BANK GPB INTERNATIONAL S.A.
MEMBER OF GAZPROMBANK GROUP

Pillar 3 Disclosure Report 2022

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1. Introduction

1.1. About this report

The Pillar 3 Disclosure report (the **"Report"**) prepared by Bank GPB International S.A. (**"Bank"**, **"GPBL"**) provides detailed disclosures about the approaches the Bank takes to managing risk and assessing capital adequacy for the financial year ending 31 December 2022. The report is prepared in accordance with Part Eight of Regulation (EU) No 575/2013 (**"CRR"**) on disclosures by institutions. The Report has been further prepared in line with the Commission Implementing Regulation (EU) 2021/637 of 15 March 2021 laying down implementing technical standards with regard to public disclosures by institutions, as subsequently amended (the "**ITS**") as well as in line with relevant guidance issued by the European Banking Authority. Additional relevant information may be found in the Bank's Financial Statements for the year ended 31 December 2022, prepared in accordance with the International Financial Reporting Standards.

The Bank has in place a dedicated Pillar 3 disclosure policy which establishes the governance around preparation and review of the Pillar 3 report. In order to assure high quality of the disclosure and its alignment with the requirements of the CRR, the Bank has introduced requirement for formal sign-off from Senior Management, including subject matter experts.

This Report has been prepared using the following basis:

- The Bank applies standardised approach for calculation of risk-weighted assets for credit risk and original exposure method for estimation of counterparty credit risk;
- The Bank does not have trading activities which would exceed the small trading book thresholds;
- The Report has been prepared on standalone basis (also referred as "solo");
- Some disclosure tables which are not applicable for the Bank have been omitted, and, where appropriate, are mentioned as such in relevant sections of the Report;
- The Report has been based on regulatory reports consistent with the disclosures in the annual accounts and as reported at the time of approval of the financial statements;
- Minor differences might occur in the disclosures due to rounding, but the Bank considers them as not material from the perspective of the Bank's risk profile description.

The Bank publishes its Pillar 3 report on annual basis.

1.2. Scope of application

The Bank holds participating interest only in a non-operating entity and is not obliged to establish consolidated accounts. Therefore, the Bank's Pillar 3 Disclosure report is prepared on standalone basis.

2. Key metrics

Template EU KM1 - Key metrics template

EUR		T	T-1
		2022	2021
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	286,820,602	268,200,752
2	Tier 1 capital	286,820,602	268,200,752
3	Total capital	286,820,602	268,200,752
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	1,181,359,552	1,691,398,343
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	24.28%	15.86%
6	Tier 1 ratio (%)	24.28%	15.86%
7	Total capital ratio (%)	24.28%	15.86%
	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 (%)	2.50%	2.50%
EU 7b	of which: to be made up of CET1 capital (percentage points)	1.41%	1.41%
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	1.88%	1.88%
EU 7d	Total SREP own funds requirements (%)	10.50%	10.50%
	Combined buffer 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 (%)	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%
EU 10a	Other Systemically Important Institution buffer	0.00%	0.00%
11	Combined buffer requirement (%)	2.50%	2.50%
EU 11a	Overall capital requirements (%)	13.00%	13.00%
12	CET1 available after meeting the total SREP own funds requirements (%)	13.78%	5.36%
	Leverage ratio		
13	Total exposure measure	4,715,366,487	3,808,586,913
14	Leverage ratio (%)	6.08%	7.04%
	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 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 requirements (%)	3.00%	3.00%

		T	T-1
		2022	2021
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value - average)	3,385,395,089	1,876,371,032
EU 16a	**Cash outflows - Total weighted value**	3,082,445,355	1,202,674,694
EU 16b	**Cash inflows - Total weighted value**	275,781,820	338,532,539
16	Total net cash outflows (adjusted value)	2,806,663,534	864,142,156
17	Liquidity coverage ratio (%)	120.62%	217.14%
	Net Stable Funding Ratio		
18	Total available stable funding	1,074.692,044	1,699,547,844
19	Total required stable funding	616,905,369	1,108,827,595
20	NSFR ratio (%)	174.21%	153.27%

3. Risk Management Framework

3.1. Risk management objectives and policies

3.1.1. Governance Overview

The Bank operates under a two-tier structure comprising the Supervisory Board and the Management Board.

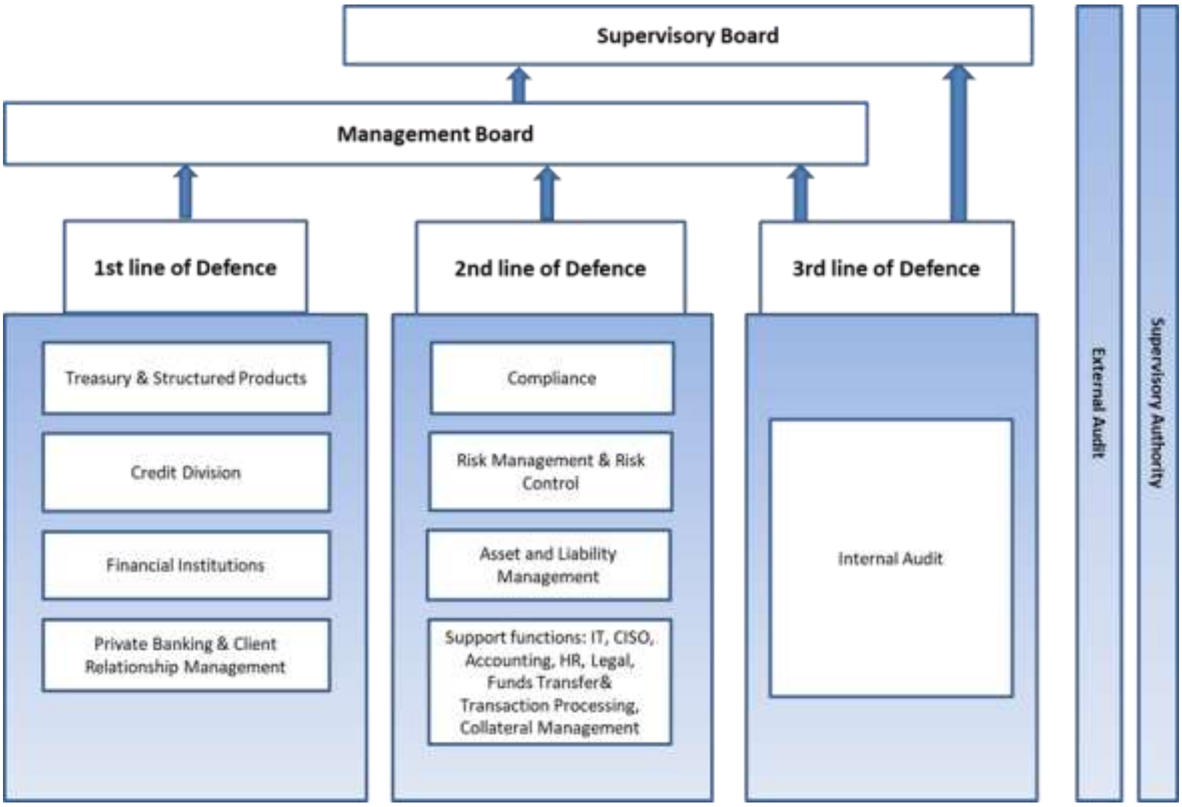
The function of the Supervisory Board is to ensure it maintains a complete overview and gives general strategic advice to the executive management vested in the Management Board. Specialised audit and risk as well as remuneration and human resources committees were created at the Supervisory Board level to ensure closer supervision of relevant areas.

3.1.2. Three lines of defence

Taking into account the requirements of the Circular 12/552, as subsequently amended, on Central administration issued by the Commission de Surveillance du Secteur Financier (**"CSSF"**), the Bank implemented an internal control framework based on a three-line-of-defence model, permitting four levels of control in order to implement appropriate governance across various departments and divisions. The three lines of defence model distinguish among three groups (or lines) involved in effective risk management:

- functions that take or acquire risks under a predefined policy and limits and carry out operational controls to monitor compliance with policies, procedures and limitations imposed on them (referred to herein as risk owners or first line of defence);
- support functions, including the financial and accounting function, the IT function, and above all the compliance and risk control functions, that contribute to the independent risk control and support the operational units in accordance with the policies and procedures applicable to them;

- the internal audit function that provides independent, objective and critical assessment of the first two lines and the internal governance system as a whole.



Operational controls of the risk owners (including day-to-day controls by the operating staff, ongoing critical controls carried out by the staff in charge of the administrative processing of transactions, and controls carried out by the members of the Management Board on the activities or functions which fall under their direct responsibility) build the first line of defence. The risk control and compliance functions established by the Management Board are the second line with the internal audit - through its independent review – as the third line of defence. The three lines of defence are complementary, each line of defence assuming its control responsibilities regardless of the other lines. In the three-line concept the Supervisory Board is the primary stakeholder which is responsible to ensure that the risk management model is reflected in the Bank's processes and which delegates the implementation of the governance and Risk Management Framework to the Management Board.

