, as well as the annual budget and planning for the allocation of use of the Bank's capital.
- To approve and oversee the implementation of risk strategy, including the approval of risk policies as well as of the ICAAP (Internal Capital Adequacy Assessment Process), ILAAP (Internal Liquidity Adequacy Assessment Process) and Recovery Plan documents. Ensure the integrity of the accounting and financial reporting systems, including financial and operational controls and compliance with the law and relevant standards.
- To approve the governance structure of the risk management framework.
- To monitor and periodically assess the effectiveness of the Bank's governance arrangements and take appropriate measures to address any deficiencies.
- To evaluate governance decisions or practices to ensure they:

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- are not in breach of the provisions of the CRR and all other applicable legislation and standards
- are not detrimental to:
 - the sound and prudent management of the Bank
 - the financial health of the Bank
 - the legal interests of the Bank's stakeholders.
- To appoint the members of the Board Risk Committee, following the approval and recommendation of the Nomination and Remuneration Committee and delegate authority to it and the Risk Management Department, as appropriate, for developing the risk management strategy, policies and supporting methodologies.
- To appoint the members of the Board Audit Committee, following the approval and recommendation of the Nomination and Remuneration Committee. The Audit Committee is responsible for the monitoring and assessment of the adequacy and effectiveness of internal control and information systems.
- To appoint the members of the Board Nomination and Remuneration Committee, which is responsible for the remuneration policies and practices as well as for the incentives for managing risks.
- To oversee and ensure the effective and consistent implementation of risk management policies and supporting methodologies at the business line level.
- To promote a risk awareness culture and common risk terminology across the Bank.
- To provide appropriate resources and means for effective risk management.
- To review and approve business objectives and ensure that these are in line with the Bank's appetite to Credit, Market, Liquidity and Operational Risk tolerance levels.
- To monitor risk-adjusted performance against business objectives, strategies and plans.
- To ensure that an independent risk management framework is in place in which risks are assessed effectively, objectively and in a timely manner.

During 2021, the Bank's Board of Directors held nine meetings.

In the context of achieving continuous improvement and proper management of the Bank, the Board delegates a number of its responsibilities to various Board Committees, as further analyzed in the section that follows.

3.3 Board Committees

3.3.1 Risk Management Committee (RMC)

The Board has appointed the Risk Management Committee ("RMC"), as the highest authority assisting the Board for risk management in the Bank. As at 31 December 2021 the RMC comprised of three Independent Non-Executive directors. Its terms of reference are approved by the Board. Members of the RMC have appropriate knowledge, skills and expertise to fully understand and monitor the risk strategy and the risk appetite of the Bank.

The Board Risk Committee's mission is to:

- Assist the management body in overseeing the effective implementation of the risk strategy by the Executive Management including:

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- (i) the development of mechanisms to ensure material exposures that are close to, or exceed approved risk limits are managed and, where necessary, mitigated in an effective and timely manner;
 - (ii) the identification and escalation of breaches in risk limits and of material risk exposures in a timely manner.
- Establish the strategy of taking any form of risk and managing capital in a way that serves the business goals of the Bank and ensures the adequacy of the available resources in technical means and staff.
 - Provide for the development of an internal risk management framework and its integration in the business decision-making process.
 - Determine the principles for managing risks concerning their identification, projection, measurement, monitoring, audit and treatment, in accordance with the business strategy in force and the adequacy of the available resources.
 - Assess annually, on the basis of the annual report of the Head of the RMD:
 - the adequacy and effectiveness of the Bank's risk management framework and supporting policies, and the compliance with the specified level of risk tolerance;
 - the appropriateness of the limits, the adequacy of projections and the overall adequacy of the equity capital in relation to the level and the form of the risks taken.
 - Approve the proposals of the competent units regarding the adoption of the appropriate risk mitigation techniques at acceptable levels.
 - Provide, at least annually, for the transaction of stress tests on credit risk, liquidity risk, market risk, as well as operational risk, using the appropriate techniques.
 - Review and evaluate risk management information periodic reports, including the loan portfolio quarterly analysis, and stress test results, produced by RMD.
 - Review and evaluate the ICAAP and ILAAP results, and if necessary, suggest to the Board a revision of the business strategy.
 - Conduct a self-assessment and report its conclusions and recommendations, verbally or in writing to the Board, for improvements and changes.
 - Formulate propositions and propose corrective actions to the BoD for any identified risk-related issues or weaknesses in carrying out the established strategy for the Bank's risk management or divergences regarding its implementation.
 - Signing off the quality and integrity of risk-related data submitted to supervisory authorities including the CBC.
 - Review and monitor risk tolerance levels by product, risk category and business line.
 - Approve risk limits and tolerance levels where such authority is delegated by the BoD.
 - Take any other necessary actions for carrying out effectively its mission.
 - Advise the BoD, drawing on the work of the Audit Committee, Risk Management Department and external auditors, on the adequacy and effectiveness of the risk management framework.
 - Ensure that risk parameters and risk models developed and used to quantify them are subject to periodic independent validation.
 - Submit to the BoD recommendations for the appointment or removal of the Head of the Risk Management Department.

In addition, the RMC is responsible for monitoring the independence, adequacy and effectiveness of the Risk Management and Information Security Departments. During 2021, the RMC met six times.

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3.3.2 Audit Committee

The Audit Committee aims to assist the Board with respect to carrying out its supervisory responsibilities for issues that primarily concern:

- The Bank's Internal Controls System.
- The procedures for preparing the annual and interim financial reports.
- The external auditors / accountants.
- The Internal Audit Unit (IAU).
- The Compliance Unit (CU).
- The observance of the Bank's Code of Conduct.

As at 31 December 2021, the Audit Committee was made up of two Independent Non-Executive directors of the Board and it convened nine times during the year.

3.3.3 Nomination and Remuneration Committee

As at 31 December 2021 the Nomination and Remuneration Committee comprised of a Non-Executive director (also the chairman) and two Independent Non-Executive directors. The Committee has a dual function by acting as a Nomination Committee for the replacement / succession of members of the Board, and as a Remuneration Committee. During 2021, the Nomination and Remuneration Committee held six meetings. More information on its role and duties can be found in section 11 of these disclosures.

3.3.4 Board Credit Committee

The committee was dissolved on 01/01/2021. Any approvals of credit proposals above the materiality thresholds defined in the Risk Appetite Framework, are granted directly by the BoD.

3.4 Recruitment policy for the selection of members of the Management Body

Appointment to the Bank's Board of Directors requires satisfying a set of criteria which include the candidates' academic and employment background, the adequacy and relevance of their knowledge and skills to the business and specificities of the Bank, their ethos and reputation, their personal and professional integrity, their experience and capabilities as well as their management skills. The Members of the Management Body are University graduates in Finance, Business Administration, Law, Economics, etc. and have collective international and/or local experience in international, corporate and retail banking. Some of the Members have professional qualification relating to financial matters and all share skills related to finance, corporate governance, legal, audit, finance, strategy, risk, etc.

3.5 Diversity Policy for the selection of members of the Management Body

In order to encourage critical thinking and well-rounded opinions and decision-making, the Bank strives to achieve diversity in the composition of its Board, especially with regards to academic background, professional experience, skills and competencies, age, gender and ethnic/racial origin. In an effort to ensure that the under-represented gender has a minimum percentage representation in the Management Body, the Bank has set a target to increase the proportion of women to 30% by the end of 2023.

3.6 Number of directorships held by members of the Board

The following table presents the number of directorships held at the same time in other entities (including the one held at the Bank) by each member of the Bank's Board of Directors. The directorships presented are those that are in effect in mid June 2022, for all directors who were

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members of the BoD as at 31/12/2021. Directorships in organisations, which do not pursue predominantly commercial objectives, such as non-profit-making or charitable organizations, are not taken into account for the purposes of the below. In addition, the number of directorships disclosed below include companies belonging to the same group which, based on Article 91 of EU Directive 2013/36/EU (“CRDIV”), can be considered as a single directorship.

Name of Director	Position within the Bank	No. of Directorships	
		Executive	Non-Executive
Michalakis Sarris	Chairman – Non-Executive	-	3
Maurice Nicolas Sehnaoui	Non-Executive Director	1	1
Aristidis Vourakis	Executive Director	1	1
Bassam Najib Diab	Non-Executive Director	-	1
Andreas Vassiliou	Non-Executive Director	-	1
Maria Dionysiades	Non-Executive Director	-	2
Costas Partassides	Non-Executive Director	1	3

3.7 Information flow on risk to the Management Body

The information flow on risk to the Board is achieved, inter alia, through the following reports:

- Annual Report of the Compliance Department.
- Annual Report of the Anti-Money Laundering Compliance Officer and AML Risk Management Report.
- The ICAAP (Internal Capital Adequacy Assessment Process), ILAAP (Internal Liquidity Adequacy Assessment Process) and Recovery Plan.
- Annual Report of the Risk Management Department on Risk Management.
- Annual Report of the Information Security Department on the Security of Information.
- Annual Report of the Internal Audit Department on the adequacy and effectiveness of the Internal Audit Controls System.
- Annual Performance Self-Assessment Report of the governing body as a whole, its committees and individual members including assessment of the Chairman of the Board of Directors.
- Report every three years assessing the adequacy of the Internal Controls System on an individual and consolidated basis by External Auditors.
- Report every three years assessing the composition and operations of the management body and its committees prepared by External Consultants.
- Annual Financial Statements.
- Through updates by the Chairman of the RMC on the Quarterly Risk Management Report of the Risk Management Department provided to the RMC and Executive & Senior Management.
- The Bank’s financial results prepared by the Finance Department.
- Through updates by the Chairman of the Audit Committee on the Quarterly Reports of Compliance and Internal Audit Departments to Audit Committee and Executive Management.

3.8 Board Declaration - Adequacy of the Risk Management arrangements

The Board of Directors is responsible for reviewing the effectiveness of the Bank’s risk management arrangements, including, also the liquidity risk management arrangements and systems of financial and internal control. These are assigned to manage rather than eliminate the risks of not achieving

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business objectives, and – as such – offer reasonable but not absolute assurance against fraud, material misstatement and loss.

The Executive Management and the Board of Directors consider that the Bank has in place adequate systems and controls with regards to the Bank’s profile and strategy and an appropriate array of assurance mechanisms, properly resourced and skilled, to avoid or minimize loss.

3.9 Risk Statement

The Bank aims to have sufficient liquidity and capital resources and maintain stable and recurring profitability. The risk appetite is determined so as not to exceed the risk capacity, given current business conditions, and ensure the Bank’s operational smoothness, the achievement of its strategic objectives, as well as the achievement of satisfactory performance. In parallel, it aims to ensure that under adverse business and macroeconomic conditions (crisis scenarios), the risk capacity can be reasonably expected to absorb unexpected losses and/or commitments, safeguarding a minimum level of solvency as well as depositors’ and shareholders’ interests.

A summary of the Board’s Risk Appetite Statement as at 31 December 2021 is provided in Annex II.

3.10 Recovery Plan

The Bank’s Recovery Plan (RP) is in line with the framework set out in the Bank Recovery and Resolution Directive (“BRRD”) with reference to supporting Regulatory Technical Standards and Guidelines issued by the European Banking Authority (“EBA”). The RP, which is prepared on an annual basis, presents a set of carefully selected options available to the Bank in order to address hypothetical severe financial difficulties resulting from idiosyncratic vulnerabilities or market-wide issues or a combination of both. During 2021, the Bank updated the Recovery Plan based on the Bank’s Business Plan approved by the BoD on 31 March 2021. The Bank’s 2021 Recovery Plan was approved by the Board of Directors on 26 April 2021 and was submitted to the CBC.

3.11 Internal Control Functions and other Departments

Risk Management Department

The role of the Risk Management Department (RMD) is to promote a risk management culture across the Bank, develop policies and supporting methodologies for identifying, assessing, and where possible mitigating the Bank’s risk exposures, produce risk management information reporting that can be integrated to the Bank’s decision making processes, and produce capital adequacy as well as other regulatory reports that fall under ECB’s “Capital Requirements Regulation- CRR - Regulation (EU) 575/2013” and CBC’s “Capital Requirements Directive – CRD” as amended by Regulation (EU) 2019/876 (CRR II) and Directive (EU) 2019/878 (CRD V). The roles and responsibilities of the Risk Management Department are in line with the CBC Internal Governance of Credit Institutions Directive of 2021.

The Head of the RMD reports through the Board Risk Committee, to the Board of Directors. The RMD is independent from any business activities and has access to all necessary information regarding the activities of all business lines, as well as to the information required to meet its obligations. Due to the small size of the Bank, the Information Security Department was also under the supervision of the Head of the RMD.

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The Risk Management Department's overall mission is to:

- Ensure the appropriate implementation of risk management policies approved by the BoD, and where appropriate facilitate the business lines in doing so.
- Develop and implement methodologies for the identification, assessment/measurement and monitoring of risk exposures that arise from the Bank's operations.
- Propose internal limits for specific risk types and monitor their usage.
- Ensure regulatory compliance with EU and CBC-defined risk limits.
- Design risk reports and produce risk management information for the Executive Management, RMC and BoD.
- Recommend to the RMC appropriate techniques for restraining risks within acceptable levels of tolerance or mitigating these further.
- Calculate capital adequacy requirements by using appropriate methodologies under CRR/Regulation (EU) 575/2013 Pillar I as amended by Regulation (EU) 2019/876 (CRR II), produce CoRep (Common Reporting Templates), and ensure on-going regulatory compliance.
- Monitor the overall credit portfolio composition and recommend any corrective actions in avoiding concentration risk.
- Participate and consult in the new product evaluation process.
- Participate and consult in the development of risk-related internal procedures.
- Participate in the Provisioning Committee as a non-voting member and ensure the adequacy of the provisions of the Collective impairment exercise calculated by the RMD and Individual Impairment exercise calculated by Finance. Participate also in the ALCO without taking part in the business decision making, as well as in the IT Steering Committee.
- Undertake the evaluation of the Bank's Internal Capital Adequacy Assessment Process (Regulation (EU) 575/2013 CRR Pillar II) and document it in the ICAAP document.
- Undertake the evaluation of the Bank's Internal Liquidity Adequacy Assessment Process (Article 86 of Directive 2013/36/EU for "Liquidity Risk) and document it in the ILAAP document.
- Undertake the development of the Recovery Plan in line with the framework set out in the Bank Recovery and Resolution Directive ("BRRD") with reference to supporting Regulatory Technical Standards and Guidelines issued by EBA.
- Act as a liaison between the Bank and regulatory authorities with regard to matters related to CRD/CRR requirements.
- Monitor the risk exposures and determine the corresponding capital needs on an on-going basis.
- Use forward-looking tools such as scenario analysis and stress tests as part of risk identification and capital requirement calculation processes.

Internal Audit Department

The Internal Audit Department is an independent function, and reports to the Board through the Board's Audit Committee. The Internal Audit Department reviews and assesses inter alia the effectiveness and completeness of the Bank's risk management framework, as well as selected risk management processes including the capital and liquidity adequacy calculation process, ICAAP and ILAAP. The roles and responsibilities of the Internal Audit comply with the CBC Internal Governance of Credit Institutions Directive of 2021.

Compliance Department

The Compliance Department establishes and implements appropriate mechanisms and activities to promote a corporate culture of compliance and integrity within the Bank to ensure that the

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compliance risk is being effectively managed. The policies and procedures among others mainly cover the areas of Money Laundering, Terrorism financing, acceptance of new clients, etc.

Other Departments and Committees

The other Departments and Committees actively engaged in the Bank's day-to-day risk management processes have clearly defined roles and responsibilities in risk-taking as well as managing risk. They operate under prudent banking practices and comply with the relevant regulatory requirements. In addition, effective internal controls through sound policies, procedures and processes are established to promote risk culture within the Bank and maintain the Bank's risk exposures within acceptable parameters. The Business Lines, Credit Division, and the various Approving Authorities (including the Credit Committees) operate within well-defined credit granting criteria and processes, which are in line with the Bank's policy and regulatory provisions.

4. CAPITAL BASE

The Bank's regulatory capital as at 31 December 2021 is comprised of Common Equity Tier 1 (CET1) and Tier 2 (T2) items. CET1 items include ordinary share capital, share premium and reserves. The Bank deducts from its CET1 capital its intangible assets (computer software and other intangibles), its deferred tax assets that rely on future profitability and do not arise from temporary differences (if any), its Additional Valuation Adjustments (AVA) as per Article 34 of the CRR, its investments in subsidiaries and the accumulated property revaluation and related deferred tax concerning own use premises i.e mainly the Bank's Head Office Building, which is not readily available for immediate use and as such, does not qualify for inclusion in CET1.

The unsecured and subordinated Tier 2 Bond of €16m was issued during 2020. The Bond was priced at par with a coupon of 8% per annum, payable quarterly. The Bond matures ten years from the issuance date. The Bank may redeem all of the Bonds on any Interest Payment Date following the fifth anniversary of the issuance date of the relevant Bond, subject to applicable regulatory consents.

In December 2021, the Bank issued EUR1.200.000 and USD2.100.000 senior preferred bonds. The Bonds were priced at par with a coupon of 2,25% and 3,0% per annum respectively, payable annually. The Bonds mature two years from the issuance date. The Bank has the option to redeem the bonds early in December 2022, subject to applicable regulatory consents. The bonds comply with the criteria for the minimum requirement for own funds and eligible liabilities (MREL) and contribute towards the Bank's MREL requirements. The Bank plans to redeem these bonds in December 2022.

As at 31 December 2021, the Bank was subject to a minimum Overall Capital Requirement (OCR) of 13,60%, consisting of the Pillar I minimum 8%, the Pillar II Requirement of 2,85% plus the Capital Conservation Buffer of 2,50% and an O-SII buffer of 0,25% applicable starting from 1st of January 2020. The Institution-specific Countercyclical Capital Buffer was calculated at approximately 0% due to the fact that, as at 31 December 2021, the Bank's relevant exposures for the purposes of the said buffer were mainly towards counterparties in Hong Kong and Bulgaria, which have Countercyclical Capital Buffer rate of 1,00% and 0,5% respectively and the exposures were insignificant.

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SREP Process - Prudential requirements

The CBC's decision applicable from 1st January 2019, requires the Bank to maintain an OCR of 13,60% (including the O-SII buffer of 0,25% as from 1 January 2020) and to hold capital to meet a Total SREP Capital Requirements (TSCR) of 10,85% of the total risk exposure amount to be met at all times. The **OCR of 13,60%** includes the following elements:

- A TSCR (Total SREP Capital Requirement) of 10,85% which includes:
 - **8% minimum own funds requirement** to be maintained at all times in accordance with Article 92(1) of Regulation (EU) No 575/2013 (Pillar I) and
 - **2,85% additional own funds requirement.** The CBC on 23/12/2020 advised the Bank that the SREP decision remains in force but the composition of the Pillar 2 own funds requirements due to Covid-19 is amended in line with the CRR2. Basically, the ECB advanced the application of the amended article 104/a of CRD that allows banks to meet their Pillar II requirements using the same capital structure as for their Pillar I requirements (i.e., 56,25% CET1, 18,75% Additional Tier 1 (or 75% Tier1 Capital = 56,25%+18,75%) and up to 25% Tier 2). Based on this relaxation the Bank's Minimum CET1 to be held in excess of the minimum own funds stands at 8,85% (excluding the Pillar 2 Guidance (P2G)).
- The combined buffer requirement as defined in Article 128(6) of the Directive 2013/36/EU, to the extent it is legally applicable. Based on this, banks are required to hold additional buffers to withstand future stress. The combined buffer requirement consists of:
 - **Capital Conservation Buffer: 2,5% as of 1 January 2019 (to be made entirely of CET1)**
 - Institution-specific Countercyclical Capital Buffer: Calculated as 0% by the Bank
 - Systemic Risk Buffer: 0%
 - the **Other Systemically Important Institution (O-SII) buffer of 0,25%.** The CBC informed the Bank on 11 October 2019 of an increase in regulatory capital requirements by 0.25% as from 1.1.2020 representing the Other Systemically Important Institutions (O-SII) buffer, which was going to be phased-in until 1/1/2022 as follows: 0,25% 1/1/2020, 0,375% on 1/1/2021 and 0,50% 1/1/2022. The O-SII shall be made entirely of CET1. Following the Covid-19 relaxations, the CBC on 7 May 2020 deferred the phasing-in schedule by 12 months until 1/1/2023, however, on 29 November 2021, the CBC notified the Bank that based on new calculations the O-SII buffer for the Bank will remain 0,25% throughout the period of 2021 – 2023.

The Bank's Capital Adequacy Ratios as at 31 December 2021 were as follows:

• Common Equity Tier 1 ratio	:	15,31%
• Tier 1 ratio	:	15,31%
• Capital Adequacy Ratio	:	16,58%

During 2021, the Bank was in compliance with the minimum OCR. The Bank's ratio as at 31 December 2021 was positively affected due to the decrease in investments with capital consumption, the organic improvement in capital base through profitability and the optimisation of RWAs (i.e. the Bank's operating model emphasizes on new loans with lower capital consumptions and on NPE resolution etc). Moreover, the ratio was also positively affected mainly by the ECB supervisory reliefs due to

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the Covid-19 pandemic (i.e. the add back of the increased Expected Credit Loss for new loans etc) which continued to apply in 2021. It is also noted that the Bank's capital adequacy ratio was negatively affected mainly by the phasing-in of IFRS 9 Transitional adjustments on 1 January 2021 (which for the loans prior to Covid-19 decreased from 70% to 50%. As at 31 December 2021 the Bank's Capital Adequacy Ratio stood at 16,58% which is above the minimum OCR of 13,60% and above the OCR including P2G.

Share Capital

As at 31 December 2021, there were €23.6 million (2020: €23.6 million) issued ordinary shares with a nominal value of €1 each. There were no changes to the issued share capital during the year ended 31 December 2021.

4.1 Composition of regulatory own funds

The tables below disclose the components of regulatory capital as at 31 December 2021 and 2020. The disclosures have been prepared using the format set out in Annex VII of the Commission Implementing Regulation (EU) 2021/637 laying down implementing technical standards (ITS) with regards to the disclosure of own funds requirements for institutions, as per Article 437 of the CRR.

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Template 1: EU CC1 - Composition of regulatory own funds

		(a)	(a)	(b)
		31 December 2021	31 December 2020	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
		€000	€000	
Common Equity Tier 1 (CET1) capital: instruments and reserves				
1	Capital instruments and the related share premium accounts	179.008	179.008	a
2	Retained earnings	7.524	7.524	b
3	Accumulated other comprehensive income (and other reserves)	1.063	607	c
EU-3a	Funds for general banking risk	-	-	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	-	-	
5	Minority interests (amount allowed in consolidated CET1)			
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	3.154	-	d
6	Common Equity Tier 1 (CET1) capital before regulatory adjustments	190.749	187.139	
Common Equity Tier 1 (CET1) capital: regulatory adjustments				
7	Additional value adjustments (negative amount)	(23)	(23)	
8	Intangible assets (net of related tax liability) (negative amount)	(3.767)	(7.016)	(a) minus (d)
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	-	(1.035)	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	-	-	
12	Negative amounts resulting from the calculation of expected loss amounts	-	-	
13	Any increase in equity that results from securitised assets (negative amount)	-	-	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	-	-	
15	Defined-benefit pension fund assets (negative amount)	-	-	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	-	-	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to	-	-	

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	inflate artificially the own funds of the institution (negative amount)			
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
20	Not applicable	-	-	
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	(10)	(85)	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	(10)	(85)	
EU-20c	of which: securitisation positions (negative amount)	-	-	
EU-20d	of which: free deliveries (negative amount)	-	-	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38-(3) CRR are met) (negative amount)	-	-	
22	Amount exceeding the 17,65% threshold (negative amount)	-	-	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	-	-	
24	Not applicable	-	-	
25	of which: deferred tax assets arising from temporary differences	-	-	
EU-25a	Losses for the current financial year (negative amount)	-	-	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	-	-	
26	Not applicable	-	-	
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	-	-	
27a	Other regulatory adjustments	7.975	12.078	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1)	4.176	3.919	
29	Common Equity Tier 1 (CET1) capital	194.925	191.058	
Additional Tier 1 (AT1) capital: instruments				
30	Capital instruments and the related share premium accounts	-	-	(i)
31	of which: classified as equity under applicable accounting standards	-	-	
32	of which: classified as liabilities under applicable accounting standards	-	-	

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33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	-	-	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	-	-	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	-	-	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	-	-	
35	of which: instruments issued by subsidiaries subject to phase out	-	-	
36	Additional Tier 1 (AT1) capital before regulatory adjustments	-	-	
Additional Tier 1 (AT1) capital: regulatory adjustments				
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	-	-	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
41	Not applicable	-	-	
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	-	-	
42a	Other regulatory adjustments to AT1 capital	-	-	
43	Total regulatory adjustments to Additional Tier 1 (AT1) capital	-	-	
44	Additional Tier 1 (AT1) capital	-	-	
45	Tier 1 capital (T1 = CET1 + AT1)	194.925	191.058	
Tier 2 (T2) capital: instruments				
46	Capital instruments and the related share premium accounts	16.129	16.121	
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	-	-	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	-	-	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	-	-	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	-	-	

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49	of which: instruments issued by subsidiaries subject to phase out	-	-	
50	Credit risk adjustments	-	-	
51	Tier 2 (T2) capital before regulatory adjustments	16.129	16.121-	
Tier 2 (T2) capital: regulatory adjustments				
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	-	-	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	-	-	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	-	-	
54a	Not applicable	-	-	
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	-	-	
56	Not applicable	-	-	
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	-	-	
EU-56b	Other regulatory adjustments to T2 capital	-	-	
57	Total regulatory adjustments to Tier 2 (T2) capital	-	-	
58	Tier 2 (T2) capital	16.129	16.121	
59	Total capital (TC = T1 + T2)	211.054	207.179	
60	Total Risk exposure amount	1.273.045	1.379.979	
Capital ratios and requirements including buffers				
61	Common Equity Tier 1 capital	15,31%	13,84%	
62	Tier 1 capital	15,31%	13,84%	
63	Total capital	16,58%	15,01%	
64	Institution CET1 overall capital requirements	8,85%	8,85%	
65	of which: capital conservation buffer requirement	2,50%	2,50%	
66	of which: countercyclical capital buffer requirement	0,00%	0,00%	
67	of which: systemic risk buffer requirement	0,00%	0,00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0,00%	0,00%	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1,60%	1,60%	
68	Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements	7,31%	5,84%	

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National minima (if different from Basel III)				
Amounts below the thresholds for deduction (before risk weighting)				
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0	0	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0	0	
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	-	1.475	
Applicable caps on the inclusion of provisions in Tier 2				
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	-	-	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	-	-	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	-	-	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	-	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2014 and 1 Jan 2022)				
80	Current cap on CET1 instruments subject to phase out arrangements	-	-	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	-	-	g
82	Current cap on AT1 instruments subject to phase out arrangements	-	-	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	-	-	
84	Current cap on T2 instruments subject to phase out arrangements	-	-	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	-	-	

Composition of regulatory own funds – commentary

The increase of 147 basis points in CET1 ratio (IFRS9 transitional basis) compared to 31 December 2020 was mainly the result of the following:

- 1) Net Increase in CET1 Capital mainly due to:
 - a. the current year's profit,
 - b. the reduction of the intangible assets which are deducted from the own funds,
- 2) Net Decrease in the Credit RWAs mainly due to:
 - a. the decrease of investments with capital consumption,
 - b. the repayment of funded exposures and
 - c. new loans with lower capital consumption as a result of eligible collateral

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4.2 Reconciliation of regulatory own funds (on IFRS 9 transitional basis) to statement of financial position in the audited financial statements
Template 2: EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Ref. *1
	31 December 2021	31 December 2021	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash and balances with Central Banks	670.854	670.854	
Placements with other banks	29.003	29.003	
Derivative financial instruments	96	96	
Financial assets at fair value through profit or loss	12.023	12.023	
Financial assets at fair value through other comprehensive income	6.332	6.332	
Debt securities	939.892	939.892	
Loans and advances to customers	1.136.911	1.136.911	
Investment in associate company	4.055	4.055	
Other assets	30.755	30.340	
Investment in subsidiaries	13.270	96.909	
Stock of property	131.791	47.043	
Property and equipment	37.727	33.480	
Intangible assets	3.767	3.767	
Deferred tax asset	1.436	1.436	
Total assets	3.017.911	3.012.140	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Amounts due to other banks and deposits from banks	16.532	16.532	
Funding from Central Banks	495.136	495.136	
Derivative financial instruments	254	254	
Deposits and other customer accounts	2.191.391	2.195.505	
Loan stock	19.184	19.184	
Other liabilities	98.330	93.040	
Deferred tax liability	3.554	1.740	
Total Liabilities	2.824.380	2.821.391	
Shareholders' Equity			
Share Capital and Share Premium	179.008	179.008	a
Retained earnings	7.114	7.524	b
Accumulated other comprehensive income (and other reserves)	1.081	1.063	c
Independently reviewed interim profits net of any foreseeable charge or dividend	3.236	3.154	d
Total shareholders' equity	190.439	190.749	
Non-controlling Interest	3.092	-	
Total liability and Equity	3.017.911	3.012.140	

1 *References provide the mapping of items of the statement of financial position prepared under the regulatory scope of consolidation used to calculate regulatory capital as reflected in column "References" in Section 4.2 "EU CC1 - Composition of regulatory own funds"

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The Pillar III disclosures may be different than the disclosures presented in the Consolidated Financial Statements of the Bank and its Subsidiaries for the year ending 31 December 2021 and 2020, which are prepared in accordance with the International Financial Reporting Standards (IFRSs). This is mainly due to differences between the prudential solo basis and the accounting consolidation basis used by the Group and the differences in definitions used under the scope of the Pillar III Disclosures.

The Bank's published audited financial statements are those of the Group on consolidation basis i.e. including the Bank's investment property subsidiary companies which mainly manage and administer the properties acquired by the Bank in debt satisfaction. In the Pillar I calculation these properties are treated as stock of property reflecting the substance of these transactions, and the Bank.

	a	b	c
	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	31 December 2020	31 December 2020	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
Cash and balances with Central Banks	591.780	591.780	
Placements with other banks	55.679	55.679	
Derivative financial instruments	111	111	
Financial assets at fair value through profit or loss	12.020	116.972	
Financial assets at fair value through other comprehensive income	6.172	6.172	
Debt securities	858.896	858.896	
Loans and advances to customers	1.100.393	1.100.393	
Investment in associate company	3.683	3.683	
Other assets	15.071	15.001	
Investment in Subsidiaries	-	85	
Investment Property	-	-	
Stock of property	144.803	40.560	
Property and equipment	34.699	34.685	
Intangible assets	7.016	7.016	
Deferred tax asset	2.510	2.510	
Total assets	2.832.833	2.833.543	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
Amounts due to other banks and deposits from banks	40.926	40.926	
Funding from Central Banks	399.069	399.069	

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Derivative financial instruments	670	670	
Deposits and other customer accounts	2.105.731	2.106.433	
Other liabilities	81.976	81.574	
Loan stock	16.121	16.121	
Deferred tax liability	1.611	1.611	
Total Liabilities	2.646.104	2.646.404	
Shareholders' Equity			
Share Capital and Share Premium	179.008	179.008	
Retained earnings	0	0	
Accumulated other comprehensive income (and other reserves)	607	607	
Independently reviewed interim profits net of any foreseeable charge or dividend	7.114	7.524	
	186.729	187.139	
Total shareholders' equity	2.832.833	2.833.543	

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4.3 Countercyclical Capital Buffer

In accordance with Article 130(1) of the CRDIV Directive, institutions are required to maintain an Institution-specific Countercyclical Capital Buffer. In relation to this buffer, the European Commission’s Delegated Regulation (EU) 2015/1555 further requires institutions to disclose the key elements of the calculation of their Countercyclical Capital Buffer, in order to ensure transparency and comparability across institutions in the EU. In this respect, the table below provides information on the geographical distribution of credit exposures relevant for the calculation of the Bank’s Countercyclical Capital Buffer as at 31 December 2021. Exposures to foreign countries which did not exceed 10% of the total exposure (before Credit Conversion factor CCF) are included under the “Other” category.

Template 3: EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer

31 December 2021 (€thousands)		a	b	c		d	e	f	g, h, i			j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Value of trading book exposures for internal models	Securitisati on exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)	
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Relevant credit risk exposures - Credit risk				Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total				
010	Breakdown by country:														
	Cyprus	1.110.463	-	-	-	-	1.110.463	76.336	-	-	-	76.336	954.204	85,78%	0,00%
	Bulgaria	3	-	-	-	-	3	0	-	-	0	2	0,00%	0,50%	
	Hong Kong SAR	64	-	-	-	-	64	2	-	-	2	22	0,00%	1,00%	
	Other	194.831	-	-	-	-	194.831	12.657	-	-	12.657	158.212	14,22%	0,00%	
020	Total	1.305.361	-	-	-	-	1.305.361	88.995	-	-	88.995	1.112.440	100,00%		

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31 December 2020 (€thousands)		a	b	c	d	e	f	g	h	i	j	k	l	m
		General credit exposures		Relevant credit exposures – Market risk		Securitisati on exposures Exposure value for non-trading book	Total exposure value	Own fund requirements			Risk-weighted exposure amounts	Own fund requirements weights (%)	Counter cyclical buffer rate (%)	
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book				Total
010	Breakdown by country:													
	Cyprus	1.077.929	-	-	-	-	1.077.929	78.533	-	-	78.533	981.663	83,26%	0,00%
	Bulgaria	3	-	-	-	-	3	0	-	-	0	0	0,00%	0,50%
	Hong Kong	89	-	-	-	-	89	2	-	-	2	25	0,00%	1,00%
	Other	238.339	-	-	-	-	238.339	15.784	-	-	15.784	197.300	16,74%	0,00%
020	Total	1.316.360	-	-	-	-	1.316.360	94.319	-	-	94.319	1.178.988	100,00%	

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The table below summarizes the institution-specific countercyclical buffer rate calculation for 31 December 2021 and 31 December 2020 respectively:

Template 4: EU CCyB2 - Amount of institution-specific countercyclical capital buffer

		31 December 2021 € thousands	31 December 2020 € thousands
1	Total risk exposure amount	1.273.045	1.379.979
2	Institution specific countercyclical capital buffer rate	0,00%	0,00%
3	Institution specific countercyclical capital buffer requirement	0	0

Template 5: EU LI1 – Differences between accounting and regulatory scopes of consolidation and the mapping of financial statement categories with regulatory risk categories

31 December 2021 € thousands		a	b	Carrying values of items				g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	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 own funds requirements or subject to deduction from own funds
				c	d	e	f	
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and balances with Central Banks	670.854	670.854	670.854		-		-
2	Placements with other banks	29.003	29.003	29.003		-		-
3	Derivative financial instruments	96	96	-	96	-		-
4	Financial Assets at fair value through profit or loss (FVTPL)	12.023	12.023	9.107		-	2.916	-
5	Financial assets at fair value through other comprehensive income (FVTOCI)	6.332	6.332	6.332				
6	Financial assets at amortised cost (AC)	939.892	939.892	939.892		-		
7	Loans and advances to customers	1.136.911	1.136.911	1.136.911		-		
8	Investment in associate	4.055	4.055	4.055				

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9	Other assets	30.755	30.340	30.340				
10	Investments in subsidiaries	13.270	96.909	96.899				10
11	Investment property	0	0	0				
12	Stock of property	131.791	47.043	47.043				
13	Property, plant and equipment	37.727	33.480	33.480				
14	Intangible assets	3.767	3.767	-				3.767
15	Deferred tax asset	1.436	1.436	1.436				
16	Total assets	3.017.911	3.012.140	3.005.352	96		2.916	3.777
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Amounts due to other banks and deposits from banks	16.532	16.532					16.532
2	Funding from Central Banks	495.136	495.136					495.136
3	Derivative financial instruments	254	254	-	254			
4	Deposits and other customer accounts	2.191.391	2.195.505					2.195.505
5	Loan stock	19.184	19.184					19.184
6	Other liabilities	98.330	93.040					93.040
7	Deferred tax liability	3.554	1.740					1.740
8	Total liabilities	2.824.380	2.821.391	-	254			2.821.137

		a	b	c	d	e	f	g
		Carrying values as reported in published financial statements	Carrying values under scope of prudential consolidation	Carrying values of items				Not subject to own funds requirements or subject to deduction from own funds
				Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	
31 December 2020 €thousands								
Breakdown by asset classes according to the balance sheet in the published financial statements								
1	Cash and balances with Central Banks	591.780	591.780	591.780				
2	Placements with other banks	55.679	55.679	55.679				

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3	Derivative financial instruments	111	111		111			
4	Financial Assets at fair value through profit or loss (FVTPL)	12.020	116.972	113.363			3.609	
5	Financial assets at fair value through other comprehensive income (FVTOCI)	6.172	6.172	6.172				
6	Financial assets at amortised cost (AC)	858.896	858.896	858.896				
7	Loans and advances to customers	1.100.393	1.100.393	1.100.393				
8	Investment in associate	3.683	3.683	3.683				
9	Other assets	15.071	15.001	15.001				
10	Investments in subsidiaries	-	85					85
11	Investment property							
12	Stock of property	144.803	40.560	40.560				
13	Property, plant and equipment	34.699	34.685	34.685				
14	Intangible assets	7.016	7.016					7.016
15	Deferred tax asset	2.510	2.510	1.035				1.475
16	Total assets	2.832.833	2.833.543	2.821.247	111		3.609	8.576
	Breakdown by liability classes according to the balance sheet in the published financial statements							
1	Amounts due to other banks and deposits from banks	40.926	40.926					40.926
2	Funding from Central Banks	399.069	399.069					399.069
3	Derivative financial instruments	670	670		670			
4	Deposits and other customer accounts	2.105.731	2.106.433					2.106.433
5	Loan stock	16.121	16.121					16.121
6	Other liabilities	81.976	81.574					81.574
7	Deferred tax liability	1.611	1.611					1.611
8	Total liabilities	2.646.104	2.646.404		670			2.645.734

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Template 6: (EULI2) Main sources of differences between regulatory exposure amounts and carrying values in financial statements:

31 December 2021 (€ thousands)	a	b	c	d	e
	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	3.008.364	3.005.352	96	0	2.916
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	(254)	0	(254)	0	0
Total net amount under the regulatory scope	3.008.110	3.005.352	(158)	0	2.916
Off-balance-sheet amounts	211.949	211.949			
<i>Differences in valuations</i>	(23)				
<i>Differences due to different netting rules, other than those already included in row 2</i>	5.826		5.826		
<i>Differences due to consideration of provisions</i>					
<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(14.839)	(14.839)			
<i>Differences due to credit conversion factors</i>	(172.155)	(172.155)			
<i>Differences due to Securitisation with risk transfer</i>					
<i>Other differences</i>	28.591	28.591			
Exposure amounts considered for regulatory purposes	3.067.459	3.058.898	5.668		2.916

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	a	b	c	d	e
	Total	Items subject to			
		Credit risk framework	CCR framework	Securitisation framework	Market risk framework
31 December 2020					
Assets carrying value amount under the scope of prudential consolidation (as per template LI1)	2.827.541	2.823.821	111	0	3.609
Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)	(670)	0	(670)	0	0
Total net amount under the scope of prudential consolidation	2.826.871	2.823.821	(559)	0	3.609
Off-balance-sheet amounts	217.455	217.455			
<i>Differences in valuations</i>	(23)				
<i>Differences due to different netting rules, other than those already included in row 2</i>	2.969		2.969		
<i>Differences due to consideration of provisions</i>					
<i>Differences due to the use of credit risk mitigation techniques (CRMs)</i>	(18.106)	(18.106)			
<i>Differences due to credit conversion factors</i>	(169.899)	(169.899)			
<i>Differences due to Securitisation with risk transfer</i>					
<i>Other differences</i>	25.678	25.678			
Exposure amounts considered for regulatory purposes	2.884.945	2.878.949	2.410		3.609

4.4 PV1 - Prudent valuation adjustments (PVA)

The Bank follows the simplified approach as per Chapter II of the Delegated Regulation (EU) 2016/101 on prudent valuation. As disclosed in Section 4, pursuant to Article 34 of the CRR, the prudent valuation requirements of Article 105 of the CRR are applied to all assets and liabilities measured at fair value which relate to financial instruments and are deducted from CET 1 capital. The corresponding figure for 31 December 2021 is €23 thousand (31 December 2020: €23 thousand) and therefore due to materiality “Template EU PV1 - Prudent valuation adjustments (PVA)” is not disclosed.

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4.5 Minimum requirement for own funds and eligible liabilities

The Bank, within the framework of the Bank Recovery and Resolution Directive (BRRD), is subject to the minimum requirement for own funds and eligible liabilities (MREL). The framework, which entered into effect on 1 January 2016, provides authorities with a credible set of tools to intervene sufficiently early and quickly in an unsound or failing institution so as to ensure the continuity of the Bank's critical financial and economic functions, while minimising the impact of an institution's failure on the economy and financial system. This is achieved by requiring banks to have a funding structure with a certain proportion of liabilities that can be written off or converted into equity in the event of a bank failure. Such liabilities, in combination with equity, are known as MREL. In June 2019, as part of the reform package for strengthening the resilience and resolvability of European banks, the BRRD II came into effect and it has recently being transposed into National Law. Further to the above, certain provisions on MREL have been introduced in CRR II, which also came into force in June 2019, as part of the reform package and took immediate effect. The Bank has received a formal notification (the Decision) from the CBC on 11 April 2022, of its final decision for the binding minimum requirement for own funds and eligible liabilities (MREL) for the Bank.

Accordingly, the minimum MREL requirement for the Bank is set at 20,47% of Total Risk Exposure Amount (TREA) and 5,31% of leverage ratio exposure (LRE) and this must be met by 31st December 2025. Furthermore, the Bank must comply with an intermediate requirement of 12,57% of TREAs and 5,31% of LRE as from 1st January 2022. The own funds used by the Bank to meet the combined buffer requirement (CBR) will not be eligible to meet its MREL requirements expressed in terms of TREAs. To meet its MREL requirement by 31st December 2025, the Bank is considering to establish a 5 year issuance program of up to a €0,25 billion size.

The MREL requirement for the final target to be met by 31 December 2025 is expected to change over time due to: (a) possible changes in regulatory capital requirements and/or (b) changes in the financial position of the Bank (such as changes in RWAs, own funds, non-performing exposures). The Bank anticipates that the MREL requirement will be assessed and set on an ongoing basis.

Template 7 IFRS 9-FL: Comparison of Institution's own funds and capital and leverage ratios with the application of transitional arrangements for IFRS 9 or analogous ECLs

		As at 31.12.2021
	Available capital amounts	
1	Common Equity Tier 1 (CET1 Capital)	194.925
2	Common Equity Tier 1 (CET1 Capital) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	185.909
3	Tier 2 Capital	16.129
4	Tier 2 Capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	16.129
5	Total Capital	211.054
6	Total Capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	202.038
	Risk-weighted assets (amounts)	
7	Total risk-weighted assets	1.273.045

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8	Total risk-weighted assets as if IFRS9 or analogous ECLs transitional arrangements had not been applied	1.263.183
9	Capital ratios	
10	Common Equity Tier 1 (as a percentage of risk exposure amount)	15,31%
11	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	14,72%
12	Tier 1 (as a percentage of risk exposure amount)	15,31%
13	Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	14,72%
14	Total capital (as a percentage of risk exposure amount)	16,58%
	Total capital (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	15,99%
	Leverage Ratio	
15	Leverage Ratio total exposure measure	3.113.712
	Leverage Ratio total exposure measure as if IFRS9 or analogous ECLs transitional arrangements had not been applied	3.104.851
16	Leverage Ratio*	6,26%
17	Leverage Ratio as if IFRS9 or analogous ECLs transitional arrangements had not been applied	5,99%

* Due to an oversight the leverage ratio recorded in the audited financial statements for the same reference period represents the before audit calculation which stood at 6,01% instead of the after audit which stood at 6,26%.