In doing so, the following elements of the model have been implemented in the Bank:

- internal control system is structured in accordance with the three-line of defence model;
- each line of defence has defined roles and responsibilities as laid down in internal policies;
- to foster efficiency and effectiveness and to minimize duplication of efforts a proper coordination and communication exist among the lines of defence;
- the lines of defence are not be combined or coordinated in a manner that compromises their effectiveness and the application of the segregation of duties principle.

3.1.3. The Internal Capital and Liquidity Adequacy Assessment Process

As a distinguished part of its Pillar II risk management framework, the Bank established an Internal Capital Adequacy Assessment Process (**"ICAAP"**) and the Internal Liquidity Adequacy Assessment Process (**"ILAAP"**), which are jointly referred to as ICLAAP. ICAAP and ILAAP are performed by the Bank jointly in order to combine both the capital and liquidity perspective in the assessment of the current and potential risks the Bank is exposed to. The ICLAAP includes the following components: a risk appetite statement, a risk identification process, economic capital allocation, internal limit system, internal risk reporting, funding strategy, strategy regarding liquidity buffer and collateral management, short-term and intraday liquidity management, stress testing and liquidity contingency funding planning.

The ICLAAP is adequately documented in the Bank's internal policies namely "Capital Management Policy", "ICLAAP Policy" and "Liquidity Management Policy". The ICLAAP is a system allowing the Bank to assess and maintain, on an ongoing basis, the amounts, types and distribution of internal capital that it considers adequate to cover the nature and level of risks to which it is or might be exposed as well as to ensure that the Bank maintains adequate levels of liquidity buffers and adequate funding in relation to these risks. The Bank's ICLAAP is designed in accordance with the requirements set out in the CSSF Circular Letters 07/301, 08/338, 09/403, 11/506, 12/538, 13/574,14/583, 09/403 as well as Circular 20/753. The following general principles apply to the Bank's ICLAAP:

- The ICLAAP is essentially an internal process adapted to the Bank's organisation and its specific operational needs;
- The ICLAAP is integrated to the Bank's decision and management processes;
- The ICLAAP fully reflects all the significant risks to which the Bank is or could be exposed;
- The ICLAAP ensures that the Bank maintains, on an ongoing basis, an amount/type/distribution of internal capital appropriate in relation to risks incurred;
- The ICLAAP ensures that the Bank maintains, on an ongoing basis, adequate levels of liquidity buffers and adequate funding;
- The ICAAP strategy (general principles and objectives regarding risk taking and internal capital management), methodology, internal processes as well as results and related decisions are duly documented;
- The Risk Management and Risk Control Department (the "**Risk Management**") assesses and monitors the state of risks to which the Bank is exposed. The Risk Management includes

this aspect in its annual summary report to be provided to the CSSF. It assists the Management Board in the ICLAAP process by providing to the latter its own conclusions and recommendations on the risk assessment pursuant to the ICLAAP.

The ICLAAP is subject to a periodic review at least once a year to be performed by the internal audit.

Capital Adequacy Assessment Process is closely linked to the strategy of the Bank for the further development and is based on the budgeting process of the Bank.

The ICLAAP is subject to a periodic review in order to ensure that:

- The coverage of risks remains comprehensive and adapted to the scale, diversity and complexity of Bank's activities;
- And that the amount and the distribution of internal capital as well as the liquidity buffers and funding are appropriate in relation to the business activities and risks incurred.

At least once a year, as well as following any significant change in the risk profile or business plan, the Management Board prepares a report (the "**ICLAAP Report**") on:

- The adequacy of the ICLAAP to the Bank's needs and organisation;
- The Bank's current and expected future risk profile and the adequacy of the risk management policy established by the Management Board;
- The impact of the internal capital management on prudential own funds adequacy;
- The funding position and the adequacy of liquidity buffers and funding.

The ICLAAP Report is prepared by the Management Board in cooperation with the Risk Management. The Risk Management prepares in particular the risk descriptions and analyses contained in the ICLAAP Report and, where applicable, it makes necessary recommendations. If the Risk Management does not share the aforementioned descriptions and analyses of the ICLAAP Report, it shall explicitly mention it in its annual summary report in which it includes its own assessments.

The Audit and Risk Committee of the Supervisory Board (the **"ARCO"**) acknowledges the ICLAAP Report.

An integral part of the Bank's ICLAAP is the risk identification and assessment process. The business activities of the Bank are inevitably linked to the acceptance of risks. The business policy of the Bank is conservative in its orientation. Consequently, the Bank's main principle is to manage risks in a responsible way. The formulated risk strategy is thus aligned with the business strategy, and reviewed at least once a year. The risk strategy consists of risk policy principles, the organisation of risk management, the overall risk profile of the Bank and the risks sub-strategies regarding the main Bank-specific risk types as specified below.

As of 31 December 2022, the Bank has identified the following categories of risks:

To evaluate the risk strategy of the Bank, Risk Management is presenting to the Management Board on an annual basis its Risk Assessment which takes into account all risks the Bank is exposed or might be exposed to. The annual risk assessment considers the current risk positioning of the Bank, in comparison with the previous year and has also a forward-looking element.

3.1.4. Risk Appetite

The Risk Appetite expressed as the amount and type of risk the Bank is willing to take in order to meet the strategic objectives. As a pre-requisite to the establishment of the Risk Appetite Statement, the Bank identifies and assessed the significance of the risk it faces.

A risk is considered material whenever it is assessed that it could materially affect the achievement of the Bank's business objectives, negatively impact the Bank's reputation, create liquidity constraints, impact capital and /or revenues or lead to regulatory compliance issues.

Another key element of the Risk Appetite Framework is the risk bearing capacity and the strategic business plan of the Bank. The financial and regulatory ratios applied to the annual business plan are constantly monitored, reported and approved by the Supervisory Board.

The medium-term business plan defines in detail the forecasted business volumes, the transformation of the business volumes into risk-weighted assets and the required capital in relation to the eligible capital of the Bank. The resulting capital ratios are constantly monitored and stress testing is performed to demonstrate that the total eligible capital is sufficient to cover the capital requirements even under stress circumstances.

The Bank is also projecting in detail its funding base and the structure of the required funding to comply with the LCR and NSFR ratios. Additional planning activities are performed for the expected derivative volumes which are required for Asset and Liability Management.

In addition, the Bank is forecasting in detail its income and expenses and is using a funding cost structure to determine the net interest margin as a key component of the profit and loss calculated pre-provisions. The Bank has developed an internal rating system which acts as the basis for loan loss provision estimation. Loan loss provisions are calculated in line with the requirements of IFRS 9, on individual basis and using relevant PD and LGD estimated which represent the Bank's best estimate of the expected credit losses of its portfolio as at the reporting date.

As a further instrument to enhance and control the Risk Appetite Framework, the Bank has developed a set of key risk indicators and key performance indicators. The key risks and performance indicators are meant to provide an early warning system for the Bank and are monitored a monthly basis including the development of the indicators over time. The indicators are measured against internal benchmarks and trigger events. The trigger events are reviewed annually and adjusted accordingly by Risk Management, which is also responsible for the issuance of the report. The key risks and performance report is distributed to the Management Board and discussed during ARCO meetings.

Management believes that the risk management system in place and the risk profile associated with the business strategy of the Bank are adequate and fit for purpose.

The Bank's risk appetite has been established across a broad range of risk metrics in the areas of Capital Adequacy, Liquidity Risk, Credit Risk, Market Risk, Operational Risk and Regulatory Requirements.

Key risk appetite metrics and their values as at 31 December 2022 are as follows:

	Risk appetite	Value
Capital Adequacy Ratio	≥13.5%	24.28%
Liquidity Coverage Ratio	≥100%	120.62%
Net Stable Funding Ratio	≥100%	174.21%

The RAS further includes the AML/CTF/PF part that describes the respective risks that the Bank accepts or assumes within its risk capacity. The objective of having an effective risk appetite framework in the area of AML/CTF/PF is to reinforce a strong compliance risk culture within the Bank, which in turn is critical to sound risk management. A sound risk culture provides an environment that is instrumental to ensure that emerging ML/TF/PF risks and any related risk-taking activities beyond the Bank's AML/CTF/PF Risk Appetite are recognised, escalated and addressed in a timely manner.

The qualitative part of RAS substantially details AML/CTF/PF profile of the Bank for all relevant business activities in line with the approved business strategy. The numerical limits provide further guidance in regards to specific risks and types of exposure. The AMP/CTF/PF part of RAS was discussed and agreed with all involved business departments and confirmed with compliance function of the Bank and at the Group level and communicated/acknowledged by the CSSF.

3.1.5. Roles and responsibilities

Supervisory Board

The Supervisory Board, through activities delegated to the Audit and Risk Committee ("ARCO"), is responsible for:

- Together with the Management Board setting the risk strategy, the risk capacity and the risk appetite;
- Together with the Management Board approval of internal risk appetite statement limits.

The Audit and Risk Committee

ARCO is an advisory body to the Supervisory Board on the aspects of the overall risk and risk strategy and assists the Supervisory Board in the assessment of the adequacy of the risks incurred in light of the Bank's ability to manage these risks and on the adequacy of the regulatory and internal capital and liquidity.