Composition of regulatory own funds – commentary

The increase of 147 basis points in CET1 ratio (IFRS9 transitional basis) compared to 31 December 2020 was mainly the result of the following:

- 1) Net Increase in CET1 Capital mainly due to:
 - a. the current year's profit,
 - b. the reduction of the intangible assets which are deducted from the own funds,
- 2) Net Decrease in Credit RWAs mainly due to:
 - a. the decrease of investments with capital consumption,
 - b. the repayment of funded exposures and
 - c. new loans with lower capital consumption as a result of eligible collateral

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		As at 31.12.2020
	Available capital amounts	
1	Common Equity Tier 1 (CET1 Capital)	191.058
2	Common Equity Tier 1 (CET1 Capital) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	178.271
3	Tier 2 Capital	16.121
4	Tier 2 Capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	16.121
5	Total Capital	207.179
6	Total Capital as if IFRS9 or analogous ECLs transitional arrangements had not been applied	194.392
	Risk-weighted assets (amounts)	
7	Total risk-weighted assets	1.379.979
8	Total risk-weighted assets as if IFRS9 or analogous ECLs transitional arrangements had not been applied	1.365.720
9	Capital ratios	
10	Common Equity Tier 1 (as a percentage of risk exposure amount)	13,84%
11	Common Equity Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	13,05%
12	Tier 1 (as a percentage of risk exposure amount)	13,84%
13	Tier 1 (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	13,05%
14	Total capital (as a percentage of risk exposure amount)	15,01%
	Total capital (as a percentage of risk exposure amount) as if IFRS9 or analogous ECLs transitional arrangements had not been applied	14,23%
	Leverage Ratio	
15	Leverage Ratio total exposure measure	2.899.203
	Leverage Ratio total exposure measure as if IFRS9 or analogous ECLs transitional arrangements had not been applied	2.886.416
16	Leverage Ratio	6,59%
17	Leverage Ratio as if IFRS9 or analogous ECLs transitional arrangements had not been applied	6,8%

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Note: For December 2020 figures have been prepared in accordance with Guidelines EBA/GL/2020/12 amending guidelines EBA/GL/2018/1

Template 8: EU KM1 - Key metrics template

		a	e
		31.12.2021	31.12.2020
1	Common Equity Tier 1 (CET1) capital	194.925	191.058
2	Tier 1 capital	194.925	191.058
3	Total capital	211.054	207.179
Risk-weighted exposure amounts			
4	Total risk exposure amount	1.273.045	1.379.979
Capital ratios (as a percentage of risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (%)	15,31%	13,84%
6	Tier 1 ratio (%)	15,31%	13,84%
7	Total capital ratio (%)	16,58%	15,01%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)			
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	2,85%	2,85%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1,60%	1,60%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	0,71%	0,71%
EU 7d	Total SREP own funds requirements (%)	10,85%	10,85%
Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2,50%	2,50%
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0,00%	0,00%
9	Institution specific countercyclical capital buffer (%)	0,00%	0,00%
EU 9a	Systemic risk buffer (%)	N/A	N/A
10	Global Systemically Important Institution buffer (%)	N/A	N/A
EU 10a	Other Systemically Important Institution buffer (%)	0,25%	0,25%

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11	Combined buffer requirement (%)	2,50%	2,50%
EU 11a	Overall capital requirements (%)	13,60%	13,60%
12	CET1 available after meeting the total SREP own funds requirements (%)	5,50%	4,03%
Leverage ratio			
13	Total exposure measure	3.113.712	2.899.203
14	Leverage ratio (%)	6,26%	6,59%
Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)			
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	0,00%
EU 14b	of which: to be made up of CET1 capital (percentage points)	0,00%	0,00%
EU 14c	Total SREP leverage ratio requirements (%)	3,00%	3,00%
Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)			
EU 14d	Leverage ratio buffer requirement (%)	0,00%	0,00%
EU 14e	Overall leverage ratio requirement (%)	3,00%	3,00%
Liquidity Coverage Ratio			
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	1.009.658	953.270
EU 16a	Cash outflows - Total weighted value	452.371	437.637
EU 16b	Cash inflows - Total weighted value	63.826	50.777
16	Total net cash outflows (adjusted value)	388.545	386.860
17	Liquidity coverage ratio (%)	260%	246%
Net Stable Funding Ratio			
18	Total available stable funding	2.236.874	2.169.628
19	Total required stable funding	1.546.966	1.699.768
20	NSFR ratio (%)	144,60%	127,60%

5. CAPITAL REQUIREMENTS

The Bank follows the Standardised Approach (STA) for the calculation of the Pillar I capital requirement for credit risk and market risk and the Basic Indicator Approach (BIA) for operational risk. Pillar II requirement (P2R) is a bank-specific capital requirement which applies in addition to, and covers risks

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which might be underestimated or not covered by Pillar I. The Pillar II requirement is determined on the basis of SREP.

A comparison of Pillar I capital requirement (defined on Pillar I total capital at 8%) between 2021 and 2020 is provided in the table below.

Template 9: EU OV1– Overview of total risk exposure amounts

		Total risk exposure amounts (TREA)	Total own funds requirements	Total risk exposure amounts (TREA)	Total own funds requirements
		31.12.2021	31.12.2021	31.12.2020	31.12.2020
ov	Credit risk (excluding CCR)	1.132.005	90.561	1.246.516	99.720
2	<i>Of which the standardised approach</i>	1.132.005	90.561	1.246.516	99.720
3	Of which the Foundation IRB (F-IRB) approach	-	-	-	-
4	Of which slotting approach		-	-	-
EU 4a	Of which equities under the simple riskweighted approach		-	-	-
5	Of which the Advanced IRB (A-IRB) approach		-	-	-
6	Counterparty credit risk - CCR	2.147	172	3.043	244
7	<i>Of which the standardised approach</i>				
8	Of which internal model method (IMM)				
EU 8a	Of which exposures to a CCP	-	-	-	-
EU 8b	<i>Of which credit valuation adjustment - CVA</i>	907	73	2.796	224
9	Of which other CCR	-	-	-	-
15	Settlement risk	-	-	-	-
16	Securitisation exposures in the non-trading book (after the cap)	-	-	-	-
17	Of which SEC-IRBA approach	-	-	-	-
18	Of which SEC-ERBA (including IAA)	-	-	-	-
19	Of which SEC-SA approach	-	-	-	-
EU 19a	Of which 1250% / deduction	-	-	-	-

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20	Position. foreign exchange and commodities risks (Market risk)	5.163	413	5.419	434
21	<i>Of which the standardised approach</i>	5.163	413	5.419	434
22	Of which IMA	-	-	-	-
EU 22a	Large exposures	-	-	-	-
23	Operational risk	130.141	10.411	121.313	9.705
EU 23a	<i>Of which basic indicator approach</i>	130.141	10.411	121.313	9.705
EU 23b	Of which standardised approach	-	-	-	-
EU 23c	Of which advanced measurement approach	-	-	-	-
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	3.589	287	3.688	295
29	Total	1.273.045	101.844	1.379.979	110.398

6. CREDIT RISK

6.1 Definition of Credit Risk

In the ordinary course of its business the Bank is exposed to Credit Risk, which is monitored through various control mechanisms. Credit Risk is the risk of financial loss to the Bank if a customer and/or other counterparty to a financial instrument fail to meet their contractual obligations and arises primarily from the Bank's loans and advances to customers and investment in debt securities.

6.2 Credit Risk Management Framework

The Bank's Credit Risk management framework focus on ensuring a disciplined risk culture, transparency and rational risk-taking, based on international common practices. Credit Risk management methodologies are modified to reflect the changing financial environment.

The various Credit Risk assessment methods used are in line with the Bank's credit policy and procedures and revised annually or whenever deemed necessary and are adjusted according to the Bank's overall strategy and short-term and long-term objectives. The various analyses of economic sectors and sub-sectors, combined with economic forecasts, provide the guidelines for the determination of the credit policy, which is revised from time to time.

6.2.1 Measurement of Credit Risk and adoption of credit limits

Having as target the minimization of Credit Risk, the Bank takes into consideration the assigned collaterals and guarantees that reduce its exposure to Credit Risk, as well as the nature and duration of the credit facility. The Bank has also set concentration Credit Risk limits by taking into consideration the country's risk but also the economic sector in which it operates, as well as qualitative and quantitative characteristics.

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At the same time, limits have been established for the approval of credit facilities and lending procedures that provide for the segregation of duties, in order to ensure the objectivity, independence and monitoring of new and existing loans.

During the approval process the total Credit Risk is examined for each counterparty or group of counterparties which are related at Bank level. At the same time, any concentration is analysed and monitored on a continuous basis, with an aim to restrict potential large openings and dangerous concentrations, so that these will be in line with the existing credit policy limits. Concentration of Credit Risk can arise at the level of an economic sector, a counterparty or group of counterparties, country, currency and or nature of collateral.

Past due advances are monitored on a continuous basis and a systematic segregation between performing and non-performing advances is carried out according to the internal policy of the Bank, which takes into account the criteria of the CBC directive, the ECB Regulations and the EBA Guidelines. Significant exposures or delays are communicated to the Management which oversees the corresponding department for taking preventive or corrective measures.

Under the Risk management framework, there is an evaluation of the effects of extreme but feasible scenarios on the quality of the loan portfolio and to the available capital, through simulation of crisis conditions (stress testing). The simulations examine each business and individual portfolio and estimate possible increases of unsecured advances which are likely to arise due to future decreases in collateral values. The unsecured exposures are calculated based on values after the application of haircuts as defined by the Credit Policy.

6.3 Standardised Approach for Credit risk

The minimum capital requirements for Credit Risk are calculated on the level of the exposure using a factor of 8% as defined by the CRR. The following table shows the Risk Weighted Assets and the corresponding minimum capital requirements as at 31 December 2021 and 31 December 2020, for each of the exposure classes, based on the Standardised Approach:

	Risk Weighted Assets	Minimum Capital Requirements	Risk Weighted Assets	Minimum Capital Requirements
	31.12.2021	31.12.2021	1.12.2020	31.12.2020
Exposure class	€ 000	€ 000	€ 000	€ 000
Central Governments and Central Banks	7.099	568	16.509	1.321
Regional Governments or local authorities	2.510	201	1.768	141
Multilateral Development Banks	0	0	8.254	660
Institutions	14.785	1.183	44.926	3.594
Corporate	470.079	37.606	470.257	37.621
Retail	52.371	4.190	52.200	4.176
Secured by mortgages on immovable property	79.167	6.333	60.568	4.845

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Exposures in default	168.672	13.494	212.412	16.993
Items associated with particular high risk	125.612	10.049	167.813	13.425
Covered Bonds	10.529	842	10.625	850
Equity	10.868	869	10.100	808
Other Items	195.143	15.611	195.019	15.601
Total	1.136.834	90.947	1.250.451	100.035

6.4 Credit Risk Mitigation

The Bank implements various policies and methods, in order to achieve effective mitigation of Credit Risk, of which the most important are listed below:

6.4.1 Credit Risk Policy

The degree of risk associated with any credit exposure depends on many factors, including general conditions of the economy and the market, the financial position of borrowers, the amount, type and duration of exposure and the existence of collateral and guarantees. The Bank has established policies and procedures as part of the overall Credit Risk management framework. At minimum, the existing policies and procedures provide guidance to the staff on the credit evaluation/appraisal process, credit approval authorities, loan administration and documentation, roles and responsibilities of staff in the various functions of credit, the various types of tangible and non-tangible collaterals that are acceptable by the Bank for granting credit facilities, the management of problematic loans and procedures for early remedial action.

Further to the establishment of credit policies and procedures, which ensure that the credit granting activities are conducted in a safe and sound manner, in order to minimize Credit Risk, an integrated Credit Risk management information reporting framework is applied to closely monitor and manage portfolio Credit and Counterparty risk as well as Credit Risk concentrations.

6.4.2 Collaterals and securities

The Bank receives collaterals and/or securities for customers' loans, reducing the overall Credit Risk and ensuring the timely repayment of claims. For this purpose, it has identified and incorporated in its credit policy, eligible categories of collaterals and securities, the main ones of which are the following: Pledge on deposits, Bank letters of guarantee, Government Guarantees, Real Estate mortgages, Pledge on shares, Bonds or Treasury Bills, Stocks, Corporate and Personal guarantees, etc.

The evaluation of related collaterals and/ or securities takes place, initially at the time of the approval of the loan based on their current or fair value, and they are re-evaluated at regular intervals. The collateral coverage of the customer loan portfolio is monitored and reported on a regular basis, however, the Bank expects to enhance this reporting further with the new collateral module to be implemented in 2023.

6.4.3 Loan commitments

The Bank makes loan commitments to customers. ensuring their future financing as and when required. Loan commitments involve the same Credit Risk as loans and claims of the Bank and mainly concern letters of credit and letters of guarantee. The remaining tenor of loan commitments is analyzed and systematically monitored, as in general, loan commitments with longer tenors pose a greater risk than those with shorter tenors.

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6.4.4 Credit Risk limits

The monitoring of Counterparty Credit Risk is a key part of risk management. The Bank controls and mitigates the amount and concentration of Credit Risk by applying the credit limits for ‘Large Exposures to Customers and their Connected Persons’ as determined by the CRR and by setting also internal limits. These are monitored on a quarterly basis. The Bank has also set up Counterparty credit limits for sovereign and financial institutions which are mainly grade driven (i.e. investment grade, non-investment grade/non-rated). The Bank has set up internal limits for monitoring the customer loan portfolio sector concentration. These are updated from time to time based on the Bank’s risk appetite and macro-economic factor changes.

Internal rating systems

The methods for evaluation of credit rating differ depending on the type of counterparty in the following categories: central governments (purchase and holding of bonds), financial institutions, large corporates and SMEs and individuals. Individuals are evaluated based on two different methods of internal rating. The first method relates to existing customers and is based on the customers’ repayment history and their general cooperation with the Bank, while the second method, which is applied to both existing and new customers, is based both on demographic factors and objective financial data (e.g. income, assets etc.). For the evaluation of large corporate and SMEs, the system used is the Credit Lens of Moody’s (MRA), which evaluates the financial condition of the business based on its economic and qualitative data, but also based on the economic sector it operates in. The evaluation process is performed on a regular basis, usually upon review, or when conditions require it so that the customer’s credit rating is representative of the Credit Risk being undertaken and functions as a risk warning signal.

The customer’s credit rating is used during the process of approving credit facilities and the setting of respective credit limits, for internal calculations of the probability of default as well as for monitoring changes in the quality of the loan portfolio of the Bank, with the aim to develop the appropriate strategies for avoiding undertaking increased risks.

6.4.5 Use of External Credit Assessments Institutions’ (ECAI) ratings

The Bank uses external credit ratings from Fitch, Moody’s and Standard & Poor’s for the purpose of determining the risk weight of the relevant Credit Risk exposures, in line with article 138 of CRR. In the cases where the three credit ratings available for a specific exposure differ, the Bank takes the two credit ratings that generate the lowest risk weights, and then uses the worst out of the two (i.e. the one generating the highest risk weight). The Bank uses the issue-specific credit rating when available and only in the absence of such a rating it reverts to the issuer/counterparty credit assessment.

Credit ratings are mapped into Credit Quality Steps ranging from 1 to 6, as per the table below:

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

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6.4.6 Management of Credit Risk and CRM effects

The Bank obtains collaterals so as to better manage the Credit Risk that arises from loans and advances. The main types of collaterals that the Bank obtains are:

- Mortgages (Commercial, Residential and other)
- Government and bank guarantees
- Deposits
- Pledging of shares and bonds
- Other encumbrances and
- Personal and corporate guarantees.

As at 31 December 2021 the unfunded credit protection recognized by the Bank consisted mainly of Cyprus government guarantees which received 0% risk weight. The fair value of collaterals is determined using generally accepted valuation techniques, which include market price comparisons. Valuations are performed by independent third-party valuation professionals and the fair values are updated using official, published property price indices.

The Bank has robust procedures and processes to control any risk arising from the use of collaterals and from the interaction with its overall risk profile, including the risk of disruption or reduction of credit protection, valuations and collateral risk, the risk of termination of the credit protection and concentration risk.

Template 10: EU CR3 EBA CRM Techniques Overview - Disclosure of the use of credit risk mitigation techniques

31 December 2021 (€thousands)		Unsecured carrying amount	Secured carrying amount	Of which		
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	957.432	428.751	359.335	56.650	N/A
2	Debt securities	-	-	-	-	N/A
3	Total	957.432	428.751	359.335	56.650	N/A
4	<i>Of which non-performing exposures</i>	111.513	86.351	86.351	0	N/A
EU-5	<i>Of which defaulted</i>	111.513	86.351			

Includes all customer loans, both on- and off-balance sheet. Excludes spot deals and derivatives.

*** Includes mortgages on immovable property, cash, equities.*

*** Unfunded protection (i.e. guarantee).*

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Commentary: The overall decrease in Exposures (unsecured) was mainly driven due to the repayment of loans and the overall increase in Exposures (secured) was mainly driven by lending growth for which the collateral received was eligible under the CRM techniques of CRR purposes.

31 December 2020 (€thousands)		Unsecured carrying amount	Secured carrying amount	Of which		
				secured by collateral	secured by financial guarantees	
		a	b	c	d	Of which secured by credit derivatives e
1	Total loans*	977.292	378.452	322.038	56.415	N/A
2	Total debt securities					N/A
3	Total exposures	977.292	378.452	322.038	56.415	N/A
4	Of which non- performing exposures	162.203	75.533	75.533	0	N/A
EU-5	Of which defaulted	162.203	75.533			

* Includes all customer loans. both on- and off-balance sheet. Excludes spot deals and derivatives.

** Includes mortgages on immovable property, cash, equities.

** Unfunded protection (i.e. guarantee).

The tables below illustrate the effect of all CRM technics on exposure value that give rise to credit risk . applied in accordance with Part three, Title II, Chapter 4 of the CRR as at 31 December 2021 and 2020 respectively.

Template 11: EU CR4– Standardised approach – Credit Risk Exposure and CRM effects

31 December 2021 - (€thousands)		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
	Exposure classes	On- balance- sheet exposures	Off- balance- sheet exposures	On- balance- sheet exposures	Off- balance- sheet exposures	RWAs	RWAs density (%)
		a	b	c	d		
1	Central governments or central banks	1.559.023	0	1.615.673	0	7.099	0%
2	Regional government or local authorities	23.734	9.397	22.750	4.415	2.510	9%
3	Public sector entities	203	0	203	0	0	0%
4	Multilateral development banks	-	-	-	-	-	N/A

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5	International organisations	-	-	-	-	-	N/A
6	Institutions	65.198	279	65.020	174	14.785	23%
7	Corporates	616.923	137.684	508.545	29.165	470.079	87%
8	Retail	92.256	53.697	64.652	10.157	52.371	70%
9	Secured by mortgages on immovable property	209.403	32.639	209.403	8.379	79.167	36%
10	Exposures in default	143.460	6.429	142.646	1.086	168.672	117%
11	Exposures associated with particularly high risk	83.618	415	83.570	171	125.612	150%
12	Covered bonds	30.146	0	30.146	0	10.529	35%
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	N/A
14	Collective investment undertakings	-	-	-	-	-	N/A
15	Equity	10.868	0	10.868	0	10.868	100%
16	Other items	206.575	0	206.575	0	195.143	94%
17	TOTAL	3.041.407	240.540	2.960.051	53.546	1.136.834	38%

As at 31.12.2020 Exposure classes	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount*	Off-balance-sheet amount	On-balance-sheet amount*	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	1.334.485	0	1.390.900	0	16.509	1%
Regional government or local authorities	21.987	12.475	20.721	5.952	1.768	7%
Public sector entities	4.099	0	4.099	0	0	0%
Multilateral Development Banks	21.570	0	21.570	0	8.254	38%
International organisations	0	0	0	0	0	N/A
Institutions	101.010	248	64.324	157	44.926	70%
Corporates	576.797	138.653	505.175	30.552	470.257	88%
Retail	93.626	55.757	65.812	8.674	52.200	70%
Secured by mortgages on immovable property	162.826	21.723	162.826	4.839	60.568	36%
Exposures in default	174.888	8.416	173.788	2.124	212.412	121%

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Exposures associated with particularly high risk	109.133	5.861	109.047	2.828	167.813	150%
Covered bonds	30.374	0	30.374	0	10.625	35%
Institutions and corporates with a short-term credit assessment	0	0	0	0	0	N/A
Collective investment undertakings	0	0	0	0	0	N/A
Equity	10.100	0	10.100	0	10.100	100%
Other items	210.221	0	210.221	0	195.019	93%
Total	2.851.116	243.133	2.768.957	55.126	1.250.451	44%

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The tables below present the breakdown of exposures by asset class and risk weight as at 31 December 2021 and 2020 respectively.

Template 12: EU CR5 EBA guidelines – Standardised approach)

31 December 2021 €thousands	Exposure classes	Risk weight									Total	Of which unrated
		0%	20%	35%	50%	75%	100%	150%	250%	Others		
		a	e	f	g	i	j	k	l	o	p	q
		a	e	f	g	i	j	k	l	o	p	q
1	Central governments or central banks	1.599.069	4.010		12.593						1.615.673	
2	Regional government or local authorities	14.617	12.548								27.166	
3	Public sector entities	203									203	
4	Multilateral development banks	-	-	-	-	-	-	-	-	-	0	
5	International organisations	-	-	-	-	-	-	-	-	-	0	
6	Institutions	14.683	41.583		4.950		3.948	30			65.194	9.384
7	Corporates						535.238	2.471			537.710	537.526
8	Retail exposures					74.808					74.808	74.808

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9	Exposures secured by mortgages on immovable property			164.586	53.195						217.781	217.781
10	Exposures in default						93.850	49.882			143.731	143.731
11	Exposures associated with particularly high risk							83.741			83.741	83.741
12	Covered bonds		15.148		14.998						30.146	
13	Exposures to institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	-	-	-	0	
14	Units or shares in collective investment undertakings	-	-	-	-	-	-	-	-	-	0	
15	Equity exposures						10.868				10.868	10.868
16	Other items	12.616	1.213				191.311		1.436		206.575	206.575
17	TOTAL	1.641.189	74.502	164.586	85.737	74.808	835.216	136.124	1.436	0	3.013.597	1.284.416

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31 December 2020 €thousands	Exposure classes	Risk weight									Total p	Of which unrated q
		0%	20%	35%	50%	75%	100%	150%	250%	Others		
		a	e	f	g	i	j	k	l	o		
1	Central governments or central banks	1.326.286	52.660	0	11.954	0	0	0	0	0	1.390.900	
2	Regional government or local authorities	17.833	8.840	0	0	0	0	0	0	0	26.673	
3	Public Sector Entities	4.099	0	0	0	0	0	0	0	0	4.099	
4	Multilateral Development Banks	5.062	0	0	16.508	0	0	0	0	0	21.570	
5	International organisations										-	
6	Institutions	6.933	20.650	0	14.377	0	352	22.170	0		64.482	3.611
7	Corporates	40	0	0	0	0	535.324	363	0		535.727	535.727
8	Retail	0	0	0	0	74.487	0	0	0		74.487	74.487
9	Secured by mortgages on immovable property	0	0	129.279	38.386	0	0	0	0		167.665	167.665
10	Exposures in default	0	0	0	0	0	102.912	73.000	0		175.912	175.912



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11	Exposures associated with particularly high risk	0	0	0	0	0	0	111.875	0		111.875	111.875
12	Covered bonds	0	15.207	0	15.166	0	0	0	0		30.373	
13	Institutions and corporates with a short-term credit assessment										-	
14	Collective investment undertakings										-	
15	Equity	0	0	0	0	0	10.100	0	0		10.100	10.100
16	Other items	15.608	2.259	0	0	0	190.879	0	1.475		210.221	210.221
17	Total	1.375.861	99.616	129.279	96.391	74.487	839.568	207.408	1.475	0	2.824.084	1.289.598

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6.5 Risk of impairment

Past due items

Past due loans are those accounts with arrears or in excess of authorized credit limits (exceeding the regulatory materiality thresholds over 90 consecutive days) and exposures that are at the Debt Servicing Company.

All customer exposures that are not individually assessed, are assessed on a collective basis. For the purposes of calculating ECL, exposures are grouped into granular portfolios/ segments with shared risk characteristics. The granularity is based on different levels of segmentation which, among other factors include customer type, exposure class and portfolio type.

The Bank applies the IFRS 9 for the Bank's accounting for impairment losses for financial assets, which is a forward looking "expected credit loss model". This requires considerable judgement over how changes in economic factors affect expected credit losses (ECLs), which is determined on a probability-weighted basis.

The impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are measured at amortised cost or FVOCI;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

At initial recognition, impairment allowance (or provision in the case of commitments and guarantees) is required for ECL resulting from default events that are possible within the next 12 months (12-month ECL), unless assets are deemed as POCI. In the event of a significant increase in credit risk since initial recognition, impairment allowance is required resulting from all possible default events over the expected life of the financial instrument (lifetime ECL).

The Bank categorises its financial assets into Stage 1, Stage 2, Stage 3 and POCI for ECL measurement as described below:

- **Stage 1:** Financial assets which have not had a significant increase in Credit Risk since initial recognition are considered to be Stage 1 and 12-month ECL is recognised.
- **Stage 2:** Financial assets that are considered to have experienced a significant increase in Credit Risk since initial recognition are considered to be Stage 2 and lifetime losses are recognised.
- **Stage 3:** Financial assets which are considered to be credit-impaired (refer to Note 2 of the Bank's audited Financial Statements for financial year 2021 on how the Bank defines credit-impaired and default) and lifetime losses are recognised.
- **POCI:** 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. The Bank only recognizes the cumulative changes in lifetime ECLs since initial recognition.

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The Bank calculates 12-month ECLs and lifetime ECLs either on an individual basis or on a collective basis. The individual assessment is performed for individually significant Stage 3 assets. A risk-based approach is used on the selection criteria of the individually assessed population NPE or forbore NPE exposures above a certain amount. The ECL is calculated on an individually assessed basis and all relevant considerations of the expected future cash flows are taken into account (i.e. the realisable value of the collateral, the business prospects of the customer).

All customer exposures that are not individually assessed, are assessed on a collective basis. For the purposes of calculating ECL, exposures are grouped into granular portfolios/ segments with shared risk characteristics. The granularity is based on different levels of segmentation which, among other factors include customer type, industry sector, exposure class and portfolio type.

Key impairment concepts

1. Significant Credit Risk increase for loans and advances to customers

The Bank uses staging criteria to determine whether the Credit Risk on a particular financial instrument has increased significantly since initial recognition. The criteria for determining whether Credit Risk has increased significantly include delinquency and forbearance measures and are in line with Stage 2 criteria as follows:

- Days in Arrears: Exposures with more than 30 days in arrears
- Forbearance flag: A performing account with an active forbearance flag in line with the European Banking Authority (EBA) definition
- Facilities with at least two instances of 30 days past due in the last 12 months
- Facilities with at least one recent instance of forbearance in the last 12 months
- Facilities with higher than a specific internal credit rating level as developed by the Bank for assessing the credit quality of the customers
- For legal entities: Deterioration by 3 notches or more in the customers' rating compared to the latest of a) customers' rating at the inception of the loan or b) 1 January 2018 rating and the final rating is greater than a specific level based on the internal credit rating of the Bank.
- The probation period for transferring exposures from Stage 3 to Stage 1 is two quarters. During the probation period the exposures are classified as Stage 2.

2. Significant Credit Risk increase for financial instruments other than loans and advances to customers

Low credit risk simplification is adopted for debt security instruments, loans and advances to banks and balances with central banks with external credit ratings that are rated as investment grade. For debt security instruments and balances with Central banks and placements with other banks with external credit ratings that are rated as investment grade, the assessment of low credit risk is based on the external credit rating. For debt securities and balances with Central banks and placements with other banks which are below investment grade, the low credit risk simplification does not apply and therefore an assessment of significant credit deterioration takes place, by comparing their credit rating at origination with the credit rating on the reporting date. Significant deterioration in credit risk is considered to have occurred when the rating of the exposures drops to such an extent that the new rating relates to a riskier category (i.e. from a non-investment grade to speculative and then to highly speculative).

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All financial assets are transferred out of Stage 2 into Stage 1, if their credit risk is no longer considered to be significantly increased since initial recognition based on the assessments described above.

3. Credit impaired and definition of default

The Bank considers loans and advances to customers that meet the non-performing exposure (NPE) definition as per the EBA standards to be in default and hence Stage 3 (credit-impaired). Therefore, such loans have ECL calculated on a lifetime basis and are considered to be in default for credit risk management purposes.

As per the EBA standards and European Central Bank's (ECB) Guidance to Banks on Non-Performing Loans (which was published in March 2017), NPEs are defined as those exposures that satisfy one of the following conditions:

- (i) The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of the collateral, regardless of the existence of any past due amount or of the number of days past due.
- (ii) Defaulted or impaired exposures as per the approach provided in the Capital Requirement Regulation (CRR), which would also trigger a default under specific credit adjustment, distress restructuring and obligor bankruptcy.
- (iii) Material exposures as set by the Central Bank of Cyprus (CBC) and the Regulatory Technical Standards on the materiality threshold for past due credit obligations (EBA/RTS/2016/06, which are more than 90 consecutive days past due .
- (iv) Performing forbore exposures under probation for which additional forbearance measures are extended.
- (v) Performing forbore exposures under probation that present more than 30 days past due within the probation period and were initially (at restructuring) classified as NPE.

When a specific part of the exposures of a customer that fulfils the NPE criteria set out above is greater than 20% of the gross carrying amount of all on balance sheet exposures of that customer, then the total customer exposure is classified as non-performing; otherwise only the problematic part of the exposure is classified as non-performing.

Exposures cease to be considered as NPEs and in such case are transferred out of Stage 3, only when all of the following conditions are met:

- The extension of forbearance measures does not lead to the recognition of impairment or default.
- One year has passed since the forbearance measures were extended. In case of grace period loans, the exposure can exit the NPE status one year after the end of the grace period.
- Following the forbearance measures and according to the post-forbearance conditions, there is no past due amount or concerns regarding the full repayment of the exposure.
- No unlikely-to-pay criteria exist for the debtor.

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- The debtor has made post-forbearance payments of a not-insignificant amount of capital (different capital thresholds apply according to the restructuring type).

New default definition effective from 1 January 2021

As of 1 January 2021, the Bank has implemented the new default definition under Article 178 of the Capital Requirements Directive as per the new EBA Guidelines (EBA/GL/2016/07) and the Regulatory Technical Standards on the materiality threshold for past due credit obligations (EBA/RTS/2016/06). Based on the new EBA guidelines the following apply:

- A new counter for the days past due “DPD” based on new regulatory materiality thresholds is introduced whenever these thresholds are breached for more than 90 consecutive days. The counter stops counting days past due only when the arrears/excesses are reduced below the materiality thresholds.
- If a material forgiveness or postponement of principal, interest or fees results in a diminished financial obligation that exceeds the materiality threshold as defined in the relevant EBA/GL/2016/07 then the “Unlikeliness to Pay” criterion is triggered regardless of the days past due, resulting in a non-performing forbore classification.
- All non-performing exposures are subject to a three month probation period whereby, no default entry criteria are met. Once the probation period ends, exposures are re-classified to performing with the exception of non-performing forbore that continue to undergo a minimum of twelve month probation period.”

As at 1 January 2021, the impact of this change on the Bank was not significant for either the default balances or expected credit losses.

Debt securities, placements with other banks and balances with central banks are considered defaulted and transferred to Stage 3 if the issuers have failed to pay either interest or principal.

4. Scenarios and forward-looking inputs

The Bank uses reasonable and supportable information, including forward-looking information, in the calculation of ECLs. ECLs are the unbiased probability-weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. ECLs are calculated for three macroeconomic scenarios, baseline, pessimistic and optimistic and the output is the weighted average ECL based on the assigned probability of each scenario.

Macroeconomic scenarios impact both the probability of default (PD) and the loss given default (LGD). Specifically, forward looking information is embedded in the PDs based on regression equations derived on the basis of historical data. Forward looking information embedded in the PDs relates to GDP growth, unemployment rates, industrial production, commercial price indices and residential price indices. This process involves consideration of external actual and forecast information provided by the Central Bank of Cyprus. Moody’s Analytics and other providers of macroeconomic forecasts.

In regards to the LGD, the forward looking information is incorporated via the property indices for the types of properties (residential and commercial).

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Predicted relationships between the key indicators and default and loss rates on the portfolios of financial assets have been developed based on an analysis of historical data.

Qualitative adjustments or overlays are occasionally made when inputs calculated do not capture all the characteristics of the market at the reporting date.

5. Inputs into measurement of ECLs

The key inputs into the measurement of ECLs are the term structures of the following variables which are derived from statistical models and other historical data:

a. Probability of Default (PD)

PD represents the probability an exposure has to default and is calculated based on statistical models using a combination of Division, industry, customer type and product type criteria and taking into consideration the Bank's historical default rates and forward-looking information based on macroeconomic inputs. For the purposes of the PD estimation the Bank uses the EBA definition of NPE as its definition of default. As a result, the Bank has applied a methodology that suits the Bank's portfolio complexity and data availability.

The Bank's IFRS 9 PD estimation approach consists of the following key steps:

- Step 1: Use historic default rates to estimate the Through The Cycle ("TTC") probabilities of default;
- Step 2: Establish a model linking the default rates to macroeconomic variables thus, mapping external market dynamics onto the Bank's internal credit risk parameters. i.e. to fit a distribution function to the observed cumulative default rates using a transformation of the Weibull distribution;
- Step 3: Obtain the point in time (PIT) PDs by adjusting the TTC conditional PD profile from step 1 using the forecasted default rate established in step 2 for years 1-3 and forecasted for the default rates based on appropriate long term assumptions with regards to economic activity.

PDs are estimated on a number of observation basis in light of the limited number of observations. For Legal Entities the PDs are estimated at a debtor level and at a facility level for all other segments.

b. Loss Given Default (LGD)

LGD represents an estimate of the loss if default occurs at a given time. It is usually expressed as a percentage of the EAD. It takes into account parameters such as the collateral value which is discounted to the present value determining the amount of the expected shortfall.

The structure of the LGD model considers:

- Curing where the probability of cure model was derived based on historical observations.
- Non-curing including cash recovery or realisation of collaterals either voluntarily, i.e. debt for asset swap, or through forced sale, auctions and foreclosure and receivership.

c. Exposure At Default (EAD)

EAD represents the expected exposure in the event of a default during the life of a financial instrument. The EAD methodology is differentiated in the following categories: Revolving and Non-Revolving exposures. In case of Revolving exposures all future EAD changes are recognised by a credit conversion factor parameter. The credit conversion factor model is derived based on historical data

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from the last 6 years. For Non-Revolver exposures the term is based on the contractual term of the exposure and both on-balance sheet and off-balance sheet exposures are amortised in accordance with the principal contractual payment schedule of each exposure. In regards to the credit-impaired exposures, the EAD is equal to the on-balance sheet amount as at the reporting date. ECL is discounted at the effective interest rate at initial recognition or an approximation thereof.

6. ECL measurement period

The period for which lifetime losses are determined is based on the contractual life of a financial instrument. For revolving loans, the period for which lifetime losses are determined is set at 12 months representing the next review date of the facility, at which the Bank has the right to limit or to cancel the exposure. For irrevocable loan commitments and financial guarantee contracts, the measurement period is determined similarly to the period of the revolving facilities.

The tables related to the loans and advances were completed on a best effort basis. The tables below disclose the net exposure value by residual maturities of loans and advances and debt securities as at 31 December 2021 and 2020 respectively.

Template 13: EU CR1-A: Maturity of exposures

31 December 2021 (€ thousands)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	167.808	128.846	210.181	630.076	-	1.136.911
2	Debt securities	-	519.324	332.071	88.497	-	939.892
3	Total	167.808	648.170	542.252	718.573	-	2.076.803

31 December 2020 (€ thousands)		a	b	c	d	e	f
		Net exposure value					
		On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	166.017	119.635	188.419	626.322	-	1.100.393
2	Debt securities	-	450.701	304.190	104.005	-	858.896
3	Total	166.017	570.336	492.609	730.327	-	1.959.289

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The tables below present the gross carrying amount, broken down by exposure class, of performing and non-performing exposures, including a breakdown of past due exposures by the number of days that they have been past due as at 31 December 2021 and 2020 respectively.

Template 14: EU CQ3: Credit quality of performing and non-performing exposures by past due days

31 December 2021 (€ thousands)		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		
005	Cash balances at central banks and other demand deposits	686.029	686.029	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	964.956	954.543	10.413	332.769	51.795	3.428	15.705	6.396	53.331	32.339	169.775	332.769	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	9.156	9.156	-	-	-	-	-	-	-	-	-	-	
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	53.256	44.604	8.652	2.298	42	-	16	-	36	5	2.199	2.298	
060	Non-financial corporations	679.178	679.172	6	186.065	31.733	817	11.136	2.834	37.995	18.480	83.070	186.065	
070	Of which SMEs	200.616	200.610	6	160.950	18.832	817	5.997	2.834	32.562	18.369	81.539	160.950	
080	Households	223.366	221.611	1.755	144.406	20.020	2.611	4.553	3.562	15.300	13.854	84.506	144.406	
090	Debt securities	940.217	940.217	-	-	-	-	-	-	-	-	-	-	
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	

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110	General governments	903.451	903.451	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	36.563	36.563	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	203	203	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	234.739			7.163								7.163
160	Central banks	-			-								-
170	General governments	9.399			-								-
180	Credit institutions	-			-								-
190	Other financial corporations	4.821			-								-
200	Non-financial corporations	169.072			6.523								6.523
210	Households	51.447			640								640
220	Total	2.825.941	2.580.789	10.413	339.932	51.795	3.428	15.705	6.396	53.331	32.339	169.775	339.932

31 December 2020 (€ thousands)		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		
005	Cash balances at central banks and other demand deposits	590.997	590.997	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	894.538	892.127	2.411	388.415	65.511	1.350	4.568	21.865	50.200	70.917	174.004	388.415	

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020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
030	General governments	4.205	4.205	-	-	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-
050	Other financial corporations	60.999	60.961	38	2.180	41	-	-	-	37	2	2.100	2.180
060	Non-financial corporations	640.215	637.842	2.373	229.440	50.941	479	2.225	13.395	33.392	44.907	84.101	229.440
070	Of which SMEs	202.976	202.937	38	188.809	24.361	479	2.225	13.123	26.912	43.098	78.611	188.809
080	Households	189.119	189.119	-	156.795	14.529	871	2.343	8.470	16.771	26.008	87.803	156.795
090	Debt securities	860.186	860.186	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	778.549	778.549	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	77.538	77.538	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	4.099	4.099	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	236.072			8.935								8.336
160	Central banks	-			-								-
170	General governments	12.478			-								-
180	Credit institutions	-			-								-
190	Other financial corporations	2.892			-								-
200	Non-financial corporations	178.447			8.200								8.097
210	Households	42.255			735								239
220	Total	2.581.793	2.343.310	2.411	397.350	65.511	1.350	4.568	21.865	50.200	70.917	174.004	396.751

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The tables below present the gross carrying amount of performing and non-performing exposures and the related accumulated impairment, provision and accumulated negative changes in fair value due to credit risk by geographical location as at 31 December 2021 and 2020 respectively.

Template 15: EU CQ4: Quality of non-performing exposures by geography

31 December 2021 (€ thousands)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance- sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing	Of which subject to impairment				
	Of which defaulted							
010	<i>On-balance-sheet exposures</i>	2.237.942	332.769	332.769	2.237.942	(161.140)		-
020	<i>CYPRUS CY</i>	1.516.514	321.095	321.095	1.516.514	(155.915)		-
070	<i>Other countries</i>	721.428	11.674	11.674	721.428	(5.225)		-
080	<i>Off-balance-sheet exposures</i>	241.902	7.164	7.164			(771)	
090	<i>CYPRUS CY</i>	226.523	6.761	6.761			(771)	
100	<i>GREECE GR</i>	12.015	2	2			-	
140	<i>Other countries</i>	3.364	401	401			-	
150	Total	2.479.844	339.933	339.933	2.237.942	(161.140)	(771)	-

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31 December 2020 (€ thousands)		a	b	c	d	e	f	g
		Gross carrying/nominal amount				Accumulated impairment	Provisions on off-balance-sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing		Of which subject to impairment			
			Of which defaulted					
010	On-balance-sheet exposures	2.143.139	388.415	388.415	2.143.139	(183.849)		-
020	CYPRUS CY	1.562.038	378.047	378.047	1.562.038	(180.578)		-
	GREECE GR	261.722	48	48	261.722	(912)		
070	Other countries	319.379	10.320	10.320	319.379	(2.359)		-
080	Off-balance-sheet exposures	245.007	8.935	8.935			(2.122)	
090	CYPRUS CY	232.134	8.457	8.457			(2.013)	
140	Other countries	12.873	478	478			(109)	
150	Total	2.388.146	397.350	397.350	2.143.139	(183.849)	(2.122)	-

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The tables below presents the gross carrying amount of loans and advances to non-financial corporations and the related accumulated impairment and accumulated change in fair value due to credit risk by industry of the counterparty as at 31 December 2021 and 31 December 2020:

Template 16: EU CQ5: Credit quality of loans and advances to non-financial corporations by industry

31 December 2021 (€ thousands)		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
			Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment		
010	Agriculture, forestry and fishing			4.422		2.043	2.043
020	Mining and quarrying	15.074	1	1	15.074	(524)	-
030	Manufacturing	39.928	3.117	3.117	39.928	(2.139)	-
040	Electricity, gas, steam and air conditioning supply	24.517	7.593	7.593	24.517	(5.162)	-
050	Water supply	55.895	42	42	55.895	(43)	-
060	Construction	153.298	96.199	96.199	153.298	(46.237)	-
070	Wholesale and retail trade	114.166	23.286	23.286	114.166	(13.581)	-
080	Transport and storage	108.494	1.772	1.772	108.494	(1.543)	-
090	Accommodation and food service activities	129.585	14.030	14.030	129.585	(4.556)	-
100	Information and communication	17.690	49	49	17.690	(248)	-
110	Financial and insurance activities	5.318	-	-	5.318	(0)	-
120	Real estate activities	143.406	22.438	22.438	143.406	(7.322)	-

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130	Professional, scientific and technical activities	13.347	6.575	6.575	13.347	(3.248)	-
140	Administrative and support service activities	7.382	2.734	2.734	7.382	(1.896)	-
150	Public administration and defense, compulsory social security					-	-
160	Education	5.373	4.092	4.092	5.373	-	-
170	Human health services and social work activities	24.782	178	178	24.782	(392)	-
180	Arts, entertainment and recreation	1.334	744	744	1.334	(189)	-
190	Other services	1.235	1.173	1.173	1.235	(578)	-
200	Total	865.243	186.065	186.065	865.243	(87.994)	-

31 December 2020 (€ thousands)		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non-performing exposures
		Of which non-performing	Of which defaulted	Of which loans and advances subject to impairment			
010	Agriculture, forestry and fishing			7.905	5.215	5.215	7.905
020	Mining and quarrying	15.424	1	1	15.424	(593)	-
030	Manufacturing	45.330	6.596	6.596	45.330	(3.542)	-
040	Electricity, gas, steam and air conditioning supply	33.879	7.286	7.286	33.879	(4.498)	-
050	Water supply	55.396	38	38	55.396	(33)	-