Management Board

The Management Board is responsible for:

- Managing the Bank and implementing the Bank's strategy, by setting a management structure, internal controls, organizations and systems;
- Overseeing and managing the risk profile and capital management of the Bank;
- Approving on an annual basis the risk, capital and liquidity management processes of the Bank. Approving standards, concepts and methodologies for controlling risks and managing capital within the principles and guidelines approved by the Supervisory Board;
- Approving the Risk Management Policy and the ICLAAP Policy;
- Communicating the Risk Management Policy and the ICLAAP Policy within the Bank;
- Periodically reviewing the adequacy and implementation of the Risk Management Policy and ICLAAP Policy as well as underlying processes and controls;
- Reporting to the Supervisory Board on the adequacy of the risk, liquidity and capital management framework;
- Management of the Bank also ensures that the Risk Management function remains proportionate to the scale diversity and complexity of the activities of the Bank and the organization and has in its disposal the tools and resources in order to perform its duties in an effective and efficient manner.

Asset and Liability Committee of the Management Board (ALCO)

Asset and Liability Committee is a decision-making body in the area of interest rate and liquidity risk and the trade-off between these risk and the Bank's business goals.

Credit Committee of the Management Board

Credit Committee is an advisory body to the Management Board on the aspects of credit risk-taking and assists the Management Board in the assessment of credit applications.

Products, Processes & Technologies Committee of the Management Board (PPTCO)

Products, Processes & Technologies Committee is a decision-making body in the area of development, implementation and control over products, processes and technologies.

Risk Management and Risk Control

Risk Management and Risk Control, which is a function independent from business lines, is responsible for:

- The development, implementation and monitoring of Bank's risk control principles, frameworks, limits and processes;
- The coordination and compilation of the key risk indicator reports;
- Compilation and reviewing of the ICLAAP documentation (comprising ICAAP and ILAAP components);
- The monitoring and reporting of the Bank's risk appetite;
- Ensuring that a formal update of the ICLAAP and related ICLAAP report occurs on an annual basis at the beginning of each calendar year prior to the first Supervisory Board Meeting. The report is drafted by Risk Management, supported by the Accounting, ALM and MIS Departments where applicable. The report is ultimately issued and owned by the Management Board and is provided to ARCO for acknowledgment.

Compliance

The Compliance Function is in charge of the control, management and mitigation of compliance risks.

The Chief Information Security Officer ("CISO")

- Managing and overseeing ICT and security risks;
- Monitoring and controlling adherence to the ICT and security risk management framework with a clear segregation from ICT operations processes;
- Rolling out and implementing the Information Security Management System (ISMS);
- Oversight of information security incidents and investigations;
- Reviewing effectiveness of the 1st line of defence control structure, action plans, risk assessments, waivers and exceptions.

Business Lines

The heads of business departments are responsible for the identification, management and monitoring of the risks arising in their dedicated business areas. Business lines act as the first line of defence in the risk management activities of the Bank.

Accounting and Regulatory Reporting Department Accounting and Regulatory Reporting (**"Accounting"**) is responsible for the monitoring of minimum capital requirements and capital adequacy ratio. Accounting regularly assesses the necessary level of capital; monitors that the regulatory minimum levels are fulfilled at all time and regularly reports the capital situation to other departments and the Management Board.

Asset and Liability Management Department

Asset and Liability Management Department (**"ALM"**) is responsible for the monitoring of Liquidity Coverage Ratio, Net Stable Funding Ratio and the liquidity buffers of the Bank. ALM regularly assesses the necessary level of liquidity, monitors that the regulatory minimum levels are fulfilled at all time and regularly reports the liquidity situation to other departments and the Asset and Liability Management Committee (**"ALCO"**).

3.1.6. Risk reporting

The Management Board has implemented periodical monitoring and reporting structures in order to assure the compliance of the Bank with the above defined responsibilities, policies and directives:

Daily and intraday monitoring:

- Daily Credit Limits (regulatory);
- Daily Credit Limits (non-regulatory);
- Daily Securities Limit;
- Daily Derivative report, including FX Limit;
- Daily Interest Rate Risk;
- Daily HTM portfolio report;
- Daily P&L;
- Daily capital adequacy estimate;
- Daily Cash Position;
- Daily Liquidity report and LCR control;
- Daily Portfolio limits/utilization report;
- Daily Margin calls calculation;
- Daily FX-Position calculation;
- Daily Economic Risk and Collateral by Countries;
- Daily ALM report (contractual gap, static gap, dynamic gap, stress gap, LCR and NSFR values as of previous end of business day, amounts of short-term funds);
- Detailed LCR report with overview of bond portfolio by ISIN;
- Intraday LCR calculation;

- Intraday nostro positions report.

Weekly monitoring:

- Liquidity gap by type of products with daily cash-flows over the next 30 days;
- Updated FTP table;
- Financial Risks overview.

Monthly monitoring:

- Group OpRisk report;
- Monthly Reporting to the Supervisory Board - Risk, Capital and Liquidity Management Report;
- Regulatory Additional Liquidity Monitoring Metrics ("ALMM") reporting;
- Update of the Operating Liquidity Plan, planned new assets and funding.

Quarterly Reports:

- Report on Audit Findings & Recommendations;
- Financial covenants monitoring;
- Update of the stable profile of short-term liquidity;
- Liquidity report for Audit and Risk Committee.
- Interest Rate Risk Report (regulatory).

Annually monitoring:

- Annual Risk Assessment;
- Summary Report on Risk Control Function;
- Annual ICAAP and ILAAP Reports, jointly expressed as ICLAAP;
- Short Form Report;
- Recovery Plan.

3.1.7. Use of stress tests

Stress tests are an integral part of the Bank's risk management activities and are used to analyse the impact of severe adverse events on the financial performance, capital as well as liquidity of the Bank over a defined time horizon. The objective of this assessment is to ensure that the Bank's risk mitigation controls, capital and liquidity can withstand the consequences of a high-impact low-likelihood event.

The Bank has established its stress testing framework separately in relation to liquidity and general capital management in respectively the "Liquidity Stress-Testing Framework" and the "Policy Implementing a Stress Testing Program".

The stress testing framework has been established taking into consideration the relatively low size and complexity of the Bank's activities and the relatively stable risk profile.

Within the ICLAAP process and in line with the Bank's stress testing programme, dedicated stress tests have been performed with regards to capital adequacy in relation to the risk categories the Bank regards as the most relevant based on its current and envisaged business model.

The Bank pursues a conservative approach by performing a Pillar 1 Plus methodology i.e. by adding additional capital requirements for certain risks and stress scenarios to the Pillar I required capital. The approach to economic capital has been described in the Methodology for calculation of economic capital. The Bank considers in its internal capital adequacy estimates: credit risk, single name concentration, sector concentration, geographic concentration, market risk, operational risk, interest rate risk, funding risk, business/strategy risk as well as diversification benefits.

The liquidity stress testing is performed on a daily basis for the purpose of determination of the required liquidity buffer and for ongoing monitoring of the liquidity risk.

Furthermore, on annual basis the Bank prepares a Recovery Plan which outlines specific measures (also referred to as recovery options) which are available to the Bank to withstand/recover from a near-default stress event. The past recovery plans re-confirmed the Bank's good capital and liquidity standing and the expected resilience to high-impact stress events.

3.2. Governance arrangements

Selection criteria

The policy on "Appointment of Specific Functions and assessment of suitability of members of Management Body and Key Functions Holders" regulates the appointment of specific function holders and the assessment of the suitability of members of the Management Body and Key Function Holders. It defines the fundamental principles of the Bank for the appointment and succession of Key Function Holders. It also requires the yearly evaluation of all relevant persons, in order to ensure that the Bank is staffed with knowledgeable and experienced personnel.

The Supervisory Board reviews and assesses the Management Board composition and recommends the appointment of its members. The Supervisory Board also oversees the conduct of the annual review of the Management Board effectiveness.

The Supervisory Board discusses and agrees annually all measurable objectives for achieving diversity on the Management Board. At any given time, the Supervisory Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Bank is committed to having a diverse Management Board, to achieving the targets set in this regard and to ensuring an open and fair recruitment process.

Diversity

The Bank recognises the benefits of having a diverse Management Board and sees increasing diversity at Management Board level as an important element in maintaining a competitive advantage. A diverse Management Board includes and makes good use of differences in the skills, in particular those skills identified as relevant to the business of the Bank, including financial services (incorporating finance, risk management, business experience, economics, corporate finance, human resources, customer relations, credit and IT skills), regional and industry experience, background, nationality, gender, age and other qualities of directors and authorised managers. These differences are considered in determining the optimum composition of the Management Board and when possible should be balanced appropriately. All Management Board appointments are made on merit, in the context of the skills and experience the Management Board as a whole requires to be effective.

Risk Committee

The Supervisory Board has established an Audit and Risk Committee (the "ARCO") which discusses relevant risk management topics in order to advise the Supervisory Board and assist in its discharge from responsibilities.