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060	Construction	184.403	118.798	118.798	184.403	(51.722)	-
070	Wholesale and retail trade	114.518	29.345	29.345	114.518	(17.008)	-
080	Transport and storage	122.229	2.122	2.122	122.229	(1.766)	-
090	Accommodation and food service activities	112.677	18.981	18.981	112.677	(4.669)	-
100	Information and communication	638	70	70	638	(8)	-
110	Financial and insurance activities	180	-	-	180	-	-
120	Real estate activities	138.529	25.760	25.760	138.529	(12.203)	-
130	Professional, scientific and technical activities	16.485	5.912	5.912	16.485	(1.124)	-
140	Administrative and support service activities	8.739	2.959	2.959	8.739	(1.535)	-
150	Public administration and defense, compulsory social security	-	-	-	-	-	-
160	Education	5.485	3.963	3.963	5.485	-	-
170	Human health services and social work activities	5.843	623	623	5.843	(130)	-
180	Arts, entertainment and recreation	775	687	687	775	(186)	-
190	Other services	1.220	1.084	1.084	1.220	(123)	-
200	Total	869.655	229.440	229.440	869.655	(102.395)	-

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The tables below present the gross carrying amount of loans and advances collateralized, the related accumulated impairment and the value of the collateral/financial guarantees received and the partial write-offs for these exposures broken down by past due bucket. as at 31 December 2021 and 31 December 2020:

Template 17: EU CQ6: Collateral valuation - loans and advances

31 December 2021 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
		Performing			Non-performing								
			Of which past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days							
				Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years				
010	Gross carrying amount	1.297.725	964.956	10.413	332.769	51.793	280.976	3.429	15.706	6.396	53.331	32.339	169.775
020	<i>Of which secured</i>	1.052.473	769.071	9.653	283.402	43.724	239.678	2.017	15.294	5.464	46.318	27.895	142.690
030	<i>Of which secured with immovable property</i>	910.953	630.399	9.522	280.554	42.603	237.951	2.009	15.211	5.390	46.021	27.853	141.467
040	<i>Of which instruments with LTV higher than 60% and lower or equal to 80%</i>	1.825	60		1.765	291	1.474						
050	<i>Of which instruments with LTV higher than 80% and lower or equal to 100%</i>	19.766	4.470		15.296	6.806	8.490						
060	<i>Of which instruments with LTV higher than 100%</i>	888.321	625.842		262.479	35.490	226.989						

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070	Accumulated impairment for secured assets	(115.682)	(5.851)	(152)	(109.831)	(2.776)	(107.055)	(179)	(4.980)	(573)	(15.455)	(10.329)	(75.539)
080	Collateral												
090	<i>Of which value capped at the value of exposure</i>	824.848	663.377	9.499	161.471	37.694	123.777	1.838	10.086	4.298	29.892	16.887	60.776
100	<i>Of which immovable property</i>	707.587	547.125	9.370	160.462	37.184	123.278	1.837	10.075	4.215	29.758	16.876	60.517
110	<i>Of which value above the cap</i>	3.845	203	-	3.642	503	3.139	-	-	1	336	435	2.367
120	<i>Of which immovable property</i>	3.806	203	-	3.603	503	3.100	-	-	1	332	435	2.332
130	Financial guarantees received	58.518	57.884	128	634	494	140	1	8	50	81	-	-
140	Accumulated partial write-off	(3.983)	(11)	-	(3.972)	(720)	(3.252)	-	-	(234)	(953)	(326)	(1.739)

31 December 2020 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l
		Loans and advances											
		Performing			Non-performing								
					Of which past due > 30 days ≤ 90 days	Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days						
								Of which past due > 90 days ≤ 180 days	Of which: past due > 180 days ≤ 1 year	Of which: past due > 1 years ≤ 2 years	Of which: past due > 2 years ≤ 5 years	Of which: past due > 5 years ≤ 7 years	Of which: past due > 7 years
010	Gross carrying amount	1.282.953	894.538	2.412	388.415	65.512	322.903	1.350	4.567	21.866	50.200	70.917	174.003
020	<i>Of which secured</i>	1.021.664	703.776	1.613	317.887	60.734	257.153	1.003	3.854	19.081	44.455	61.897	126.863



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030	<i>Of which secured with immovable property</i>	858.548	543.826	1.040	314.722	60.104	254.618	722	3.785	18.661	43.931	61.615	125.904
040	<i>Of which instruments with LTV higher than 60% and lower or equal to 80%</i>	1.938	62	-	1.876	306	1.570	-	-	-	-	-	-
050	<i>Of which instruments with LTV higher than 80% and lower or equal to 100%</i>	80.599	49.432	801	31.167	2.189	28.978	-	-	-	-	-	-
060	<i>Of which instruments with LTV higher than 100%</i>	774.864	494.268	239	280.596	57.541	223.055	-	-	-	-	-	-
070	Accumulated impairment for secured assets	117.601	6.724	6	110.877	3.686	107.191	283	270	1.799	16.342	24.635	63.862
080	Collateral												
090	<i>Of which value capped at the value of exposure</i>	790.681	593.684	1.555	196.998	51.362	145.636	725	3.309	17.359	28.145	35.770	60.328
100	<i>Of which immovable property</i>	680.755	486.031	1.035	194.725	50.924	143.801	602	2.951	17.097	27.863	35.643	59.645
110	<i>Of which value above the cap</i>	5.176	423	7	4.752	423	4.329	5	6	202	558	1.089	2.469
120	<i>Of which immovable property</i>	5.125	402	7	4.723	423	4.300	5	3	199	549	1.086	2.458
130	Financial guarantees received	36.567	35.476	519	1.091	434	657	123	50	173	213	3	95
140	Accumulated partial write-off	7.254	10	-	7.244	518	6.726	7	95	792	337	4.092	1.403

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Collateral obtained by taking possession and execution processes

The table below presents the value at initial recognition of collateral obtained by taking possession and held in the Bank's Balance Sheet as at 31 December 2021 and 31 December 2020, respectively, as well as the accumulated negative changes to the initial recognition value of the respective collaterals broken down by asset category:

Template 18: EU CQ7: Collateral obtained by taking possession and execution processes

31 December 2021 (€ thousands)		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	148,507	(7.878)
030	<i>Residential immovable property</i>	104,021	(6.575)
040	<i>Commercial Immovable property</i>	35,649	(1.303)
050	<i>Movable property (auto. shipping. etc.)</i>	-	-
060	<i>Equity and debt instruments</i>	8,837	-
070	<i>Other collateral</i>	-	-
080	Total	148,507	(7.878)

Commentary: The total value of collateral obtained by taking possession decreased by €18m as a result of the increase of outflows in 2021 compared to 2020.

31 December 2020 (€ thousands)		a	b
		Collateral obtained by taking possession	
		Value at initial recognition	Accumulated negative changes
010	Property, plant and equipment (PP&E)	-	-
020	Other than PP&E	166.741	(13.102)
030	<i>Residential immovable property</i>	98.044	(8.822)
040	<i>Commercial Immovable property</i>	59.860	(4.280)
050	<i>Movable property (auto. shipping. etc.)</i>	-	-
060	<i>Equity and debt instruments</i>	8.837	-
070	<i>Other collateral</i>	-	-
080	Total	166.741	(13.102)

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The table below presents the collateral obtained by taking possession, the value at initial recognition and the related accumulated negative changes to the initial value including the vintage of the foreclosed assets. The table also includes the gross carrying amount and accumulated negative changes of the debts cancelled in exchange for the collateral obtained.

Template 19: EU CQ8: Collateral obtained by taking possession and execution processes – vintage breakdown

31 December 2021 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale	
Value at initial recognition	Accumulated negative changes					Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes		
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	340.393	(87.712)	148.507	(7.878)	16.791	(503)	48.480	(3.398)	83.236	(3.977)	-	-
030	Residential immovable property	267.389	(68.413)	104.021	(6.575)	12.082	(284)	37.845	(2.662)	54.094	(3.629)	-	-
040	Commercial immovable property	62.375	(16.993)	35.649	(1.303)	4.709	(219)	10.635	(736)	20.305	(348)	-	-
050	Movable property (auto. shipping, etc.)	-	-	-	-	-	-	-	-	-	-	-	-
060	Equity and debt instruments	10.629	(2.306)	8.837	-	-	-	-	-	8.837	-	-	-
070	Other collateral	-	-	-	-	-	-	-	-	-	-	-	-
080	Total	340.393	(87.712)	148.507	(7.878)	16.791	(503)	48.480	(3.398)	83.236	(3.977)	-	-

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December 2020 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l
		Debt balance reduction		Total collateral obtained by taking possession									
				Foreclosed ≤ 2 years		Foreclosed > 2 years ≤ 5 years		Foreclosed > 5 years		Of which non-current assets held-for-sale			
		Gross carrying amount	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes	Value at initial recognition	Accumulated negative changes
010	Collateral obtained by taking possession classified as PP&E	-	-	-	-								
020	Collateral obtained by taking possession other than that classified as PP&E	344.644	(101.160)	166.741	(13.102)	24.378	(5.335)	93.150	(6.537)	49.213	(1.230)	-	-
030	Residential immovable property	241.975	(71.037)	98.044	(8.822)	20.326	(5.316)	47.512	(1.688)	30.206	(1.818)	-	-
040	Commercial immovable property	92.040	(27.817)	59.860	(4.280)	4.052	(19)	45.638	(4.849)	10.170	588	-	-
050	Movable property (auto. shipping, etc.)	-	-	-	-	-	-	-	-	-	-	-	-
060	Equity and debt instruments	10,629	(2,306)	8,837	-	-	-	-	-	8,837	-	-	-
070	Other collateral	-	-	-	-	-	-	-	-	-	-	-	-
080	Total	344.644	(101.160)	166.741	(13.102)	24.378	(5.335)	93.150	(6.537)	49.213	(1.230)	-	-

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Forborne Exposures

The tables below present the gross carrying amount, the related accumulated impairment, accumulated changes in fair value due to credit risk and provisions, and the collateral and financial guarantees received, of forborne exposures, broken down by exposure class, as at 31 December 2021 and 31 December 2020 respectively.

Template 20: EU CQ1 - Credit quality of forborne exposures

31 December 2021 (€ thousands)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forborne exposures	
		Performing forborne	Non-performing forborne		On performing forborne exposures	On non-performing forborne exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
Of which defaulted	Of which impaired								
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	125.900	100.192	100.192	100.192	(3.137)	(16.776)	193.704	76.370
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	11.445	-	-	-	(120)	-	11.326	-
060	Non-financial corporations	109.622	68.538	68.538	68.538	(3.017)	(9.964)	155.522	53.608
070	Households	4.833	31.654	31.654	31.654	-	(6.812)	26.856	22.762
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	1.763	3.528	3.528	3.528	-	-	-	-
100	Total	127.663	103.720	103.720	103.720	(3.137)	(16.776)	193.704	76.370

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31 December 2020 (€ thousands)		a	b	c	d	e	f	g	h
		Gross carrying amount/nominal amount of exposures with forbearance measures				Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions		Collateral received and financial guarantees received on forbore exposures	
		Performing forbore	Non-performing forbore		On performing forbore exposures	On non-performing forbore exposures		Of which collateral and financial guarantees received on non-performing exposures with forbearance measures	
Of which defaulted	Of which impaired								
005	Cash balances at central banks and other demand deposits	-	-	-	-	-	-	-	-
010	Loans and advances	44.425	112.617	112.617	112.617	(2.317)	(13.991)	127.880	90.997
020	Central banks	-	-	-	-	-	-	-	-
030	General governments	-	-	-	-	-	-	-	-
040	Credit institutions	-	-	-	-	-	-	-	-
050	Other financial corporations	13.061	-	-	-	(342)	-	12.838	-
060	Non-financial corporations	28.082	81.756	81.756	81.756	(1.659)	(8.683)	87.607	65.570
070	Households	3.282	30.861	30.861	30.861	(316)	(5.308)	27.435	25.427
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	2.564	703	703	703	-	-	-	-
100	Total	46.989	113.320	113.320	113.320	(2.317)	(13.991)	127.880	90.997

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Template 21: EU CQ2: Quality of forbearance

31 December 2021 (€ thousands)		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	38.275
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	73.162

Commentary: The majority of the cases that have been forborne more than twice relate to accounts that were under the Covid-19 Moratorium.

31 December 2020 (€ thousands)		a
		Gross carrying amount of forborne exposures
010	Loans and advances that have been forborne more than twice	11.720
020	Non-performing forborne loans and advances that failed to meet the non-performing exit criteria	73.097

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Performing and non-performing exposures and related provisions

The table below presents the gross carrying amount, impairments, accumulated changes in fair value due to credit risk, accumulated partial write-offs and collateral and financial guarantees received, for both performing and non-performing exposures, with a breakdown by exposure class and staging as at 31 December 2021 and 31 December 2020:

Template 22: EU CR1 - Performing and non-performing exposures and related provisions

31 December 2021 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures				Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
005	Cash balances at central banks and other demand deposits	686.029	686.029	-	-	-	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	964.956	790.565	174.391	332.769	-	332.769	(11.244)	(6.133)	(5.111)	(149.571)	-	(149.571)	(3.983)	663.377	161.471	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	9.156	9.156	-	-	-	-	(44)	(44)	-	-	-	-	-	7.661	-	
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	53.256	32.203	21.053	2.298	-	2.298	(683)	(336)	(347)	(1.342)	-	(1.342)	-	42.363	922	
060	Non-financial corporations	679.178	536.495	142.683	186.065	-	186.065	(9.377)	(4.788)	(4.589)	(78.617)	-	(78.617)	(1.337)	433.847	97.723	

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070	<i>Of which SMEs</i>	200.616	143.707	56.90 9	160.950	-	160.950	(3.829)	(1.263)	(2.566)	(72.149)	-	(72.149)	(338)	160.176	
080	<i>Households</i>	223.366	212.711	10.65 5	144.406	-	144.406	(1.140)	(965)	(175)	(69.612)	-	(69.612)	(2.646)	179.506	62.826
090	<i>Debt securities</i>	940.217	940.217	-	-	-	-	-	-	-	-	-	-	-	-	-
100	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	<i>General governments</i>	903.451	903.451	-	-	-	-	-	-	-	-	-	-	-	-	-
120	<i>Credit institutions</i>	36.563	36.563	-	-	-	-	-	-	-	-	-	-	-	-	-
130	<i>Other financial corporations</i>	203	203	-	-	-	-	-	-	-	-	-	-	-	-	-
140	<i>Non-financial corporations</i>	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	<i>Off-balance-sheet exposures</i>	234.739	234.739	-	7.163	-	7.163	(870)	-	-	(772)	-	(772)		-	-
160	<i>Central banks</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	<i>General governments</i>	9.399	9.399	-	-	-	-	(3)	-	-	-	-	-		-	-
180	<i>Credit institutions</i>	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190	<i>Other financial corporations</i>	4.821	4.821	-	-	-	-	(7)	-	-	-	-	-		-	-
200	<i>Non-financial corporations</i>	169.072	169.072	-	6.523	-	6.523	(737)			(742)	-	(742)		-	-
210	<i>Households</i>	51.447	51.447	-	640	-	640	(123)			(30)	-	(30)		-	-
220	Total	2.825.941	2.651.550	174.391	339.932	-	339.932	(12.114)	(6.133)	(5.111)	(150.343)	-	(150.343)	(3.983)	663.377	161.471

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31 December 2020 (€ thousands)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
		Gross carrying amount/nominal amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write-off	Collateral and financial guarantees received	
		Performing exposures			Non-performing exposures				Performing exposures – accumulated impairment and provisions			Non-performing exposures – accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non-performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3				
005	Cash balances at central banks and other demand deposits	590.997	590.997	-	-	-	-	-	-	-	-	-	-	-	-	-	
010	Loans and advances	894.538	744.004	150.534	388.415	-	388.415	(12.222)	(7.123)	(5.099)	(170.337)	-	(170.337)	(7.254)	593.684	196.998	
020	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
030	General governments	4.205	4.205	-	-	-	-	(58)	(58)	-	-	-	-	-	2.370	-	
040	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
050	Other financial corporations	60.999	47.921	13.078	2.180	-	2.180	(802)	(459)	(343)	(614)	-	(614)	-	31.496	1.409	
060	Non-financial corporations	640.215	518.099	122.116	229.440	-	229.440	(9.422)	(5.483)	(3.939)	(92.973)	-	(92.973)	(5.519)	414.753	126.250	
070	Of which SMEs	202.976	161.095	17.682	188.809	-	188.809	(3.732)	(1.810)	(1.922)	(83.586)	-	(83.586)	(5.519)	154.224	98.483	



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080	Households	189.119	173.779	15.340	156.795	-	156.795	(1.940)	(1.123)	(817)	(76.750)	-	(76.750)	(1.735)	145.065	69.339
090	Debt securities	860.186	860.186	-	-	-	-	-	-	-	-	-	-	-	-	-
100	Central banks	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
110	General governments	778.549	778.549	-	-	-	-	-	-	-	-	-	-	-	-	-
120	Credit institutions	77.538	77.538	-	-	-	-	-	-	-	-	-	-	-	-	-
130	Other financial corporations	4.099	4.099	-	-	-	-	-	-	-	-	-	-	-	-	-
140	Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
150	Off-balance-sheet exposures	236.072	214.139	21.933	8.935	-	8.935	(1.715)	(1.150)	(565)	(405)	-	(405)		-	-
160	Central banks	-	-	-	-	-	-	-	-	-	-	-	-		-	-
170	General governments	12.478	12.478	-	-	-	-	(3)	(3)	-	-	-	-		-	-
180	Credit institutions	-	-	-	-	-	-	-	-	-	-	-	-		-	-
190	Other financial corporations	2.892	2.883	9	-	-	-	(2)	(2)	-	-	-	-		-	-
200	Non-financial corporations	178.447	157.135	21.312	8.200	-	8.200	(1.574)	(1.012)	(562)	(366)	-	(366)		-	-
210	Households	42.255	41.643	612	735	-	735	(136)	(133)	(3)	(39)	-	(39)		-	-
220	Total	2.581.793	2.409.326	172.467	397.350	-	397.350	(13.937)	(8.273)	(5.664)	(170.742)	-	(170.742)	(7.254)	593.684	196.998

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Changes in the stock of non-performing loans and advances

The table below presents the movements of the gross carrying amount of non-performing loans and advances during 2021 and 2020 with specific details of the net cumulative recoveries related to these changes:

Template 23: EU CR2: Changes in the stock of non-performing loans and advances

(€ thousands)		a	
		Gross carrying amount 31 December 2021	Gross carrying amount 31 December 2020
010	Initial stock of non-performing loans and advances	388.415	400.382
020	Inflows to non-performing portfolios	19.478	72.515
030	Outflows from non-performing portfolios	(75.124)	(84.482)
040	<i>Outflows due to write-offs</i>	(46.297)	(19.791)
050	<i>Outflow due to other situations</i>	(28.827)	(64.691)
060	Final stock of non-performing loans and advances	332.769	388.415

The tables below present the movements of the gross carrying amount of non-performing loans and advances from 1 January 2021 to 31 December 2021 and from 1 January 2020 to 31 December 2020 respectively, with specific details on the net accumulated recoveries related to these changes.

Template 24: EU CR2a: Changes in the stock of non-performing loans and advances and related net accumulated recoveries

(€ thousands)		a	b	a	b
		Gross carrying amount 31 December 2021	Related net accumulated recoveries 31 December 2021	Gross carrying amount 31 December 2020	Related net accumulated recoveries 31 December 2020
010	Initial stock of non-performing loans and advances	388.415		400.382	
020	Inflows to non-performing portfolios	19.478		72.515	
030	Outflows from non-performing portfolios	(75.124)		(84.482)	
040	<i>Outflow to performing portfolio</i>	(6.394)		(52.549)	
050	<i>Outflow due to loan repayment, partial or total</i>	(8.263)		(7.185)	
060	<i>Outflow due to collateral liquidations</i>			-	
070	<i>Outflow due to taking possession of collateral</i>	(14.170)	(12708)	(4.957)	
080	<i>Outflow due to sale of instruments</i>		-	-	-
090	<i>Outflow due to risk transfers</i>			-	
100	<i>Outflows due to write-offs</i>	(46.297)		(19.791)	
110	<i>Outflow due to other situations</i>			-	
120	<i>Outflow due to reclassification as held for sale</i>	-	-	-	
130	Final stock of non-performing loans and advances	332.769		388.415	

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6.6 Exposures to Counterparty Credit Risk (CCR) and Credit Valuation Adjustment (CVA)

Risk Article 432 of CRR provides that Institutions have the right to omit one or more disclosure requirements if the information provided by such disclosures is not regarded as material. Information in disclosures 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.

Pursuant to EBA Guidelines on materiality, proprietary and confidentiality and on disclosure frequency under Articles 432(1), 432(2) and 433 of CRR, it was decided that the disclosure requirements of Article 439 of CRR and information relating to Credit Valuation Adjustment Risk (CVA Risk) be omitted from Pillar III disclosures since the information provided under this Article is not regarded as material for the Bank, as per the provisions of the said guidelines.

The information requirements of Article 439 relate to Derivative Exposures while the information on CVA risk relates specifically to Over-The-Counter Derivative Exposures of the Bank. This information has been assessed as non- material based on:

- Business model of the Bank and its long-term strategy to which derivative positions are assessed as non-relevant.
- The size of the derivative exposures both in terms of gross exposure (0,16% of total exposure) and in terms of Risk Weighted Asset Base (0,7% of Total RWA).
- Impact on the overall risk profile of the institution which is deemed as negligible based on the amount and nature of the exposure.

The materiality of the disclosure requirements included in Article 439 and information related to CVA Risk will be re-assessed each year.

Information on loans and advances subject to legislative and non-legislative moratoria

Following the expiration of the first moratorium on 31 December 2020, a second moratorium for the suspension of instalments of capital and interest was introduced by the Cyprus Government in January 2021 until 30 June 2021 for customers impacted by the second lockdown, subject to certain criteria. The table provides an overview of the credit quality of loans and advances subject to legislative and non-legislative moratoria as at 31 December 2020 as following the expiration of both moratoria on 31 December 2020 and 30 June 2021 respectively, no further legislative moratoria have been introduced which explains the reason for reporting NIL figures as at 31 December 2021. The type of eligible moratorium granted was the suspension of instalments of capital and interest for a period of nine months. Moratorium was applied to all eligible individuals or legal entities across different sectors.

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Template 25: COVID 19 A- Information on loans and advances subject to legislative and non-legislative moratoria

31 December 2021 (€thousands)		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount
		Performing				Non performing			Performing				Non performing			Inflows to non-performing & exposures
			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: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days		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: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			
1	Loans and advances subject to moratorium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	of which: Households	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	of which: Collateralised by residential immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4	of which: Non-financial corporations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5	of which: Small and Medium-sized Enterprises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	of which: Collateralised by commercial immovable property	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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31 December 2020 (€thousands)	a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	
	Gross carrying amount							Accumulated impairment, accumulated negative changes in fair value due to credit risk							Gross carrying amount	
	Performing				Non performing				Performing			Non performing			Inflows to non-performing exposures	
		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: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			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: exposures with forbearance measures	Of which: Unlikely to pay that are not past-due or past-due <= 90 days			
1	Loans and advances subject to moratorium	519.964	474.581	35.413	127.682	45.383	44.019	45.028	8.767	6.074	1.516	2.585	2.693	2.389	2.637	0
2	of which: Households	81.108	72.625	3.051	7.519	8.483	7.454	8.474	1.957	846	344	520	1.111	955	1.105	0
3	of which: Collateralised by residential immovable property	69.856	61.898	2.858	5.995	7.958	7.091	7.958	1.248	481	317	371	767	700	767	0
4	of which: Non-financial corporations	399.304	362.404	13.061	107.102	36.900	36.565	36.554	6.099	4.517	830	1.723	1.582	1.434	1.532	0
5	of which: Small and Medium-sized Enterprises	139.364	123.585	6.828	31.124	15.780	15.454	15.434	2.799	1.458	78	358	1.342	1.193	1.291	0
6	of which: Collateralised by commercial immovable property	342.524	305.920	15.949	100.108	36.604	36.395	36.274	5.004	3.539	718	1.482	1.465	1.435	1.425	0

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Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

Template 26 - COVID 19 B: Breakdown of loans and advances subject to legislative and non-legislative moratoria by residual maturity of moratoria

31 December 2021 (€thousands)		a	b	c	d	e	f	g	h	i
		Number of obligors	Gross carrying amount							
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria					
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year	
1	Loans and advances for which moratorium was offered	-	-							
2	Loans and advances subject to moratorium (granted)	-	-	-	-	-	-	-	-	-
3	of which: Households		-	-	-	-	-	-	-	-
4	<i>of which: Collateralised by residential immovable property</i>		-	-	-	-	-	-	-	-
5	of which: Non-financial corporations		-	-	-	-	-	-	-	-
6	<i>of which: Small and Medium-sized Enterprises</i>		-	-	-	-	-	-	-	-
7	<i>of which: Collateralised by commercial immovable property</i>		-	-	-	-	-	-	-	-

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31 December 2020 (€thousands)		a	b	c	d	e	f	g	h	i	
		Number of obligors	Gross carrying amount								
			Of which: legislative moratoria	Of which: expired	Residual maturity of moratoria						
					<= 3 months	> 3 months <= 6 months	> 6 months <= 9 months	> 9 months <= 12 months	> 1 year		
1	Loans and advances for which moratorium was offered	1.244	546.696								
2	Loans and advances subject to moratorium (granted)	1.150	519.964	519.964	0	71.287	0	0	0	448.677	
3	of which: Households		81.108	81.108	0	7.122	0	0	0	73.986	
4	of which: Collateralised by residential immovable property		69.856	69.856	0	5.926	0	0	0	63.930	
5	of which: Non-financial corporations		399.304	399.304	0	63.715	0	0	0	335.589	
6	of which: Small and Medium-sized Enterprises		139.364	139.364	0	21.269	0	0	0	118.095	
7	of which: Collateralised by commercial immovable property		342.524	342.524	0	50.744	0	0	0	291.780	

6.7 Internal Capital Adequacy Assessment Process

The Bank's Pillar II capital assessment relies largely on the Pillar I Plus approach under which Pillar I capital requirements serve as a starting point and thereafter an assessment is conducted to investigate the possibility of whether an additional capital cushion should be set aside for:

- (a) Pillar I risks (namely, credit and counterparty risk, operational risk, market risk) that may not be adequately covered by the regulatory capital requirements calculated under the Standardised Approach, and
- (b) Pillar II risks that lie beyond the scope of the regulatory capital requirements calculated under Pillar I. Such risks typically include future non-performing loans (NPLs) from customer lending and their

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impact on projected earnings, concentration risk, interest rate risk, liquidity risk and business risk. Through the ICAAP Stress Test process the risks are assessed on a forward-looking assessment in adverse conditions.

Pillar II capital is allocated to those risks where capital can actually serve as an effective cushion against future possible losses. No Pillar II capital is allocated under ICAAP for risks that capital cannot realistically absorb future possible losses, including catastrophic risks. Stress Testing is a key risk management tool to ensure that the Bank's financial position and risk profile provide sufficient resilience to withstand the impact of adverse economic stress. The stress testing program may include Sensitivity analysis and reverse Stress Testing that explore scenarios that might cause the Bank's capital or liquidity position to fall below the minimum regulatory requirements.

The Bank prepares the ICAAP report annually. The report for 2021 was approved by the Board of Directors and was submitted to the CBC on 2 July 2022. The ICAAP process demonstrates that the Bank has sufficient capital under both the base case and stress scenarios.

The Board signs a capital adequacy statement on an annual basis as part of the ICAAP.

7. MARKET AND LIQUIDITY RISK

7.1 Definition of Market & Liquidity Risk

Liquidity Risk is the risk that the Bank cannot generate or source sufficient liquid funds, in order to meet its immediate liabilities, without incurring significant economic costs.

Market Risk is analyzed into the following types of risks:

- Interest Rate Risk is the risk that the value of financial instruments and net interest income will decrease due to adverse movements in market interest rates. Interest Rate Risk arises due to timing differences in the re-pricing of interest rates or the maturity of assets and liabilities. The Bank manages interest rate risk through the monitoring on a regular basis of interest rate gaps by currency and time band.
- Currency Risk is the risk that the value of financial instruments and assets and liabilities fluctuates due to changes in exchange rates. Currency risk arises from a positive or negative open position in a foreign currency, exposing the Bank to changes in the relevant exchange rate. This risk may arise from the holding of assets in one currency funded by liabilities in another currency or from a spot or forward foreign exchange trade or from derivatives.
- Price Risk is the risk associated with changes in the market prices of various financial instruments (bonds, derivatives, equities, etc.) owned by the Bank.

7.2 Liquidity Risk Management Framework

The Bank operates within a Liquidity Risk management framework incorporating the following principles:

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- The Bank shall have in place methodologies and supporting processes and systems in order to be able to constantly monitor regulatory liquidity indicators and control its liquidity position. A liquidity limit structure, compliant with the relevant regulatory requirements, shall cover the liquidity structure of assets for all major currencies in which the Bank operates.
- In addition to the assessment of the liquidity surplus under normal circumstances, a scenario-based stress testing methodology shall be deployed for the analysis of the Bank's liquidity profile after the deduction of 'hot monies' which may include short-term deposits, customer-term deposits that are likely to be withdrawn early. ECB funds that are subject to sovereign credit quality criteria, etc.
- The assumptions utilized in the Liquidity Risk management framework shall capture both Idiosyncratic and Systemic Risk factors.
- The Bank shall maintain adequately diversified funding sources by focusing on retail deposits rather than wholesale funding.
- Contingency plans for handling liquidity disruptions/crises shall exist and describe explicit processes for restoring cash flow shortfalls in a timely and cost-effective manner.

Liquidity Risk is monitored and controlled by the Treasury Department, the Finance Department and the Risk Management Department.

The monitoring and management of Liquidity Risk is achieved through the use and monitoring of the following:

- The concentration, diversity and maturity profile of customer deposits.
- Adopting pricing policies that contribute to establishing a stable depository base.
- Maintaining a balance in the Minimum Reserve Account as specified by the applicable Supervisory Authorities.
- The Liquidity Monitoring Metrics (ALMM) under Article 415(3)(b) of Regulation (EU) No 575/2013.
- Liquidity Coverage Ratio based on EU Regulation 2015/61 regarding the coverage requirement of Liquidity Risk.

The Bank uses liquidity stress testing and conducts an ILAAP annually to determine its liquidity tolerance and liquidity buffers. The ILAAP report gives an overview of the Bank's approach to liquidity risk management and the Board's assessment of the prudent level of liquidity resources that the Bank should hold based on its liquidity risk appetite. The liquidity stress testing covers three scenarios: An idiosyncratic, market-wide and a combined stress (i.e. combination of the idiosyncratic and market-wide). The methodology and assumptions used in the stress testing are based on conservative assumptions driven by the Liquidity Coverage Ratio (LCR) specifications and the various results are used by the Bank into developing liquidity and funding plans.

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The Bank prepares the ILAAP report annually. The report for 2021 was approved by the Board of Directors and was submitted to the CBC on 2 July 2021. The ILAAP process demonstrates that the Bank and its Group have sufficient liquidity resources to support its business and be able to withstand any adverse future conditions which may threaten its liquidity position. The Board signs a liquidity adequacy statement on an annual basis as part of the ILAAP.

As at 31 December 2021, at the date of the finalization of its audited Financial Statements and throughout the year, the Bank was in compliance with the required minimum Liquidity Coverage Ratio of the European Central Bank. The LCR was in effect from 1 October 2015 with a regulatory limit of 60% increasing to 100% from 1 January 2018.

LCR ratio %	
As at 31 December 2021	260%
Average for the year	293%
Maximum percentage for the year	368%
Minimum percentage for the year	212%
Regulatory Limit	100%

LCR ratio %	
As at 31 December 2020	246%
Average for the year	294%
Maximum percentage for the year	366%
Minimum percentage for the year	241%
Regulatory Limit	100%

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The table below shows a quantitative analysis of LCR which complements Article 435(1)(f) of Regulation 575/2013 (Template EU LIQ1 EBA guidelines EBA/GL/2017/01 on LCR disclosure):

Template 27: EU LIQ1 - Quantitative information of LCR

Scope of consolidation: Consolidated		a	b	c	d	e	f	g	h
€thousands		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on:	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021
EU 1b	Number of data points used in the calculation of averages	12	12	12	12	12	12	12	12
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets (HQLA)					875.944	860.767	836.859	811.127
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers. of which:	1.142.941	1.125.370	1.104.138	1.083.536	74.488	72.146	69.589	67.174
3	<i>Stable deposits</i>	144.428	140.585	135.387	129.594	7.221	7.029	6.769	6.480
4	<i>Less stable deposits</i>	645.639	625.080	602.620	580.703	67.267	65.117	62.819	60.694
5	Unsecured wholesale funding	1.031.580	1.003.145	942.241	904.998	403.507	386.424	350.534	337.182
6	<i>Operational deposits (all counterparties) and deposits in networks of cooperative banks</i>	682	724	785	872	150	161	176	198
7	<i>Non-operational deposits (all counterparties)</i>	1.030.898	1.002.422	941.456	904.126	403.356	386.263	350.358	336.984
8	<i>Unsecured debt</i>								
9	<i>Secured wholesale funding</i>								
10	Additional requirements	40.496	42.348	42.362	39.457	3.526	3.806	3.894	3.682
11	<i>Outflows related to derivative exposures and other collateral requirements</i>								

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12	<i>Outflows related to loss of funding on debt products</i>								
13	<i>Credit and liquidity facilities</i>	40.496	42.348	42.362	39.457	3.526	3.806	3.894	3.682
14	Other contractual funding obligations								
15	Other contingent funding obligations	183.880	183.817	183.737	178.985	14.166	14.076	14.003	13.570
16	TOTAL CASH OUTFLOWS					495.687	476.452	438.020	421.609
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)								
18	Inflows from fully performing exposures	159.938	142.345	109.810	103.510	156.458	139.014	106.813	100.750
19	Other cash inflows	143.706	142.818	142.757	139.324	31.102	31.111	31.101	30.419
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)								
EU-19b	(Excess inflows from a related specialised credit institution)								
20	TOTAL CASH INFLOWS	303.645	285.163	252.567	242.834	187.561	170.124	137.914	131.169
EU-20a	<i>Fully exempt inflows</i>								
EU-20b	<i>Inflows subject to 90% cap</i>								
EU-20c	<i>Inflows subject to 75% cap</i>	303.645	285.163	252.567	242.834	187.561	170.124	137.914	131.169
TOTAL ADJUSTED VALUE									
EU-21	LIQUIDITY BUFFER					875.944	860.767	836.859	811.127
22	TOTAL NET CASH OUTFLOWS					308.127	306.328	300.106	290.439
23	LIQUIDITY COVERAGE RATIO					284%	281%	279%	279%



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Net Stable Funding Ratio (new table)

Additionally, the Bank also calculates the Net Stable Funding Ratio (NSFR), as per the Capital Requirements Regulation II (CRR II), enforced in June 2021, with the limit set at 100%. The NSFR is the ratio of available stable funding to required stable funding. NSFR has been developed to promote a sustainable maturity structure of assets and liabilities. As at 31 December 2021, the Bank's NSFR, stood at 145% (compared to 128% at 31 December 2020). The NSFR's objective is to avoid excessive maturity mismatch between assets and liabilities and dependence on short-term funding and covers a one-year horizon.

Template 28: EU LIQ2: Net Stable Funding Ratio

31 December 2021		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity[1]	< 6 months	6 months to < 1yr	≥ 1yr	
Available stable funding (ASF) Items						
1	Capital items and instruments	193.839			16.128	209.967
2	<i>Own funds</i>	193.839			16.128	209.967
3	<i>Other capital instruments</i>					
4	Retail deposits		1.058.843	131.902	964	1.081.943
5	<i>Stable deposits</i>		170.058	16.105	73	176.928
6	<i>Less stable deposits</i>		888.785	115.798	891	905.015
7	Wholesale funding:		996.476	319.777	200.012	836.363
8	<i>Operational deposits</i>		899		-	449
9	<i>Other wholesale funding</i>		995.577	319.777	200.012	835.914
10	Interdependent liabilities					
11	Other liabilities:	164		2.183	107.509	108.601
12	<i>NSFR derivative liabilities</i>	164				
13	<i>All other liabilities and capital instruments not included in the above categories</i>			2.183	107.509	108.601

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14	Total available stable funding (ASF)					2.236.874
15	Total high-quality liquid assets (HQLA)					393.853
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool					
16	Deposits held at other financial institutions for operational purposes					
17	Performing loans and securities:		92.683	50.044	724.603	642.152
18	<i>Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut</i>					
19	<i>Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions</i>		29.022	65	334	3.269
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:</i>		44.940	45.719	563.668	522.616
21	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		-	-	9.155	5.951
22	<i>Performing residential mortgages, of which:</i>		822	43	158.674	103.571
23	<i>With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk</i>		822	43	158.674	103.571
24	<i>Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products</i>		17.899	4.217	1.927	12.696
25	Interdependent assets					
26	Other assets:	-	42.621	169.513	394.427	499.470
27	<i>Physical traded commodities</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs</i>					
29	<i>NSFR derivative assets</i>		96			96
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>					
31	<i>All other assets not included in the above categories</i>		42.525	169.513	394.427	499.374
32	Off-balance sheet items		188.752	456	29.301	11.490
33	Total RSF					1.546.966
34	Net Stable Funding Ratio (%)					144,6%

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7.3 Market Risk Management Framework

The Board of Directors, Board Risk Committee (RMC), Asset-Liability Committee (ALCO), Risk Management Department, the Middle Office and Treasury & Capital Markets Department are considered as the primary units involved in the Market Risk Management process.

- The Board of Directors approves the Market Risk Management Strategy and Policy, as well as any amendments to it. It ensures the implementation of the Market Risk Management Strategy and Policy, as well as the completeness and suitability of the Market Risk Limits Management framework. It is regularly – or ad hoc if necessary – updated on the evolution of market conditions as well as on the Bank’s key financial figures which relate to Market Risks.
- The RMC preapproves the Market Risk Management Strategy and Policy, as well as any amendments, ensuring its alignment with the Risk Management Framework. It ensures the implementation of the Market Risk Management Strategy and Policy as well as the completeness and suitability of the Market Risk Limits Management framework. It is regularly – or ad hoc if necessary – updated on the evolution of market conditions as well as on the key financial figures of the Bank which relate to Market Risks. Lastly, it ensures the suitability and adequacy of the framework of policies, procedures, systems and general controls employed in the management of Market Risk.
- The role of the ALCO is to drive the Bank in maintaining its competitiveness and profitability, while at the same time ensuring that the risk undertaking will remain within the limits of the approved strategy. The ALCO sets and approves the Market Risk limits.
- Following propositions of the Bank’s Treasury and Capital Markets, the Risk Management Department develops and submits for approval to RMC – on behalf of the Bank – the Market Risk policy and any amendments to it.

In addition to the above, the Risk Management Department with the support of the Middle Office monitors compliance with the regulatory and internal limits, manages any limit breaches by creating the necessary reports and monitors compliance measures. It is also responsible for the measurement of risk by calculating various measures and generating reports, and for developing measurement methodologies aligned to international standards and best practices.

- The Internal Audit Department is responsible for evaluating the effectiveness of the implementation of the Market Risk Management Policy. More specifically, it evaluates the effectiveness of the said policy and any related procedures, performs audits to ensure that the personnel of the involved units follow the approved policy and procedures, and verifies that the data related to Market Risk measurement are identified correctly in the systems. Finally, the Internal Audit Department evaluates compliance of the policy with the principles required by the applicable regulatory framework.
- Lastly, the Treasury & Capital Markets Department submits to the ALCO proposals for particular actions in the context of enhancing the Market Risk strategy, participates in shaping the Policy and the limits framework, and ensures compliance with the predefined limits, justifying any limit breach and the application of necessary compliance actions.

The Bank has exposure to financial transactions included in Financial Assets at Fair Value Through Profit and Loss. These have short to medium term horizon and their profit derives from differences in buy-sell

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prices. These portfolios include positions which hedge risk deriving from other transactions in products categorized in Trading portfolio. The Bank maintains small positions in its Trading Book and as a result market risk is not significant.

The table below shows the capital requirements for the Trading Book by risk category:

Template 29: EU MR1 EBA guidelines – Market risk under the standardised approach

€thousands		a	a
		RWEAs 31 December 2021	RWEAs 31 December 2020
	Outright products		
1	Interest rate risk (general and specific)	413	434
2	Equity risk (general and specific)	--	--
3	Foreign exchange risk	--	--
4	Commodity risk	--	--
	Options		
5	Simplified approach	--	--
6	Delta-plus approach	--	--
7	Scenario approach	--	--
8	Securitisation (specific risk)	--	--
9	Total	413	434

Fair value of bonds, shares and other financial instruments

The best evidence of fair value is a quoted price in an actively traded market. The fair value of bonds, shares and other financial instruments that are not traded in an active market is determined by using valuation techniques. The majority of valuation techniques employed by the Bank use only observable market data and so the reliability of the fair value measurement is relatively high. However, certain financial instruments are valued on the basis of valuation techniques that feature one or more significant inputs that are not observable. Valuation techniques that rely on non-observable inputs require a higher level of management judgement to calculate a fair value than those based wholly on observable inputs. Changes in these estimates and assumptions could affect the fair value of the relevant financial instruments.

7.3.1 Interest Rate Risk

Interest Rate Risk is measured using interest rate sensitivity gap analysis. The annual impact of any change in interest rates on profit is calculated by multiplying the net asset or liability position repricing in each time band with the assumed change in interest rates.

The Bank monitors Interest Rate Risk by measuring the sensitivity of Net Interest Income, for a period of 12 months, under various interest rate change scenarios. The table below shows the impact on Net

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Interest Income (over the next 12 months) as a result of a change of ± 200 basis points in interest rates by currency as at 31 December 2021:

As at 31 December 2021	Euro	US Dollar	Swiss Franc	Total (absolute values)
Change (€ million)				
+200 basis points	-8.40	-2.30	N/A	10.70
-200 basis points	8.40	2.30	N/A	10.70

As at 31 December 2020	Euro	US Dollar	Swiss Franc	Total (absolute values)
Change (€ million)				
+200 basis points	-6.50	-2.60	N/A	9.10
-200 basis points	6.50	2.60	N/A	9.10

Interest Rate Risks are identified, measured and managed at all times and on a best effort basis. All Interest Rate Risks assumed are communicated to the Treasury & Capital Markets Department, which is responsible for their effective management, within approved limits. Interest Rate Risk limits are set and monitored against the exposure of all interest rate sensitive assets and liabilities, both on and off-balance sheet and limit excesses are reported to the relevant parties immediately.

7.3.2 Currency Risk

Currency Risk may arise from the holding of assets in one currency funded by liabilities in another currency or from a spot or forward foreign exchange trade or from derivatives. The Bank enters into foreign exchange transactions in order to accommodate customer needs and to hedge its open positions. The Bank's Treasury Unit also enters into spot foreign exchange transactions within predefined and approved limits, as well as transactions in derivatives such as foreign exchange forwards and foreign exchange swaps.

The table below reflects the Bank's exposure to Currency Risk which stems from its open positions in the various currencies as at 31 December 2021. The analysis below assumes possible scenarios of movements to take place in specific foreign currencies against the Euro.

As at 31 December 2021	Change in exchange rates	Impact on Income Statement
Currency	%	€thousands
US Dollar	+10% (-10%)	+26 (-26)
British Pound	+10% (-10%)	-3 (+3)
Swiss Franc	+10% (-10%)	-31 (+31)
Other currencies	+10% (-10%)	-79 (+79)

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As at 31 December 2020	Change in exchange rates	Impact on Income Statement
Currency	%	€thousands
US Dollar	+10% (-10%)	+31 (-31)
British Pound	+10% (-10%)	-3 (+3)
Swiss Franc	+10% (-10%)	-153 (+153)
Other currencies	+10% (-10%)	-68 (+68)

7.3.3 Price Risk

The Bank invests in listed and non-listed equity shares which, depending on the purpose of the investment, are classified in the appropriate portfolio. Currently all investments in equity securities, except for investments in subsidiaries, are classified at FVTOCI and FVTPL.