The ARCO meets generally on quarterly basis, but has met 2 times in 2022 due to change in the composition of the Bank's Supervisory Board. The standing agenda for these meetings includes the following matters: internal control, financial situation of the Bank, audit, risk management and compliance.

4. Capital adequacy

4.1. Capital Management

To be able to absorb losses in a going or in a gone concern situation, the Bank needs own funds in sufficient quantity and quality in accordance with applicable legal and prudential requirements. Prudential capital ratios determine whether the eligible own funds of the Bank are sufficient to cover risks that the Bank may face (e.g. credit risk, operational risk, foreign exchange risk, etc. under the normative perspective as indicated in CSSF circular 07/301.

The supervisory authorities determine the capital ratios to be observed by the Bank. The establishment of the required capital levels is inherently linked to the SREP process as well as the internal assessment of the required capital by the Bank.

In order to assure sufficient level of capital on ongoing basis, the Bank performs capital planning in line with its Capital Management Policy. Capital Planning activities include:

- Forecasting the balance sheet of the Bank based on planned business activities, associated risk and profitability over long (3-5 years) and shorter (1-year) time horizons;
- Ensuring that regulatory and internal capital is adequate and compliant with relevant regulations and other prudential restrictions, and compliant with risk appetite indicators for the planned period;
- Assessment of risk-based performance in key areas of activity and other segments and distribution of economic capital in key areas of activity, with a balance of risk and profitability;
- Assessing new transactions, products and activities in terms of capital adequacy and risk-return ratio.

Capital management entails close monitoring of the quality of own funds which can be used as loss absorption capacity as well as the management of the risk exposures themselves. Both these aspects are subject to dedicated disclosure tables in the next sections of this Report.

4.2. Own funds

In accordance with its obligations under the European Capital Requirements Directive, the Bank is required to maintain sufficient own funds to cover the risks as it is or could be exposed to while ensuring compliance with its commitments and continuity of its services. The own funds of GPBL are based on the recent figures and are composed of the Tier 1 capital only, which consists of eligible capital. GPBL does not hold any Tier 2 capital as per 31 December 2022. Sole shareholder of the Bank is Bank GPB (JSC).

The Bank summarised its disclosure on the composition of its own funds with reference to column a of the Template EU CC1:

Template EU CC1 - Composition of regulatory own funds

EUR		(a) Amounts
1	Capital instruments and the related share premium accounts	231,690,000
	of which: Ordinary shares, fully paid up	*231,690,000*
2	Retained earnings	32,699,545
3	Accumulated other comprehensive income (and other reserves)	24,596,215
EU-3a	Funds for general banking risk	0
4	Amount of qualifying items referred to in Article 484 (3) and the related share premium accounts subject to phase out from CET1	0
5	Minority interests (amount allowed in consolidated CET1)	0
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	288,985,760
Common Equity Tier 1 (CET1) capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	-25,836
8	Intangible assets (net of related tax liability) (negative amount)	-1,915,799
9	Not applicable	
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) are met) (negative amount)	0
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0
12	Negative amounts resulting from the calculation of expected loss amounts	0
13	Any increase in equity that results from 18 securitized assets (negative amount)	0
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0
15	Defined-benefit pension fund assets (negative amount)	0
16	Direct and indirect holdings by an institution of own CET1 instruments (negative amount)	0
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	-223,523
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	-223,523
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met) (negative amount)	0
22	Amount exceeding the 17,65% threshold (negative amount)	0
EU-25a	Losses for the current financial year (negative amount)	0
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0
27a	Other regulatory adjustments	0
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	-2,165,158
29	**Common Equity Tier 1 (CET1) capital**	286,820,602
Additional Tier 1 (AT1) capital: instruments		
30	Capital instruments and the related share premium accounts	0
33	Amount of qualifying items referred to in Article 484 (4) and the related share premium accounts subject to phase out from AT1	0

EU-33a	Amount of qualifying items referred to in Article 494a (1) subject to phase out from AT1	0
EU-33b	Amount of qualifying items referred to in Article 494b (1) subject to phase out from AT1	0
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	0
Additional Tier 1 (AT1) capital: regulatory adjustments		
37	Direct and indirect holdings by an institution of own AT1 instruments (negative amount)	0
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0
42a	Other regulatory adjustments to AT1 capital	0
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	0
44	**Additional Tier 1 (AT1) capital**	0
45	**Tier 1 capital (T1 = CET1 + AT1)**	286,820,602
Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	0
47	Amount of qualifying items referred to in Article 484 (5) and the related share premium accounts subject to phase out from T2 as described in Article 486 (4) CRR	0
EU-47a	Amount of qualifying items referred to in Article 494a (2) subject to phase out from T2	0
EU-47b	Amount of qualifying items referred to in Article 494b (2) subject to phase out from T2	0
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0
50	Credit risk adjustments	0
51	**Tier 2 (T2) capital before regulatory adjustments**	0
Tier 2 (T2) capital: regulatory adjustments		
52	Direct and indirect holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0
54	Direct and indirect holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0
55	Direct and indirect holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0
56b	Other regulatory adjustments to T2 capital	0
57	**Total regulatory adjustments to Tier 2 (T2) capital**	0
58	**Tier 2 (T2) capital**	0
59	**Total capital (TC = T1 + T2)**	286,820,602

60	**Total risk exposure amount**	1,181,359,552
Capital ratios and requirements including buffers		
61	Common Equity Tier 1	24.28%
62	Tier 1	24.28%
63	Total capital	24.28%
64	Institution CET1 overall capital requirements	8.41%
65	of which: capital conservation buffer requirement	2.50%
66	of which: countercyclical capital buffer requirement	0.00%
67	of which: systemic risk buffer requirement	0.00%
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer requirement	0.00%
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	1.41%
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	13.78%
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
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
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) are met)	0
Applicable caps on the inclusion of provisions in Tier 2		
76	Credit risk adjustments included in T2 in respect of exposures subject to standardized approach (prior to the application of the cap)	0
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	13,272,065
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0

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

	Capital instrument main features	
1	Issuer	Bank GPB International S.A.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Not listed
2a	Public or private placement	Private placement
3	Governing law(s) of the instrument	Laws of the Grand Duchy of Luxembourg
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A
Regulatory treatment		
4	Current treatment taking into account, where applicable, transitional CRR rules	Common Equity Tier 1
5	Post-transitional CRR rules	Common Equity Tier 1
6	Eligible at solo / (sub-)consolidated / solo&(sub) consolidated	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date).	EUR 231.7 million
9	Nominal amount of instrument	EUR 231,690,000
9a	Issue price	100 per cent of the Aggregate Nominal Amount
9b	Redemption price	Redemption at par
10	Accounting classification	Shareholders' equity
11	Original date of issuance	10 July 2013
12	Perpetual or dated	Perpetual
13	Original maturity date	No maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
17	Fixed or floating dividend/coupon	Floating dividend
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary
21	Existence of step up or other incentive to redeem	N/A
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Non-convertible
24	If convertible, conversion trigger(s)	N/A
25	If convertible, fully or partially	N/A
26	If convertible, conversion rate	N/A
27	If convertible, mandatory or optional conversion	N/A
28	If convertible, specify instrument type convertible into	N/A
29	If convertible, specify issuer of instrument it converts into	N/A
30	Write-down features	No
31	If write-down, write-down trigger(s)	N/A
32	If write-down, fully or partially	N/A
33	If write-down, permanent or temporary	N/A
34	If temporary write-down, description of write-up mechanism	N/A
34a	Type of subordination (only for eligible liabilities)	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	N/A
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Unsecured senior debt, including eligible deposits
36	Non-compliant transitioned features	N/A
37	If yes, specify non-compliant features	N/A
37a	Link to the full term and conditions of the instrument (signposting)	N/A

4.3. Risk-Weighted Exposure Amount

The Bank applies the Standardised Approach for the calculation of the credit risk capital requirements. With regards to counterparty credit risk related to derivative transactions, the Bank uses Original Exposure Method. Operational risk is measured using the Basic Indicator Approach.