For more information in relation to equities refer to notes 19 & 20 of the Financial Statements for the year ended 31 December 2021.

8. OPERATIONAL RISK

8.1 Definition of Operational Risk

Operational Risk is defined as the risk of loss deriving from inadequate or failed internal processes, people and systems or from external events. This definition also includes legal, conduct and reputational risks. The underlying causes of the Operational Risk are mitigated through procedures, systems and internal controls.

8.2 Operational Risk Management procedures

The Bank establishes policies and procedures for managing Operational Risk and ensures that these are adhered to in the conduct of its operations. Operational Risk is managed by establishing internal processes and controls involving:

- Segregation of duties, including independent authorization of transactions, the reconciliation and monitoring of transactions, documentation of controls and procedures.
- Compliance with regulatory and other legal requirements,
- Development of business continuity and disaster recovery plans,
- Personnel training,
- Risk mitigation by taking out insurance cover,
- Own knowledge of the business,
- Risk and Control Self-Assessment (RCSA),
- Internal Audit Reports,
- External Audit Reports.

Internal Audit has the responsibility of reviewing periodically the above procedures and controls.

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8.3 Minimum Capital requirements – Operational Risk

Template 30: EU OR1 - Operational risk own funds requirements and risk-weighted exposure amounts

31 December 2021 (€thousands) Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	67.810	69.771	70.644	10.411	130.141
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	<u>Subject to TSA:</u>	-	-	-		
4	<u>Subject to ASA:</u>	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

31 December 2020 (€thousands) Banking activities		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	56.521	67.810	69.771	9.705	121.313
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	-	-	-	-	-
3	<u>Subject to TSA:</u>	-	-	-		
4	<u>Subject to ASA:</u>	-	-	-		
5	Banking activities subject to advanced measurement approaches AMA	-	-	-	-	-

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8.4 Insurance Participation

Template 31: EU INS1 - Insurance participations

31 December 2021 €thousands		a	b
		Exposure value	Risk exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	5.917	5.917

31 December 2020 €thousands		a	b
		Exposure value	Risk exposure amount
1	Own fund instruments held in insurance or re-insurance undertakings or insurance holding company not deducted from own funds	5.839	5.839

9. ASSET ENCUMBRANCE

An asset is classified as encumbered if it has been pledged as collateral against secured funding and other collateralized obligations and, as a result, is no longer available to the Bank for further collateral or liquidity requirements. In general the Bank, will not have significant proportions of encumbered assets, however, the Bank may decide to pledge the pool of available eligible debt securities, if the need arises, as a possible source of immediate funding for the Bank.

In recognition of the challenging credit environment during the pandemic period, the Governing Council of the ECB announced that the interest rate on all outstanding TLTRO III operations for the periods from 24 June 2020 to 23 June 2021 and 24 June 2021 to 23 June 2022 will be 50 basis points below the average rate applicable in the Eurosystem's main refinancing operations over the same period. The interest rate on the main refinancing operations is currently at 0%. For the counterparties whose eligible net lending reaches the lending performance thresholds, the interest rate applied over the periods from 24 June 2020 to 23 June 2021 and 24 June 2021 to 23 June 2022 on all TLTRO III operations outstanding will be 50 basis points below the average interest rate on the deposit facility prevailing over the same period, and in any case not higher than minus 1%. The deposit facility rate until June 2022 was minus 0,5%.

Despite the Bank's comfortable liquidity position, given the favourable rate the Bank during 2020 and 2021 proceeded with TLTRO transactions where it pledged bonds to receive cash. As at 31 December 2021, ECB funding amounted to 500 million (2020: €400 million) and was borrowed from various TLTRO III operations. (2020: €300 million TLTRO and PELTRO of €100 million). The following tables present an analysis of the encumbered and unencumbered assets and the extent to which these assets are currently pledged for funding or other purposes.

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Template 32: EU AE1 - Encumbered and unencumbered assets

31 December 2021 €thousands		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
			030		050		080		100
010	Assets of the disclosing institution	563.991	-			2.484.096	-		
030	Equity instruments		-	-	-	15.205	-	15.205	-
040	Debt securities	563.991	-	-	-	361.423	-	-	-
050	of which: covered bonds		-	-	-	14.917	-	-	-
060	of which: securitisations		-	-	-		-	-	-
070	of which: issued by general governments	544.347	-	-	-	329.726	-	-	-
080	of which: issued by financial corporations	23.990	-	-	-	31.697	-	-	-
090	of which: issued by non-financial corporations		-	-	-		-	-	-
120	Other assets		-	-	-	2.107.468	-	-	-

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31 December 2020 €thousands		Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		010	of which notionally eligible EHQLA and HQLA	040	of which notionally eligible EHQLA and HQLA	060	of which EHQLA and HQLA	090	of which EHQLA and HQLA
			030		050		080		100
010	Assets of the disclosing institution	273.707	-			2.303.968	-		
030	Equity instruments	0	-	-	-	22.495	-	22.495	-
040	Debt securities	273.707	-	-	-	576.719	-	-	-
050	of which: covered bonds	0	-	-	-	15.121	-	-	-
060	of which: securitisations		-	-	-		-	-	-
070	of which: issued by general governments	245.574	-	-	-	459.543	-	-	-
080	of which: issued by financial corporations	12.879	-	-	-	103.803	-	-	-
090	of which: issued by non-financial corporations		-	-	-		-	-	-
120	Other assets		-	-	-	1.704.755	-	-	-

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Collateral received and own debt securities issued

The following table presents the position of collateral received and own debt securities issued in respect to encumbered and unencumbered assets of the Bank during 2021 and 2020.

As at 31 December 2021 the Bank did not have any encumbered or unencumbered collateral received or own debt securities issued. nor were there any encumbered assets and off-balance-sheet items with its associated liabilities to report.

Template 33: EU AE2 - Collateral received and own debt securities issued

31 December 2021 €thousands		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
		010	of which notionally eligible EHQLA and HQLA 030	Fair value of collateral received or own debt securities issued available for encumbrance	
				040	of which EHQLA and HQLA 060
130	Collateral received by the disclosing institution	-	-	-	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	-	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	-	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and securitisations issued and not yet pledged			-	-
250	TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	-	-		

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31 December 2020 (€thousands)		Fair value of encumbered collateral received or own debt securities issued		Unencumbered	
				Fair value of collateral received or own debt securities issued available for encumbrance	
				of which	
				of which notionally eligible EHQLA and HQLA	of which EHQLA and HQLA
		010	030	040	060
130	Collateral received by the disclosing institution	-	-	38.530	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	-	-
160	Debt securities	-	-	38.530	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	-	-	38.530	-
200	of which: issued by financial corporations	-	-	-	-
210	of which: issued by non-financial corporations	-	-	-	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	-	-	-	-
240	Own debt securities issued other than own covered bonds or securitisations	-	-	-	-
241	Own covered bonds and securitisations issued and not yet pledged			-	-
250	TOTAL COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED	-	-		

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Sources of encumbrance

The table below presents the position of encumbered assets and collateral received and associated liabilities as at 31 December 2021 and 2020:

Template 34: EU AE3 - Sources of encumbrance

31 December 2021		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	-	-

31 December 2020		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
		010	030
010	Carrying amount of selected financial liabilities	-	-

10. LEVERAGE RATIO

The Basel III framework introduced a simple, transparent, non-risk-based Leverage Ratio to act as a credible supplementary measure to the risk-based capital requirements.

The Leverage Ratio is defined as the capital measure (i.e. the Bank's Tier 1 capital) divided by the exposure measure as this is defined in the European Commission's Regulation (EU) 2015/62 of 10 October 2014 amending Regulation (EU) No 575/2013 of the European Parliament and of the Council. The Bank calculates its Leverage Ratio as at the end of each quarter.

As per CRR applicable as from June 2021, the minimum required level for the purposes of the Leverage Ratio is currently set at 3%. The Bank's Leverage Ratio as at 31 December 2021 amounted to 6,26%. During 2021, the Leverage Ratio ranged between 5,73% (30 September 2021) and 6,33% (31 March 2021), primarily due to the reduction of the exposure measure (denominator) and the increase of the Tier 1 capital (numerator) of the Leverage Ratio by the end of the fourth quarter.

The Bank monitors its Leverage Ratio at least on a quarterly basis and all appropriate measures are taken where deemed necessary. The following table provides a reconciliation of accounting assets and leverage ratio exposures for reporting date 31 December 2021:

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Template 35: EU LR1 - LRSum: Summary reconciliation of accounting assets and leverage ratio exposures

€thousands		a	a
		31 December 2021	31 December 2020
1	Total assets as per published financial statements	3.012.140	2.833.543
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	-	-
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	-	-
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	-	-
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	-	-
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	-	-
7	Adjustment for eligible cash pooling transactions	-	-
8	Adjustment for derivative financial instruments	5.668	1.205
9	Adjustment for securities financing transactions (SFTs)	-	19.994
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	68.261	71.142
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)		
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)		-
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	-	-
12	Other adjustments	27.642	(26.681)
13	Total exposure measure	3.113.712	2.899.203

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Leverage Ratio Common disclosure

Template 36: EU LR2 - LRCom: Leverage ratio common disclosure

		CRR leverage ratio exposures	
		a	b
		31 December 2021	31 December 2020
On-balance sheet exposures (excluding derivatives and SFTs)			
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	3.035.739	2.802.920
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	-	-
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(General credit risk adjustments to on-balance sheet items)	-	-
6	(Asset amounts deducted in determining Tier 1 capital)	4.044	3.942
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	3.039.783	2.806.862
Derivative exposures			
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	-	-
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	-	-
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	-	-
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	-	-
EU-9b	Exposure determined under Original Exposure Method	5.668	1.205
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	-	-
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	-	-
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	Total derivatives exposures	5.668	1.205
Securities financing transaction (SFT) exposures			
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	-	-

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15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	19.994
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	-	-
17	Agent transaction exposures	-	-
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	-	-
18	Total securities financing transaction exposures	-	19.994
Other off-balance sheet exposures			
19	Off-balance sheet exposures at gross notional amount	242.183	245.259
20	(Adjustments for conversion to credit equivalent amounts)	(173.922)	(174.117)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)		
22	Off-balance sheet exposures	68.261	71.142
Excluded exposures			
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	-	-
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	-	-
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	-	-
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	-	-
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	-	-
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	-	-
EU-22g	(Excluded excess collateral deposited at triparty agents)	-	-
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a(1) CRR)	-	-
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	-	-
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	-	-
EU-22k	(Total exempted exposures)		
Capital and total exposure measure			
23	Tier 1 capital	194.925	191.058
24	Total exposure measure	3.113.712	2.899.203
Leverage ratio			
25	Leverage ratio (%)	6,26%	6,59%
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	6,26%	6,59%

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25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	6,26%	6,59%
26	Regulatory minimum leverage ratio requirement (%)	3,00%	N/A
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0,00%	N/A
EU-26b	of which: to be made up of CET1 capital	0,00%	N/A
27	Leverage ratio buffer requirement (%)	0,00%	N/A
EU-27a	Overall leverage ratio requirement (%)	3,00%	N/A
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure		
Disclosure of mean values			
28	Mean of daily values of gross SFT assets. after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	0	N/A
29	Quarter-end value of gross SFT assets. after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	0	N/A
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.113.712	2.899.203
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	3.113.712	2.899.203
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6,26%	N/A
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	6,26%	N/A

**Note: Row 1 in the calculation of LR didn't include the trading book exposures amount, however the impact is not material. If it was included the LR ratio would have been decreased by 0,006% for 2021 and 0,008% for 2020.*

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Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

Template 37: EU LR3 - LRSpl: Split-up of on balance sheet exposures (excluding derivatives, SFTs and exempted exposures)

€thousands		CRR leverage ratio exposures	
		31 December 2021	31 December 2020
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures). of which:	3.038.655	2.806.529
EU-2	Trading book exposures	2.916	3.609
EU-3	Banking book exposures. of which:	3.035.739	2.802.920
EU-4	Covered bonds	30.146	30.374
EU-5	Exposures treated as sovereigns	1.573.843	1.361.480
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	9.117	20.662
EU-7	Institutions	59.663	52.821
EU-8	Secured by mortgages of immovable properties	209.403	162.826
EU-9	Retail exposures	92.256	93.626
EU-10	Corporates	616.790	576.789
EU-11	Exposures in default	143.460	174.888
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	301.062	329.454

The risk of the excessive leverage is the risk resulting from the Bank'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. As a minimum regulatory requirement a Bank's Leverage ratio must be at least 3% of a non-risk-weighted exposure amount that roughly corresponds to the Bank's total assets. Therefore, Leverage ratio establishes a minimum level for the amount of capital the Bank must hold. The relevant thresholds of the leverage ratio have been set at 3,75% for the red level and 4,50% for the amber level. A leverage ratio below these points would indicate a significant change in the Bank's leverage position and would indicate the need for early action and close monitoring. The above thresholds are defined in the Bank's Risk Appetite Statement and are used for the formulation of the Bank Recovery Plan.

It is noted that the leverage ratio is calculated on a quarterly basis and is reported through the production of the Recovery and Risk Appetite Limits dashboard which is submitted to Executive Management, BoD and the RMC.

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11. REMUNERATION DISCLOSURES

This section discloses information relating to the remuneration policies and procedures of AstroBank Public Company Limited and sets out some remuneration details with regards to those members of management and staff who, as at 31 December 2021 were considered to have material impact on the Bank's risk profile.

The Bank's remuneration policy supports a performance culture that aligns the organization's objectives with the stakeholders' interests and motivates the employees to continue to act in a way that is beneficial for the Bank.

The remuneration policy is based on the following principles:

- Maximize Performance
- Attract and retain talents
- Align earnings and reward with profitability, risk, capital adequacy and sustainable growth
- Comply with the regulatory framework
- Ensure internal transparency.

11.1 Nomination and Remuneration Committee

The Board has established a Nomination and Remuneration Committee ("NR Committee") with the objective of the delegation of its duties concerning the Bank's remuneration policy and the oversight required to ensure its proper implementation, maintenance and update.

In relation to nomination matters, the NR Committee is responsible to:

- Propose to the Board a person or persons suitable to succeed the Chairman or the Managing Director in case of resignation or permanent inability for any reason to perform their duties during their term of office.
- Propose to the Board an individual or individuals suitable to replace the Directors in case of resignation, disqualification from the office or permanent inability to discharge their duties for any reason during their term of office. Non-acceptance of appointment as Board member shall be treated in the same way as a resignation.
- For the purposes of the first paragraph above, decide on setting the target for the representation of the under-represented sex in the governing body and prepare the policy on increasing the number of the under-represented sex on the governing body, in order to realize this objective. The aim of the policy and its application are published in accordance with the provisions of Article 435 paragraph (2) (c) of Regulation (EU) No. 575/2013.
- Ensure that decision-making by the Board is not dominated by a single person or small group of individuals in a manner prejudicial to the interests of the institution as a whole.
- Evaluate annually the skills, knowledge and expertise of the Directors, and report thereon to the Board.
- Evaluate annually the structure, size, composition and performance of the Board of Directors and make recommendations to the Board for any changes.
- Examine issues related to the design of succession.

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- Review periodically the policy of the Board of Directors on the selection, development and appointment of senior management and Key Function Holders and make recommendations to the Board.
- Review periodically the policy of the Bank on the recruitment, job rotation and promotion of staff and submit relevant reports to the Board.

As far as issues relating to remuneration, the NR Committee is responsible to:

- Define the policy of the Bank on remuneration and other benefits received by the Executive Members of the management and other employees of the Bank in accordance with the relevant Central Bank Directive and taking into account where applicable, the Collective Agreements between the Cyprus Bankers Employers' Association and the Cyprus Union of Bank Employees (ETYK).
- Review every year the Remuneration Policy and ensure its implementation.
- Ensure that the Executive Members of the Bank receive remuneration and benefits commensurate with their duties and responsibilities, capable to attract and retain executives of high caliber and efficiency and which are commensurate to those given by other financial institutions of comparable size and business operations in Cyprus and abroad. In determining the remuneration of each member, his/her contribution to the achievement of the Bank's objectives shall be taken into account.
- Align the interests of shareholders with those of the Executive Members of the Management through regular or special bonuses linked to the profitability or return on equity, or generally the financial results of the Bank, whilst ensuring avoidance of excessive risk taking.
- Examine the obligations arising in the case of early termination of contracts of Executive Directors / Directors (including their pension rights).
- Ensure that the Internal Control Functions are involved in the design, review and implementation of the remuneration policy.

The NR Committee may meet with the frequency it deems necessary, but at least once per year. During 2021 the Committee held six meetings.

As at 31 December 2021 the Nomination and Remuneration Committee comprised of a Non-Executive director (also the chairman) and two Independent Non-Executive directors.

11.2 Remuneration Policy

The Bank's Remuneration Policy is according to the signed collective agreement with the Bank Employees Trade Union (ETYK) and aims to be in line with the Bank's business strategy and objectives. The Remuneration Policy is consistent with the effective management of risk and does not encourage excessive risk-taking by staff members. The remuneration policy is gender neutral.

11.2.1 Assessment of employee performance

The management of the performance of human resources and the utilization of skills are crucial for the improvement of the efficiency of the Bank and for the continuous increase in the value given by the Bank to its clients, shareholders and collaborators. Within 2021, the Bank adopted its own 'Competency Framework' which describes the desired behaviors and skills that should characterize the Bank's staff at all hierarchical levels (employees-middle management-senior management) for the best performance of the employee and consequently the Bank.

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A new automated performance appraisal system was also applied, via the SAP Success Factors software. The aim of the Bank was for the new appraisal system to be a firm tool for capturing and better managing the performance of individuals, and consequently of their divisions/ departments / units, etc. For this reason, care has been taken to provide a complete and easy-to-use tool that would enable a fast response rate to performance and staff development issues. Staff Performance Appraisals were successfully carried out during 2022 for year 2021 and Key Performance Indicators (KPIs) have been assigned across all levels of the Bank for 2022.

11.2.2 Fixed remuneration

Fixed remuneration within the Bank is structured based on salary scales which are determined according to each employee's grade and basic salary. Fixed remuneration is usually determined by the provisions of the Collective Agreement with Cyprus Union of Bank Employees, effective at the time, or individual employment contracts. Fixed remuneration cannot be reduced, suspended or cancelled, does not depend on performance and does not provide incentives for risk assumption. The percentage of established posts as per the Collective Agreement is set to a minimum of 33% of the total number of staff of the Bank, and a calculation of the established posts percentage is performed annually on 31st October, with the purpose of any resulting changes to become effective on 1st January of the following year. It is noted that the percentage of established posts as at 31 December 2021 was well above the minimum percentage as defined in the collective agreement. Non-Executive directors receive a fixed remuneration package approved by the General Meeting upon the recommendation of the NR Committee each year.

11.2.3 Variable remuneration

Variable Remuneration covers all permanent employees (with at least 6 months permanent service within the year that the bonus will be paid) with special emphasis on staff who have a material impact on the Bank's Risk Profile, the staff of Control Functions and any employee whose total earnings are in the same level of remuneration as Senior Executives and is based on the guidelines of the Central Bank of Cyprus.

Identification of staff whose activities have or may have a material impact on the Bank's Risk Profile is made by an annual self-assessment and is based on the Qualitative and Quantitative Criteria set out in Commission Delegated Regulation (EU) No 604/2014.

Based on the guidelines of the Central Bank of Cyprus ("CBC"), Variable Remuneration is determined as a combination of the performance evaluation of the individual, the performance of his/her business unit and the overall results of the Bank. Financial and non-financial criteria are determined by the Bank's CEO and approved by the Board after being examined by the Nominations and Remuneration Committee.

A substantial portion, and in any event at least fifty percent (50%) of any variable remuneration shall consist of a balance of the following:

- shares or equivalent ownership interests, subject to the legal structure of the Bank concerned or share-linked instruments or equivalent non-cash instruments, in the case of a non-listed Bank

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- where possible, other instruments within the meaning of Article 52 or 63 of Regulation (EU) No 575/2013 or other instruments which can be fully converted to Common Equity Tier 1 instruments or written down, that in each case adequately reflect the credit quality of the Bank as a going concern and are appropriate to be used for the purposes of variable remuneration.

A significant part of the variable remuneration (at least forty per cent (40%) shall be retained and its payment be deferred for a period of at least three years and depends on the Bank's performance, the risks faced by the Bank and the activities of the person concerned. The amount retained is vested over time in proportion to the time, provided that it can be paid on the basis of the Bank's overall financial situation and the Annual Results of the Bank and the performance of the business unit and of the individual concerned.

If the percentage of variable remuneration is particularly high then the payment is deferred, at least by 60% of the amount. Again, the postponement period depends on the Bank's financial situation and the individual's activities.

The ratio between fixed earnings and variable earnings is such that the fixed component shall be a high proportion of total remuneration, in order to allow the Bank to be flexible to distribute variable remuneration and to be able not to pay variable remuneration. The Bank determines that the variable remuneration shall not exceed fifty percent (50%) of fixed earnings. Shareholders or owners of the Bank may approve a higher ratio between fixed and variable earnings but should not exceed one hundred percent (100%) of the fixed earnings of each individual.

Remuneration awarded during the year

The fixed remuneration of the staff for 2021 and 2020, as presented in the below tables includes salaries and other short-term benefits as well as employer's contributions and compensation paid to staff who left the Bank under voluntary retirement plan. During 2020 and 2021, the Bank did not offer to any employee remuneration payment which exceeded the threshold of €1 million, therefore "Template EU REM4 - Remuneration of 1 million EUR or more per year" is not applicable to the Bank.

One Non-Executive director who resigned on 15 December 2021 had total emoluments of €558K up to the 15th of December 2021, including €300K as termination benefit.