Template EU OV1 – Overview of total risk exposure amounts

EUR		a	b	c
		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		2022	2021	2022
1	Credit risk (excluding CCR)	894,354,752	1,283,773,016	71,548,380
2	Of which the standardised approach	894,354,752	1,283,773,016	71,548,380
EU 4a	Of which: equities under the simple risk weighted approach	0	0	0
6	Counterparty credit risk - CCR	167,763,418	288,383,945	13,421,073
7	Of which the standardised approach	0	0	0
8	Of which internal model method (IMM)	0	0	0
EU 8a	Of which exposures to a CCP	0	0	0
EU 8b	Of which credit valuation adjustment - CVA	352,985	11,557,897	28,239
9	Of which other CCR	167,410,433	276,826,047	13,392,835
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	0	0	0
20	Position, foreign exchange and commodities risks (Market risk)	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	119,241,383	119,241,383	9,539,311
EU 23a	Of which basic indicator approach	119,241,383	119,241,383	9,539,311
24	**Amounts below the thresholds for deduction (subject to 250% risk weight) (For information)**	0	0	0
29	**Total**	1,181,359,552	1,691,398,343	94,508,764

4.4. Countercyclical buffer

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

	a	b	c	d	e	f	g	h	i	j	k	l	m
	General credit exposures		Rel. credit exp. – Market risk				Own fund requirements						
MEUR	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	Securitisation exposures	Total exposure value	Relevant credit risk exposures - Credit risk	Relevant credit exposures – Market risk	Relevant credit exposures – Securitisation positions in the non-trading book	Total	Risk-weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
Breakdown by country:													
ARMENIA	30.2					30.2	2.4			2.4	30.2	3.3	1.00
AUSTRIA	19.4					19.4	2.6			2.6	19.4	2.1	
AZERBAIJAN	37.4					37.4	3.0			3.0	37.4	4.0	
BELGIUM	0.0					0.0	0.0			0.0	0.0	0.0	
BERMUDA	0.0					0.0	0.0			0.0	0.0	0.0	
BULGARIA	0.0					0.0	0.0			0.0	0.0	0.0	1.00
CAYMAN ISLANDS	0.0					0.0	0.0			0.0	0.0	0.0	
CYPRUS	227.3					227.3	18.2			18.2	227.3	24.5	
CZECH REPUBLIC	0.0					0.0	0.0			0.0	0.0	0.0	1.50
DENMARK	0.0					0.0	0.0			0.0	0.0	0.0	2.00
FRANCE	19.2					19.2	1.5			1.5	19.2	2.1	
GERMANY	39.6					39.6	3.2			3.2	40,6	4.4	
GIBRALTAR	0.0					0.0	0.0			0.0	0.0	0.0	
GREECE	0.0					0.0	0.0			0.0	0.0	0.0	
HONG KONG	2.5					2.5	0.2			0.2	2.5	0.3	1.00
IRELAND	11.8					11.8	0.9			0.9	11.8	1.3	
ITALY	76.5					76.5	4.7			4.7	59.2	6.4	
JERSEY	0.0					0.0	0.0			0.0	0.0	0.0	
KAZAKHSTAN	0.0					0.0	0.0			0.0	0.0	0.0	
LATVIA	0.0					0.0	0.0			0.0	0.0	0.0	
LUXEMBOURG	152.6					152.6	12.0			12.0	150.0	16.2	0.50
MALTA	0.0					0.0	0.0			0.0	0.0	0.0	
MARSHALL ISLANDS	0.0					0.0	0.0			0.0	0.0	0.0	
MEXICO	0.0					0.0	0.0			0.0	0.0	0.0	
MONACO	0.0					0.0	0.0			0.0	0.0	0.0	
NETHERLANDS	16.1					16.1	1.3			1.3	16.1	1.7	
POLAND	31.7					31.7	2.5			2.5	31.7	3.4	
RUSSIAN FEDERATION	43.5					43.5	5.2			5.2	64.9	7.0	
SINGAPORE	0.0					0.0	0.0			0.0	0.0	0.0	
SPAIN	20.6					20.6	1.7			1.7	20.6	2.2	
SWEDEN	8.8					8.8	0.7			0.7	8.8	1.0	1.00
SWITZERLAND	104.1					104.1	8.3			8.3	104.1	11.2	
UNITED ARAB EMIRATES	0.0					0.0	0.0			0.0	0.0	0.0	
UNITED KINGDOM	61.5					61.5	4.9			4.9	61.5	6.6	1.00
UNITED STATES	1.9					1.9	0.1			0.1	1.9	0.2	
VIRGIN ISLANDS, BRITISH	19.6					19.6	1.6			1.6	19.6	2.1	
Total	**924.6**					**924.6**	**74.2**			**74.2**	**924.6**	**100.0**	-

EU CCyB2 - Amount of institution-specific countercyclical capital buffer

MEUR	31.12.2022
Total Risk Exposure Amount	1,181.4
Institution specific countercyclical buffer rate	0.0%
Institution specific countercyclical buffer requirement	0.0

5. Leverage

The leverage ratio has been implemented by the Basel Committee and incorporated within the CRR to complement the existing risk-based capital requirements and to act as a simple, transparent and non-risk-based measure designed to limit the excessive growth of the balance sheet relative to available capital.

The leverage ratio is defined as the capital measure (the numerator) divided by the exposure measure (the denominator), with this ratio expressed as a percentage and minimum threshold established at 3% for all institutions:

$$\text{Leverage Ratio} = \frac{\text{Capital Measure}}{\text{Exposure Measure}}$$

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

The Bank actively manages its liquidity and leverage positions within activities executed by the Global Markets and Treasury Department as well as the Asset and Liability Management Department.

Leverage levels of the Bank are monitored and reported to the Management Board, Supervisory Board and Group Risk Management and the Assets and Liabilities Committee periodically.

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

MEUR		a
		Applicable amount
1	Total assets as per published financial statements	4,634
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	0
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	0
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	0
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)	0
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	0
7	Adjustment for eligible cash pooling transactions	0
8	Adjustments for derivative financial instruments	6
9	Adjustment for securities financing transactions (SFTs)	0
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	68
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	0
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	0
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a (1) CRR)	0
12	Other adjustments	7
13	**Total exposure measure**	4,715

Template EU LR2 - LRCom: Leverage ratio common disclosure

MEUR		CRR leverage ratio exposures	
		a	b
		2022	2021
	On-balance sheet exposures (excluding derivatives and SFTs)		
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	4,481	3,271
2	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the applicable accounting framework	0	0
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	0	0
5	(General credit risk adjustments to on-balance sheet items)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	-2.2	-3
7	**Total on-balance sheet exposures (excluding derivatives and SFTs)**	4,479	3,268
	Derivative exposures		
8	Replacement cost associated with SA-CCR derivatives transactions (ie net of eligible cash variation margin)	0	0
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	0	0
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	0	0
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	0	0

EU-9b	Exposure determined under Original Exposure Method	10	167
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	0	0
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	0	0
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	**Total derivatives exposures**	10	167
	Securities financing transaction (SFT) exposures		
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	159	216
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	Counterparty credit risk exposure for SFT assets	0	0
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e (5) and 222 CRR	0	0
17	Agent transaction exposures	0	0
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	0	0
18	**Total securities financing transaction exposures**	159	216
	Other off-balance sheet exposures		
19	Off-balance sheet exposures at gross notional amount	308	516
20	(Adjustments for conversion to credit equivalent amounts)	-240	-358
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated with off-balance sheet exposures)	0	0
22	**Off-balance sheet exposures**	68	158
	Excluded exposures		
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a (1) CRR)	0	0
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a (1) CRR (on and off-balance sheet))	0	0
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	0	0
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0	0
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units)): - Promotional loans granted by a public development credit institution - Promotional loans granted by an entity directly set up by the central government, regional governments or local authorities of a Member State - Promotional loans granted by an entity set up by the central government, regional governments or local authorities of a Member State through an intermediate credit institution)	0	0
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	0	0
EU-22g	(Excluded excess collateral deposited at triparty agents)	0	0
EU-22h	(Excluded CSD related services of CSD/institutions in accordance with point (o) of Article 429a (1) CRR)	0	0
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a (1) CRR)	0	0
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	0	0
EU-22k	(Total exempted exposures)	0	0
	Capital and total exposure measure		
23	**Tier 1 capital**	287	268
24	**Total exposure measure**	4,715	3,809

Leverage ratio			
25	Leverage ratio	6.08%	7.04%
EU-25	Leverage ratio excluding the impact of the exemption of public sector investments and promotional loans) (%)	6.08%	7.04%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	6.08%	7.04%
26	Regulatory minimum leverage ratio requirement (%)	3.00%	3.00%
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00%	0.00%
EU-26b	of which: to be made up of CET1 capital (percentage points)	0.00%	0.00%
27	Leverage ratio buffer requirement (%)	0.00%	0.00%
EU-27a	Overall leverage ratio requirement (%)	3.00%	3.00%
Choice on transitional arrangements and relevant exposures			
EU-27b	Choice on transitional arrangements for the definition of the capital measure	NA	N/A
Disclosure of mean values			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash-receivables	159	216
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	159	216
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)	4,715	3,809
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)	4,715	3,809
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)	6.08%	7.04%
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)	6.08%	7.04%

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

MEUR		CRR leverage ratio exposures
EU-1	Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:	4,481
EU-2	Trading book exposures	0.0
EU-3	Banking book exposures, of which:	4,481
EU-4	Covered bonds	0.0
EU-5	Exposures treated as sovereigns	3,400
EU-6	Exposures to regional governments, MDB, international organisations and PSE NOT treated as sovereigns	0.0
EU-7	Institutions	350
EU-8	Secured by mortgages of immovable properties	53
EU-9	Retail exposures	0.5
EU-10	Corporate	659
EU-11	Exposures in default	8
EU-12	Other exposures (eg equity, securitisations, and other non-credit obligation assets)	11

6. Credit Risk

Credit risk arises from all transactions that create actual, contingent or potential claims against counterparties. The credit risk is the most material risk in the Banking activities. The main source of credit risk for the Bank is the lending business.