During 2021 due to "voluntary retirement plan exits" as well as to "natural attrition exits" duplicate positions were included in the number of identified staff as well as to the remuneration figures in the tables below. More specifically, there were two Chairmen of the BoD, two CEOs, two CFOs, two Heads of Human Resources, two Alternate AMLCOs, two Heads of Credit, two Heads of Retail Banking and two Heads of Treasury and Capital Markets.

Variable Remuneration in 2021 refers to coupons awarded to identified staff by the Bank under a Scheme approved by board in 2020.

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Template 38: EU REM1 - Remuneration awarded for the financial year

31 December 2021 (€thousands)			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	9	1	24	10
2		Total fixed remuneration	877	444	4.190	888
3		Of which: cash-based	-	-	-	-
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	-	-	1	3
10 *		Total variable remuneration	-	-	7	14
11		Of which: cash-based	-	-		
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	-	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	7	14	
16	Of which: deferred	-	-	-	-	
17	Total remuneration (2 + 10)		877	444	4.197	902

*Fixed remuneration in row 2 includes the amount of €1.7m which relates to compensation paid to staff who left the Bank under the voluntary retirement exit plan.

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31 December 2020 (€thousands)			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	10	4	26	11
2		Total fixed remuneration	632	1.722	4.961	1.364
3		Of which: cash-based	-	-	-	-
4		(Not applicable in the EU)				
EU-4a		Of which: shares or equivalent ownership interests	-	-	-	-
5		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-5x		Of which: other instruments	-	-	-	-
6		(Not applicable in the EU)				
7		Of which: other forms	-	-	-	-
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified staff	-	-	1	-
10		Total variable remuneration	-	-	212	-
11		Of which: cash-based	-	-	175	-
12		Of which: deferred	-	-	-	-
EU-13a		Of which: shares or equivalent ownership interests	-	-	-	-
EU-14a		Of which: deferred	-	-	-	-
EU-13b		Of which: share-linked instruments or equivalent non-cash instruments	-	-	-	-
EU-14b		Of which: deferred	-	-	37	-
EU-14x		Of which: other instruments	-	-	-	-
EU-14y		Of which: deferred	-	-	-	-
15	Of which: other forms	-	-	-	-	
16	Of which: deferred	-	-	-	-	
17	Total remuneration (2 + 10)		632	1.722	5.173	1.364

*Fixed remuneration in row 2 includes the amount of €2m which relates to compensation paid to staff who left the Bank under the voluntary retirement exit plan.

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Template 39: EU REM2 - Special payments to staff whose professional activities have a material impact on institutions' risk profile (identified staff)

2021 (€thousands)		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff			5	1
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount *			999	98
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff			3	
7	Severance payments awarded during the financial year - Total amount *			615	
8	Of which paid during the financial year			615	
9	Of which deferred				
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person			425	

**The above severance payments of €1.7m relate to compensation paid to staff who left the Bank under the voluntary retirement exit plan.*

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2020 (€thousands)		a	b	c	d
		MB Supervisory function	MB Management function	Other senior management	Other identified staff
Guaranteed variable remuneration awards					
1	Guaranteed variable remuneration awards - Number of identified staff				
2	Guaranteed variable remuneration awards -Total amount				
3	Of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap				
Severance payments awarded in previous periods, that have been paid out during the financial year					
4	Severance payments awarded in previous periods, that have been paid out during the financial year - Number of identified staff			1	
5	Severance payments awarded in previous periods, that have been paid out during the financial year - Total amount			175	
Severance payments awarded during the financial year					
6	Severance payments awarded during the financial year - Number of identified staff		2	5	2
7	Severance payments awarded during the financial year - Total amount*		636	1.090	365
8	Of which paid during the financial year				
9	Of which deferred			37	
10	Of which severance payments paid during the financial year, that are not taken into account in the bonus cap				
11	Of which highest payment that has been awarded to a single person		475		

**The above severance payments of €2.09m relate to compensation paid to staff who left the Bank under the voluntary retirement exit plan.*

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Template 40: REM3 - Deferred remuneration

31 December 2021 (€thousands)		a	b	c	d	e	f	EU-g	EU-h
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total of amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-
6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	-	-	-	-	-	-	-	-
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-

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15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	-	-	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	-	-	-	-	-	-	-	-

31 December 2020 (€thousands)		a	b	c	d	e	f	EU-g	EU-h
Deferred and retained remuneration		Total amount of deferred remuneration awarded for previous performance periods	Of which due to vest in the financial year	Of which vesting in subsequent financial years	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in the financial year	Amount of performance adjustment made in the financial year to deferred remuneration that was due to vest in future performance years	Total amount of adjustment during the financial year due to ex post implicit adjustments (i.e. changes of value of deferred remuneration due to the changes of prices of instruments)	Total amount of deferred remuneration awarded before the financial year actually paid out in the financial year	Total amount of deferred remuneration awarded for previous performance period that has vested but is subject to retention periods
1	MB Supervisory function	-	-	-	-	-	-	-	-
2	Cash-based	-	-	-	-	-	-	-	-
3	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
4	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
5	Other instruments	-	-	-	-	-	-	-	-



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6	Other forms	-	-	-	-	-	-	-	-
7	MB Management function	-	-	-	-	-	-	-	-
8	Cash-based	-	-	-	-	-	-	-	-
9	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
10	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
11	Other instruments	-	-	-	-	-	-	-	-
12	Other forms	-	-	-	-	-	-	-	-
13	Other senior management	-	-	-	-	-	-	-	-
14	Cash-based	-	-	-	-	-	-	-	-
15	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
16	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
17	Other instruments	37	37	-	-	-	-	-	-
18	Other forms	-	-	-	-	-	-	-	-
19	Other identified staff	-	-	-	-	-	-	-	-
20	Cash-based	-	-	-	-	-	-	-	-
21	Shares or equivalent ownership interests	-	-	-	-	-	-	-	-
22	Share-linked instruments or equivalent non-cash instruments	-	-	-	-	-	-	-	-
23	Other instruments	-	-	-	-	-	-	-	-
24	Other forms	-	-	-	-	-	-	-	-
25	Total amount	37	37	-	-	-	-	-	-

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Template 41: EU REM5 - Information on remuneration of staff whose professional activities have a material impact on institutions' risk profile (identified staff)

31 December 2021 (€thousands)		a	b	c	d	e	f	g	h	i	j
		Management body remuneration			Business areas						-
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset Management	Corporate functions	Independent internal control functions	All other	Total
1	Total number of identified staff										-
2	Of which: members of the MB	9	1	10							
3	Of which: other senior management				3	8	0	10	3	-	
4	Of which: other identified staff				-	8	-	0	2	-	
5	Total remuneration of identified staff	877	444	1.321	1.081	1.974	-	1.532	512	-	
6	Of which: variable remuneration	-	-	-	-	21	-	-	-	-	
7	Of which: fixed remuneration	877	444	1.321	1.081	1.953	-	1.532	512	-	

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31 December 2020 (€thousands)		a	b	c	d	e	f	g	h	i	j	
		Management body remuneration			Business areas							-
		MB Supervisory function	MB Management function	Total MB	Investment banking	Retail banking	Asset Management	Corporate functions	Independent internal control functions	All other	Total	
1	Total number of identified staff										-	
2	Of which: members of the MB	10	4	14								
3	Of which: other senior management				2	9	1	11	3			
4	Of which: other identified staff				-	9	-	1	1			
5	Total remuneration of identified staff	632	1.722	2.354	914	2.628	311	2.330	354	-		
6	Of which: variable remuneration	-	-	-	212	-	-	-	-	-		
7	Of which: fixed remuneration	632	1.722	2.354	702	2.628	311	2.330	354	-		

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12. OPERATING ENVIRONMENT

Cyprus Economy Performance and economic outlook

The outbreak of COVID-19 in 2020 found Cyprus in a very strong macroeconomic and fiscal position. This allowed for a significant fiscal support package to be offered relieving in large the effects of the crisis. The emergency measures taken by the Government of the Republic of Cyprus contained the crisis' effects across the economy. The banking sector entered the crisis with capital and liquidity buffers and with the support of the ECB's monetary policy, facilitated the provision of liquidity to the economy.

During 2021, Cyprus's real GDP increased by 5,5% compared to 2020 suggesting gradual growth.

The Cyprus economy is recovering although the uncertainty related to the coronavirus (COVID-19) pandemic remains. Although restrictions on mobility affected a number of industries where the economy depends on such as trade, transport, hospitality these exhibited higher growth rates during the second half of 2021. This growth resulted in positive movements in employment and household consumption indices. Despite the emergence of the Omicron Variant and the rise of recorded infections, the economy remains on a recovery track. Following the 5,0% decline in GDP in 2020, and the real GDP growth of 5,5% in 2021, it is expected that GDP will grow by 3,8% in 2022.

The unemployment rate for 2021 decreased slightly to 7,5% while it is projected to move around 6.7% by the end of 2022.

In the banking sector, total non-performing exposures at the end of November 2021 were €4,2 billion or 15,1% of gross loans compared to 17,7% at the end of 2020, while the coverage ratio was 47,7%.

The sovereign risk ratings of the Cyprus Government improved considerably in recent years reflecting improvements in economic resilience and consistent fiscal outperformance after 2013. The Republic of Cyprus is currently rated at an investment grade rating of BBB- by S&P and Fitch and at a non-investment grade rating of Ba1 by Moody's. In July 2021, Moody's upgraded the rating for the Cyprus sovereign to Ba1 from Ba2, one notch below investment grade. In September 2021 S&P affirmed its rating for Cyprus. Similarly, in April 2021, Fitch affirmed its Cyprus rating and revised its outlook to stable, reflecting the significant impact the global COVID-19 pandemic might have on the Cyprus economy and fiscal position.

The economy is likely to be impacted due to the latest developments in Ukraine and Russia with a possible effect on the inflows of tourist arrivals from Russia and Ukraine as 25% of the total arrivals were originated from the aforementioned countries. Additionally inflationary pressure is expected due to higher prices in energy, agricultural products and various raw materials. Additional uncertainty is created due to the coordinated implementation of sanctions by the EU, UK and the U.S imposed against Russia, Belarus and certain regions of Ukraine and certain Russian entities and nationals. The Group's policy is to comply with all applicable laws, including sanctions and export controls.

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13. ANNEX I - Template 42: (EU LI3) – EBA Guidelines: Outline of the differences in the scopes of consolidation (entity by entity)

a	b	c	d	e	f	g	h
Name of the entity	Method of accounting consolidation	Method of prudential consolidation					Description of the entity
		Full consolidation	Proportional consolidation	Equity method	Neither consolidated nor deducted	Deducted	
<i>Carbinor Consultants Limited</i>	<i>Full consolidation</i>				X		<i>Secretarial services to the Bank's SPVs</i>
<i>Meribas Limited</i>	<i>Full consolidation</i>				X		<i>Director of the Bank's SPVs</i>
<i>A.P.M. Control Company Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>A.P.M. Firstsun Company Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Adflikton Investments Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Ailanthus Holding Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Alarconaco Enterprises Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Amatorco Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Averrhoa Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Azulito Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Bakkens Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Bequelia Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Callistem Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Castlehawk Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Conaria Holding Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Costpleo Investments Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Crantenia Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Dacibel Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Dicoder Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>

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<i>Firstplatinum Company Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Gianteto Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>J&P Kalamon Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Kantadia Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Lardonia Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Macerio Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Olemo Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Openstar International Company Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Pertanam Enterprises Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Rowington Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Sabatia Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Scaevola Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Shortia Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Snaresbrook Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Tipuana Ventures Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Todero Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Tomentos Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Verion Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Viegiot Investments Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Xepa Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Yurania Investments Limited</i>	<i>Full consolidation</i>				X		<i>Property holding</i>
<i>Delaway Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>

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<i>Dusanic Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Imagetech Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Lewisia Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Olcinia Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Osperus Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Naila Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Perekin Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Perequito Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>Serissa Holdings Limited</i>	<i>Full consolidation</i>				X		<i>Intermediate holding company</i>
<i>AstroBank Insurance Agency Limited</i>	<i>Full consolidation</i>				X		<i>Insurance broker</i>
<i>Assong Holding Limited</i>	<i>Full consolidation</i>				X		<i>Dormant</i>
<i>Axalus Limited</i>	<i>Full consolidation</i>				X		<i>Dormant</i>

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14. ANNEX II – Summary of the Bank’s Risk Appetite Statement

The Bank’s Risk Appetite is determined so as not to exceed the risk capacity, given current business conditions, and ensure the Bank’s operational smoothness, the implementation of its strategic objectives as well as the achievement of satisfactory performance. In parallel, it is ensured that under adverse business and macroeconomic conditions the risk capacity can absorb unexpected losses and/or commitments, safeguarding a minimum level of solvency as well as depositors’ and shareholders’ interests.

The risk appetite statements are in the form of qualitative statements and quantitative limits and indicate how the Bank addresses material risks at an aggregated level. The quantitative measures, specify the risk appetite statements in particular risk categories as defined by specific Key Risk Indicators (e.g. solvency risk, liquidity risk, etc.) which are utilized to monitor the Bank’s Risk Profile.

The qualitative risk appetite statements delineate the Bank’s position during the development and implementation of the Strategic Plan, both in general terms and in respect of special risk types. The quantitative statements are a set of key measurable indicators that define the maximum level of risk that the Bank wishes to undertake.

Some of the main Risk Appetite Statements are presented below:

RISK APPETITE STATEMENTS

- The overall Bank Risk Appetite Framework (“RAF”) is set with due regard to current economic and business conditions.
- The RAF is dynamic and subject to revision from time to time to reflect changing economic and business conditions.
- The aim of the RAF is not to minimize risk per se but achieve a reasonable balance between risk and return, within an overall conservative perspective.
- The Bank must maintain sufficient liquidity and capital buffers and achieve stable and recurring profitability.
- The Bank aims to maintain a culture of continuous improvement of processes, policies, models and tools for measuring and monitoring risk exposures.
- The Bank aims to maintain an internal communication policy and culture that strengthens the confidence of customers, shareholders and employees.
- The Bank aims to ensure the availability and adequacy of resources necessary for the effective operation of the RAF.
- The Bank aims in the avoidance of any Anti-Money Laundering (AML) & Counter Terrorist Financing (CTF) risks.
- The Bank aims to take all necessary measures to ensure compliance with all applicable laws and regulations.
- The Bank aims to maintain a strong and stable capital base that supports its business plans and safeguards the ability to continue its operations smoothly.
- The Bank endeavors to maintain capital adequacy ratios in the medium term, above the minimum regulatory limits, in order to ensure the confidence of depositors and shareholders providing sufficient armor against the challenges of economic and business conditions.

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- The Bank shall maintain adequate infrastructure, policies, processes and methodologies to support and meet the supervisory and regulatory compliance needs.

The following Key Risk Indicators are utilized to monitor the Bank's Risk Profile:

SOLVENCY RISK
CET1 Ratio 1
Total Capital Adequacy Ratio
MREL – TREA
MREL - LRE
Leverage Ratio
LIQUIDITY RISK
Liquid Assets/Deposits
LCR
NSFR
CREDIT RISK & ASSET QUALITY
NPE Ratio
NPE Provisions Coverage
90 DPD Ratio
Growth rate of non-performing loans
Concentration Limits
OTHER LIMITS
Direct Exposures to Sovereign
Non-Investment Grade Non-EU debt securities
PROFITABILITY
NIM (annualized YTD)
Cost to Income (excluding extraordinary income and expenses)
Return on Equity

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The following table sets out a number of the Bank's Key Performance Indicators utilized to monitor its risk profile based on the actual results as at 31 December 2021 and 2020:

Key Performance Indicators		2021	2020
Capital	CET1 and Total Capital (Transitional) Ratio	15,31% and 16,58%	13.84% and 15,01%
	Efficiency	Net Interest Margin	1,8%
	Cost / Income	77,8%	88,6%
Asset Quality	NPEs Provisions Coverage Ratio	44,9%	43,9%
	NPE Ratio	25,6%	30,3%
Liquidity	Liquid assets / Deposits	75%	71,7%
	NSFR	145%	127,6%
	Liquidity Coverage Ratio	260%	246,0%
Profitability	Return on Average Assets	0,1%	(0,7)%
	Return on Average Equity	1,7%	(9,8)%

Risk Appetite Monitoring and Escalation Process

The Risk Management Department monitors the Risk Appetite Limits regularly through early warning triggers and informs the Executive Management in order to trigger corrective actions. Breaches are also reported to the Board Risk Committee and Board at their next scheduled meeting or earlier if deemed necessary.

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15 ANNEX III - Main features of regulatory own funds instruments and eligible liabilities instruments

Template 43: EU CCA - Main features of regulatory own funds instruments and eligible liabilities instruments

		a	a	a	a
		CET1	T2	MREL (EUR)	MREL (USD)
1	Issuer	AstroBank Public Company Limited			
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	-	-	-	-
2a	Public or private placement	Private	Private	Private	Private
3	Governing law(s) of the instrument	Cyprus Law	Cyprus Law	Cyprus law	Cyprus law
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	Yes	Yes	Yes
	<i>Regulatory treatment</i>				
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	T2	MREL	MREL
5	Post-transitional CRR rules	CET1	T2	MREL	MREL
6	Eligible at solo/(sub-)consolidated/ solo&(sub-)consolidated	Solo	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Share Capital	Bond	Bond	Bond
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	€23.6 mln	€16mln	€ 1.200.000	USD 2.100.000
9	Nominal amount of instrument	€ 23.624.789	€ 16.129.001	€ 1.200.000	USD 2.100.000
EU-9a	Issue price	€ 1.00	€ 100.000	€ 100.000	USD 100.000
EU-9b	Redemption price	N/A	At a nominal amount	At its nominal amount.	At its nominal amount.
10	Accounting classification	Shareholders Equity	Tier 2 Bond	MREL	MREL

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11	Original date of issuance	05 July 2007	26 June 2020	29 December 2021	29 December 2021
12	Perpetual or dated	Perpetual	Dated	Dated	Dated
13	Original maturity date	No maturity	25 June 2030	29 December 2023	29 December 2023
14	Issuer call subject to prior supervisory approval	N/A	At any time	At any time by giving 15-30 days' notice	At any time by giving 15-30 days' notice
15	Optional call date. contingent call dates and redemption amount	N/A	26 June 2025	29 December 2022	29 December 2022
16	Subsequent call dates. if applicable	N/A	Any Interest Payment Date following the fifth anniversary of the issuance date	N/A	N/A
	<i>Coupons / dividends</i>				
17	Fixed or floating dividend/coupon	Floating	Fixed	Fixed	Fixed
18	Coupon rate and any related index	N/A	8%	2,25%	3%
19	Existence of a dividend stopper	N/A	N/A	N/A	N/A
EU-20a	Fully discretionary. partially discretionary or mandatory (in terms of timing)	N/A	N/A	Mandatory	Mandatory
EU-20b	Fully discretionary. partially discretionary or mandatory (in terms of amount)	N/A	N/A	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	N/A	N/A	N/A	N/A
22	Noncumulative or cumulative	N/A	N/A	Cumulative	Cumulative
23	Convertible or non-convertible	N/A	N/A	N/A	N/A
24	If convertible. conversion trigger(s)	N/A	N/A	N/A	N/A
25	If convertible. fully or partially	N/A	N/A	N/A	N/A
26	If convertible. conversion rate	N/A	N/A	N/A	N/A

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27	If convertible. mandatory or optional conversion	N/A	N/A	N/A	N/A
28	If convertible. specify instrument type convertible into	N/A	N/A	N/A	N/A
29	If convertible. specify issuer of instrument it converts into	N/A	N/A	N/A	N/A
30	Write-down features	No	N/A	N/A	N/A
31	If write-down. write-down trigger(s)	N/A	N/A	N/A	N/A
32	If write-down. full or partial	N/A	N/A	N/A	N/A
33	If write-down. permanent or temporary	N/A	N/A	N/A	N/A
34	If temporary write-down. description of write-up mechanism	N/A	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	Senior Preferred	Senior Preferred
EU-34b	Ranking of the instrument in normal insolvency proceedings	Rank 1	Rank 3	Rank 5	Rank 5
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/A	Unsecured & ranked junior to any subordinated	Unsecured and ranked junior to all preferred obligations in terms of ranking.	Unsecured and ranked junior to all preferred obligations in terms of ranking.
36	Non-compliant transitioned features	No	N/A	N/A	N/A
37	If yes. specify non-compliant features	N/A	N/A	N/A	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A	N/A	N/A	N/A

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16. ANNEX: IV - List of EBA Templates disclosures and cross reference with Pillar III Disclosures

EBA TEMPLATE	Pillar III Disclosures reference
EU OV1 – Overview of risk weighted exposure amounts	Section 4.4
EU KM1 - Key metrics template	Section 4.5
EU INS1 - Insurance participations	Section 8.4
EU INS2 - Financial conglomerates information on own funds and capital adequacy ratio	Not Applicable
EU OVC - ICAAP information	Section 6.7
EU OVA - Institution risk management approach	Sections 3, 6.2, 7.2, 7.3 and 8.2
EU OVB - Disclosure on governance arrangements	Section 3
EU LI1 - Differences between accounting and regulatory scopes of consolidation and mapping of financial statement categories with regulatory risk categories	Section 4.4
EU LI2 - Main sources of differences between regulatory exposure amounts and carrying values in financial statements	Section 4.4
EU LI3 - Outline of the differences in the scopes of consolidation (entity by entity)	ANNEX I
EU LIA - Explanations of differences between accounting and regulatory exposure amounts	Section 4.2
EU LIB - Other qualitative information on the scope of application	Not applicable
EU PV1: Prudent valuation adjustments (PVA)	Section 4.5
EU CC1 - Composition of regulatory own funds	Section 4.1
EU CC2 - reconciliation of regulatory own funds to balance sheet in the audited financial statements	Section 4.2
EU CCA: Main features of regulatory own funds instruments and eligible liabilities instruments	ANNEX III
EU CCyB1 - Geographical distribution of credit exposures relevant for the calculation of the countercyclical buffer	Section 4.3
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EU CR9 –IRB approach – Back-testing of PD per exposure class (fixed PD scale)	Not applicable
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Note: Due to rounding, numbers presented throughout the Report may not add up to the totals provided precisely.