The Bank assumes credit risk based on pre-defined set of criteria and within a well-structured process. Financing is provided to clients in line with the Bank's business strategy and within the limitations established in the Bank's Risk, Capital and Liquidity Strategy and Risk Appetite.

Extending credit is preceded by a detailed credit analysis and assessment of the clients creditworthiness using an internal rating model. The internal rating model is used to estimate the probability of default and loss given default for the lending exposure. The internal rating system classified all loan exposures into twenty-two categories.

Credit assessment includes deep dive into the past, current and prospective financial performance of the borrower, their risk profile, risk mitigation as well as good understanding of the transaction itself and related risks. The risk analysis of potential credit exposure is juxtaposed with the proposed pricing in order to assess the acceptability of the risk and reward profile of every transaction.

The credit approval and loan granting process is performed in line with a set of detailed policies, directives and procedures. These documents govern all aspects of lending risk and include policies addressing, among others, the credit approval and loan granting process, loan monitoring, expected credit loss estimation, identification of default, country risk and credit concentration risk management.

Credit Risk at the Bank's level is managed primarily through establishment of a set of limits at varying levels of granularity to assure that the level of risk assumed is well controlled and does not exceed the Bank's appetite for credit risk. The main established credit limits include:

- Portfolio level for specific types of exposures;
- Country risk;
- Non-Bank Financial Intermediation (Shadow banking);
- Concentration on groups of connected clients;
- Obligor;
- Credit risk sub-type at obligor level.

The Management Board receives a regular overview of the ratings of all counterparties.

Structure and organisation of the credit risk management and control function

The Risk strategy with regards to credit risk as well as the credit risk appetite are established by the Supervisory Board.

All credit applications are subject to approval by the Management Board.

The Bank has established a Credit Committee as a separate and independent body of the Bank. The Credit Committee acts as an advisory body to the Management Board on the matters related to the approval of the credit limits and transactions.

The following functions form the competence of the Credit Committee:

- The Credit Committee reviews all credit applications submitted to the Bank in order to consider, analyse and give advice on such credit applications to the Management Board. On a quarterly basis, the Credit Committee reviews, analyses and provides the Management Board with the general recommendations, regarding the credit limits, risks and exposures;
- The Credit Committee reviews the strategies to develop and achieve the credit and lending goals of the Bank, and make appropriate recommendations to the Management Board in this respect;
- The Credit Committee follows up and monitors each credit application as from the granting approval for a loan until its full repayment and provides respective credit performance reports to the Management Board;
- The Credit Committee reviews the credit performance of the Bank; based on the reports prepared, the Credit Committee evaluates in a written report the Bank's credit performance in accordance with the Bank's credit and lending goals; the report on the Bank's credit performance, as prepared by the Credit Committee, should be submitted to the Management Board for review and consideration.

Risk Management and Risk Control monitors periodically credit risk at all levels of granularity and reports on the level of credit risk to the relevant stakeholders including Management Board, Supervisory Board, Group Risk Management etc.

The operational control of credit risk is the responsibility of the first line of defence composed of the front-office departments of the Bank who are involved in the risk-taking activities and monitor credit exposures in their life cycle on ongoing basis. The second line controls here are performed by Risk Management and Risk Control.

Relationships between credit risk management, risk control, compliance and internal audit functions

The business unit issuing credit is responsible for meeting the Bank’s lending standards and establishing adherence of the credit with the Bank’s lending strategy. These risk takers are also responsible for the continuous risk management activities as the first line of defence and are periodically assessing the situation with the borrower and its group, the respective industry, adherence to established covenants, adherence to internal lending limits etc. In case of identified irregularities or early warning signs, the business units are obliged to inform Risk Management and Risk Control Department and determine further actions.

Risk Management and Risk Control performs the independent Risk Management Function at the Bank. It acts as the second line of defence and periodically assesses the adherence to internal limits, reviews assessments performed by the first line of defence, reports to the respective bodies of the Bank on the credit portfolio and issues related to it. In addition, Risk Management collects data on the effectiveness of operations as determined in the Risk Control Self-Assessment and the Key Risk Indicators. These are later compiled, assessed and reported to the Management Board and Group Risk Management.

Internal Audit performs audits on the lending activities on a regular basis as part of its three-year audit plan.

Concentration risk

The Bank assumes credit exposures in line with its business strategy as well as the risk, capital and liquidity management strategy and within the boundaries established in the risk appetite statement. This entails focus on particular types of clients, products, sectors or regions which in turn leads to concentration risk.

The Bank focuses on lending activities to well established corporates with good track record of activities, but nonetheless it pays particular attention to concentration risk across its many dimensions and is currently finalising its dedicated concentration risk policy creating a comprehensive documented framework to address this risk aspect.

Single Name Concentration

Every credit exposure of the Bank is assumed subject to detailed credit assessment performed by the business unit and reviewed by the independent control function of the Bank. The business unit performs a detailed assessment of the obligor and the transaction structure before any lending is approved. This includes assuring that the exposure meets the Bank's underwriting standards and is in line with the business strategy of the Bank. It also entails analysis of the corporate structure, collateral provided, accompanying guarantees or other credit enhancements etc.

This analysis is performed not only at the level of the borrower itself, but considers the entire group of connected clients. This is because control or economic relationships could increase the likelihood of default of few borrowers occurring at the same time.

The Bank recognises that material risk concentration occurs at the level of the single borrower or group of connected clients. This is because although credit risk is measures using internal approach based on various assumptions and statistical models, such quantitative measure of risk is most appropriate in large, well-diversified and granular portfolios and does not fully capture the implications of single loss events in portfolios with fewer exposures.

The Bank has established a dedicated Single-Name Concentration Policy which outlines the approach towards this concentration of credit risk and established preferred lending limits considering the type of exposure and the assessed creditworthiness of the counterparty.

In addition, the Bank has in place dedicated single name concentration limits and early warning indicators in its risk appetite statement which are set at or below the regulatory limitations on large exposures.

Country Concentration

Given potential significance of country concentration the Bank has put in place a dedicated Country Risk Policy. The established framework aims at providing a detailed insight into the definition, classification and measurement of country risk exposures of the Bank as well as respective roles and responsibilities of departments involved into the country risk taking and management activities.

The following sub-categories of country risk have been defined:

1. **Sovereign Risk**

   The risk that a foreign government may not have the capacity or willingness to repay its direct and indirect (i.e. guaranteed) foreign currency obligations.

2. **Transfer Risk**

   The risk that a borrower may not be able to convert local currency into foreign exchange and so may be unable to make debt service payments in foreign currency. The risk normally arises due to exchange restrictions imposed by the government in the borrower's country.

3. **Indirect Country Risk**

   The risk that the repayment ability of a domestic borrower is adversely affected by developments in a foreign country where the borrower has business interests.

4. **Currency Risk**

   The risk that a borrower's holdings of domestic cash and income streams become inadequate to service its foreign currency obligations due to a devaluation of the domestic currency.

5. **Macroeconomic Risk**

   The risk that a borrower in a foreign country may suffer from economic policies of the government in that foreign country, e.g. higher interest rates or taxes, which adversely affects its repayment ability.

6. **Contagion Risk**

   The risk that developments in one country lead to a downgrade or adverse credit conditions not only for that country but also other countries in its region.

Each country other than the country of domicile i.e. Luxembourg has dedicated country limits in place which are established in consideration of the perceived level of country risk as gauged by the external credit ratings for that country's sovereign debt.

Sector Concentration

The Bank's activities are well embedded in the Group-wide business strategy and as such include material concentration of credit risk within a short list of sectors. There are the strategic sectors in which the Bank and the group as a whole operate.

The Bank does not have specific sector limits in place in order not to impair the ability to execute the business strategy. However, sector concentration is considered in the determination of capital adequacy under the economic perspective.

Geographical Concentration

The Bank is part of a Group which main activities are inherently concentrated within the Russian Federation and the CIS region. The Bank strives to diversify its credit portfolio to the extent possible but still geographic concentration is a material consideration in the assessment of credit risk of the Bank's portfolio.

The Bank does not have specific region limits in place in order not to impair the ability to execute the business strategy. However, geographic concentration is considered in the determination of capital adequacy under the economic perspective.

Product Concentration

Taking into account that there could be shared credit risk characteristics creating credit risk concentration at single product level, the Bank considers such factor in its credit risk management activities.

Where deemed appropriate, portfolio limits are set in order to control the level of risk for particular type of activity. No specific limit is established for the general corporate lending which is the main business activity of the Bank, however there are portfolio limits in place e.g. for securities financing transactions or investments in debt securities.

Credit Quality of Assets

The scope and definitions of 'past-due exposures' and 'impaired exposures'

The Bank uses a consistent definition of past due exposures and impaired exposures for accounting and regulatory purposes.

Where any amount of principal, interest or fee has not been paid at the date it was due, the Bank recognizes this as the credit obligation past due. The counting of days past due in the Bank is based on the modified schedule of payments provided such modification complies with respective provisions of Forbearance Policy established in the Bank and does not contradict to the application of forced forbearance measures which are defined as one of the events of default.

An exposure would be considered as impaired when default is considered to have occurred which generally requires that either:

- The obligor is past due more than 90 days on any material credit obligation to the Bank; or
- The obligor is considered unlikely to pay.

The concept of default formulated by the Bank in the Definition of Default Policy includes in additional a number of Events of Default which are considered as strong indicators that impairment should be recognised.

The extent of past-due exposures that are not considered to be impaired

There are no material credit exposure amounts due from the borrowers/issuers which would be past due by more than 90 days and would not be considered as impaired.

In case of financial assets for which the issuer/counterparty has satisfied its obligation to repay but respective payments have been withheld within the payment process, the Bank derecognises such obligation against the issuer/counterparty and in turn recognises the respective amount as a receivable from the financial institution which holds the funds and has the current obligation to remit funds to the Bank. These amounts are reported by the Bank separately in other assets.

Unpaid bonds amounts represent payments on financial instruments where the counterparty/issuer has satisfied its obligations, but the funds have not yet been transferred to the Bank. The Bank is taking active actions in order to collect such amounts from the financial counterparties where they are held.

In addition, there are internally blocked payments which refer to repayments of bonds in RUB by Russian issuers instead of the initial issue currency; for prudence reasons these amounts have been blocked internally.

Methods used for determining general and specific credit risk adjustments

The Bank applies only specific credit risk adjustments which would be considered as individually estimates expected credit losses in line with IFRS.

The basis for determination of credit risk adjustments is the internal credit rating model used by the Bank which assigns the exposure into a credit rating and establishes a dedicated loss given default estimate by considering all relevant facts and circumstances reflected in the assessment. This model is independently validated on annual basis to assure its continued fit for purpose and appropriateness of output.

Based on the above assessment, the Bank quantifies expected credit losses in line with the requirements of IFRS 9 as a probability-based estimate considering multiple scenarios and forward-looking information.

For all exposures which are not in default, the credit risk adjustments are calculated based on the outcome of four scenarios using estimated internal rating, loss given default and exposure characteristics.

For all exposures in default, the Bank estimates credit risk adjustments based on multiple scenarios and specific cash flow projections of repayment/realisation of collateral and considering any expected collection/enforcement costs. The methodology for estimation of expected credit losses is described in more details in the Bank's annual accounts.

The credit risk adjustments are reassessed at each reporting date, based on the review of the loans status (internal rating, stage allocation and default conclusion).

Internal definition of a restructured exposure

The Bank does not apply internal definition of a restructured exposure.

Credit Risk Mitigation

The Bank applies Financial Collateral Comprehensive Method and considers as relevant only eligible risk mitigations for this or for all methods as defined under CRR. The Bank considers cash or securities pledged and guarantees provided as eligible credit risk mitigating assets, all under specific conditions as outlined in the CRR.

The Bank is also using netting agreements to mitigate credit risks. GPBL has legally enforceable netting agreements for on balance sheet exposures (loans and deposits) and off-balance sheet exposures (derivatives) for which the Bank may calculate capital requirements on the basis of net credit exposures, subject to specific regulatory conditions.

The Bank monitors encumbered assets, which consist of assets pledged as collateral against an existing liability and other assets which are otherwise explicitly restricted such that they cannot be used to secure funding.

As at 31 December 2022 the Bank used the following credit risk mitigation techniques:

- Financial instruments in form of bonds and equity instruments, usually of investment grade rating, listed on a recognised exchange or included in main equity indices;
- Cash deposits or cash on account;
- Other eligible guarantees received.

The summary of CRM exposure per Credit Quality Step as at 31 December 2022 is presented in the table below (in EUR million):

Credit Quality Step	Credit Quality Step - Rating Translation	CRM exposure
1-3	AAA to BBB-	14.9
4	BB+ to BB-	0
5-6	B+ to below B-	0
No Credit Quality Step	Not applicable	
Total		**14.9**

Netting and Offsetting of financial assets and liabilities

The Bank did not apply netting of reciprocal cash balances. The Bank did not use netting of financial assets and liabilities under master agreements for derivative or securities financing transactions.

Master netting agreements in general do not meet the criteria for offsetting in the statement of financial position. This is because they give rise to right of set-off that is enforceable only following an event of default, insolvency or bankruptcy or in relation to other predetermined events and therefore the right to offset is not current. In addition, there is no intention to settle mutual obligations on a net basis or to realise the assets and settle the liabilities simultaneously.

The total amount of exposures after accounting offsets and without taking into account the effects of credit risk mitigation and the residual maturity breakdown of all the exposures, broken down by exposure classes are disclosed in the Financial Statements.

External Credit Assessment Institutions (ECAI) nominated by the institution

For regulatory reporting purposes, the Bank employs ratings of the following three international rating agencies: Standard & Poor's, Moody, Fitch.

The following table shows the credit quality steps for the exposure value and the fully adjusted exposure value after CRM:

MEUR		31-Dec-22	
	Credit Quality Step	Original exposure pre-conversion factors	Fully adjusted Exposure Value after CRM
Central Governments or Central Banks	1	3,400	0
	4	15	15
Total Central Government/Banks		**3,415**	**15**
Institutions	1-3	348	147
	Other	2	0
Total institutions		**326**	**147**
Corporates	1-3	1,065	771
	4	37	37
	5	30	30
	Other	13	0
Total Corporates		**1,170**	**839**
Others	1-3	71	50
	Other	8	10
Total Others		**79**	**60**
Total		**4,991**	**1,062**

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

		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	Collaterals 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
MEUR			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**	**3,538**	**3,538**	**-**	**2**	**-**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
010	**Loans and advances**	**734**	**586**	**148**	**31**	**-**	**31**	**13**	**3**	**10**	**25**	**-**	**25**	**-**	**518**	**-**
040	*Credit institutions*	118	118	-	-	-	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	223	218	5	-	-	-	1	-	1	-	-	-	-	163	-
060	*Non-financial corporations*	391	249	142	31	-	31	12	2	10	25	-	25	-	339	-
070	*Of which: SMEs*	78	33	45	-	-	-	3	-	3	-	-	-	-	61	-
080	*Households*	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-
090	**Debt Securities**	**308**	**268**	**9**	**-**	**-**	**-**	**2**	**2**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
120	*Credit institutions*	27	27	-	-	-	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	110	79	-	-	-	-	1	1	-	-	-	-	-	-	-
140	*Non-financial corporations*	171	162	9	-	-	-	1	1	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**323**	**323**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**	**-**
180	*Credit institutions*	-	-	-	-	-	-	-	-	-	-	-	-		-	-
200	*Non-financial corporations*	323	323	-	-	-	-	-	-	-	-	-	-		-	-
220	***Total***	**4,903**	**4,715**	**157**	**33**	**-**	**33**	**14**	**4**	**10**	**25**	**-**	**25**	**-**	**518**	**-**

Template EU CR3 – CRM techniques overview: Disclosure of the use of credit risk mitigation techniques

TEUR		Unsecured carrying amount	Secured carrying amount	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	3,749	518	252	266	-
2	Debt securities	307	-	-	-	-
3	**Total**	**4,056**	**518**	**252**	**266**	**-**
4	*Of which non-performing exposures*	6	-	-	-	-
EU-5	*Of which defaulted*	6	-	-	-	-

Template EU CR4 – standardised approach – Credit risk exposure and CRM effects

TEUR		Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On-balance-sheet exposures	Off-balance-sheet exposures	On-balance-sheet exposures	Off-balance-sheet exposures	RWEA	RWEA density (%)
		a	b	c	d	e	f
1	Central governments or central banks	3,400	-	3,415	-	15	0.4
2	Regional government or local authorities	-	-	-	-	-	-
3	Public sector entities	-	-	-	-	-	-
4	Multilateral development banks	-	-	-	-	-	-
5	International organisations	-	-	-	-	-	-
6	Institutions	350	-	350	-	120	34.2
7	Corporates	659	308	644	43	707	102.8
8	Retail	0.4	-	0.4	-	0.4	75.0
9	Secured by mortgages on immovable property	53	-	53	-	36	67.5
10	Exposures in default	8	-	8	-	9	111.6
11	Exposures associated with particularly high risk	4	-	4	-	6	150.0
12	Covered bonds	-	-	-	-	-	-
13	Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-
14	Collective investment undertakings	-	-	-	-	-	-
15	Equity	-	-	-	-	-	-
16	Other items	2	-	2	-	2	95.2
17	**TOTAL**	**4,477**	**308**	**4,476**	**43**	**894**	**19.8**

Template EU CR5 – standardised approach

TEUR		Risk weight							Total	Of which unrated
		0%	20%	35%	50%	75%	100%	150%		
		a	e	f	g	i	j	k	p	q
1	Central governments or central banks	3,399,990					14,944		3,414,934	3,414,934
2	Regional government or local authorities									
3	Public sector entities									
4	Multilateral development banks									
5	International organisations									
6	Institutions		302,226		2,258		19,540	25,624	349,648	349,648
7	Corporates						648,224	39,051	687,275	687,275
8	Retail					463			463	463
9	Secured by mortgages on immovable property			187	34,450		18,703		53,340	53,340
10	Exposures in default						6,119	1,843	7,962	7,962
11	Exposures associated with particularly high risk									
12	Covered bonds									
13	Institutions and corporates with a short-term credit assessment									
14	Unit or shares in collective investment undertakings									
15	Equity									
16	Other items	93					1,836		1,929	1,929
17	**TOTAL**	**3,400,083**	**302,226**	**187**	**36,708**	**463**	**709,365**	**70,519**	**4,519,551**	**4,519,551**

Template EU CQ1: Credit quality of forborne exposures

EUR		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		Collaterals 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	20,092,206	9,197,107	9,197,107	9,197,107	-497,271	-4,197,332	-	-
020	*Central banks*	-	-	-	-	-	-	-	-
030	*General governments*	-	-	-	-	-	-	-	-
040	*Credit institutions*	-	-	-	-	-	-	-	-
050	*Other financial corporations*	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	20,092,206	9,197,107	9,197,107	9,197,107	-497,271	-4,197,332	-	-
070	*Households*	-	-	-	-	-	-	-	-
080	Debt Securities	-	-	-	-	-	-	-	-
090	Loan commitments given	-	-	-	-	-	-	-	-
100	**Total**	**20,092,206**	**9,197,107**	**9,197,107**	**9,197,107**	**-497,271**	**-4,197,332**	**-**	**-**

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

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / Nominal amount											
		Performing exposures			Non-performing exposures								
EUR			Not past due or Past due < 30 days	Past due > 30 days < 90 days		Unlikely to pay that are not past-due or 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 year <= 5 years	Past due > 5 year <= 7 years	Past due > 7 years	Of which defaulted
005	Cash balances at central banks and other demand deposits	3,538,483,748	3,538,483,748	-	1,843,196	-	-	1,843,196	-	-	-	-	1,843,196
010	**Loans and advances**	**733,634,080**	**733,634,080**	**-**	**31,478,193**	**-**	**-**	**-**	**-**	**31,478,193**	**-**	**-**	**31,478,193**
040	*Credit institutions*	118,473,794	118,473,794	-	-	-	-	-	-	-	-	-	-
050	*Other financial corporations*	223,320,388	223,320,388	-	-	-	-	-	-	-	-	-	-
060	*Non-financial corporations*	391,193,882	391,193,882	-	31,478,193	-	-	-	-	31,478,193	-	-	31,478,193
070	*Of which SMEs*	77,940,160	77,940,160	-	2,715	-	-	-	-	2,715	-	-	2,715
080	*Households*	646,016	646,016	-	-	-	-	-	-	-	-	-	-
090	**Debt Securities**	**308,255,755**	**308,255,755**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
120	*Credit institutions*	27,158,394	110,073,683	-	-	-	-	-	-	-	-	-	-
130	*Other financial corporations*	110,073,683	171,023,679	-	-	-	-	-	-	-	-	-	-
140	*Non-financial corporations*	171,023,679	3,538,483,748	-	-	-	-	-	-	-	-	-	-
150	**Off-balance sheet exposures**	**322,613,013**			**-**								**-**
180	*Credit institutions*	18,900			-								-
200	*Non-financial corporations*	322,594,113			-								-
220	***Total***	**4,902,986,598**	**4,580,373,584**	**-**	**33,321,389**	**-**	**-**	**1,843,196**	**-**	**31,478,192**	**-**	**-**	**33,318,674**

As at 31 December 2022, the Bank did not hold any collateral obtained by taking possession and execution process from non-performing exposures.

7. Counterparty Credit Risk

Management of counterparty Credit risk in Derivative and Repo/Reverse Repo transactions

The Bank establishes internal limits for counterparty credit risk which are a component of the counterparty and their group's overall credit limit.

The counterparty credit limits are granted with regards to securities financing as well as derivative transactions after consideration of the characteristics of transactions allowed under these limits and the assessment of the overall credit quality of the counterparty.

In case of derivatives, counterparty credit risk is linked to over-the-counter transactions such as FX forwards and FX swaps. All derivative transactions are monitored within the derivative and VaR limits established for each counterparty.

The Bank reduces its counterparty credit risk related to derivative transactions by means of entering into ISDA agreements with CSA. The CSA establishes the rules governing the calculation and exchange of collateral (variation margin) for the transactions entered with a specific counterparty.

All Repo and Reverse Repo transactions are entered by the Bank under GMRA. Daily monitoring of margin calls is performed.

Impact of downgrade of the Bank's credit rating on amount of collateral provided

The Bank does not have in place CSAs to master agreements which would introduce rating-dependent triggers, where additional collateral would have to be pledged if the Bank is downgraded. There are however a few ISDA master agreements that introduce an additional termination event upon downgrade of the Bank's credit rating.

No rating downgrade events of default are set out in Bank's GMRA agreements.

The Bank does not have a credit rating as at 31 December 2022.

Wrong-way risk

Wrong-way risk is defined as the risk that occurs when "future exposure to a counterparty is positively correlated with the credit quality of that counterparty".

The Bank considers the existence of the wrong-way risk as part of limit granting process.

With regards to derivatives entered with clients, the Bank verifies at the inception of the relationships and periodically afterwards the purpose of the derivatives and counterparty's risk management strategies in order to assure no speculative activities in this area which would lead to material wrong-way risk.

In addition, the Bank enters into derivative transactions under the condition of having collateral agreements in place which further mitigates the risk.

Methods for quantifying Counterparty Credit Risk

The Bank applies the Original Exposure Method to determine the counterparty credit risk exposure for the purpose of capital adequacy estimation.

Disclosures

The Bank does not have credit derivative exposures, exposures to CCP, does not apply IRB approach nor internal model methods.

Template EU CCR1 – Analysis of CCR exposure by approach

EUR		a	b	c	d	e	f	g	h
		Replacement cost (RC)	Potential future exposure (PFE)	EEPE	Alpha used for computing regulatory exposure value	Exposure value pre-CRM	Exposure value post-CRM	Exposure value	RWEA
EU1	EU - Original Exposure Method (for derivatives)	3,782,505	3,121,429		1.4	9,665,508	9,665,508	9,665,508	8,671,495
EU2	EU - Simplified SA-CCR (for derivatives)	-	-	-	1.4	-	-	-	-
1	SA-CCR (for derivatives)	-	-		1.4	-	-	-	-
2	IMM (for derivatives and SFTs)			-	-	-	-	-	-
3	Financial collateral simple method (for SFTs)					-	-	-	-
4	Financial collateral comprehensive method (for SFTs)					158,738,938	158,738,938	158,738,938	158,738,938
5	VaR for SFTs					-	-	-	-
6	**Total**					**168,44,446**	**168,44,446**	**168,44,446**	**168,44,446**

Template EU CCR3 – Standardised approach – CCR exposures by regulatory exposure class and risk weights

EUR		Risk weight		
		e	i	l
		20%	100%	Total exposure value
6	Institutions	1,242,516	-	1,242,516
7	Corporates	-	167,161,930	167,161,930
11	**Total exposure value**	**1,242,516**	**167,161,930**	**168,404,446**

8. Liquidity risk

Strategies for liquidity risk management

The Bank manages its liquidity across different time horizons in order to assure strategic, tactical and operational decisions most suitable to the Bank's business plan, economic environment and current circumstances.

In principle, for its funding base, the Bank mainly relies on funds entrusted from HNWI and corporate banking clients, consisting of current accounts and term deposits. In the current circumstances, the Bank is stabilizing the funding and client base and is reverting to normal practice.

Long-term liquidity management

Long-term liquidity management is made on strategic level in accordance with the approved strategic financial plan of the Bank based on budgeted key financial indicators set out for each business unit for the considered period. This analysis primarily deals with the Dynamic liquidity gap profile of the Bank.

Medium-term liquidity management

Medium-term liquidity management is conducted through the process of operating planning of the Bank's assets and liabilities aimed at coordinating activities of different departments while attracting and allocating financial resources. This analysis focuses both on Static and Dynamic liquidity gap profiles that result in setting up interrelated target parameters for departments in charge of attracting as well as allocating financial resources. In particular the following targets may be set as a part forming the Operating liquidity plan:

- Amount of assets that is going to be generated through operations conducted by corresponding departments;
- Amount of liabilities that is going to be formed by respective departments;
- Amount and structure of the Liquidity Buffer to be achieved;
- Anticipated structure and duration of assets and liabilities etc.

The Bank regularly monitors actual and planned values and term structure of its assets and liabilities as set out in the Operating liquidity plan. The outcome of such analysis shall reveal factors that cause the most significant deviations, and applicable adaptive measures shall be elaborated.

In case the planned balance-sheet structure materially deviates from the targeted values, as well as a potential breach of internal liquidity risk limits or corresponding prudential ratios is highly likely to occur, the Bank develops respective measures aimed at bringing its liquidity profile in line with the limits and, if necessary, makes adjustments in the Operating liquidity plan.

Short-term and intraday liquidity management

The Bank performs intraday liquidity management to assure that payments due and settlement obligations are met on a timely basis under both "business as usual" and stressed conditions.

Structure and organisation of liquidity risk management

Liquidity Risk Appetite, which is the highest level of limits and statements on liquidity risk, as defined by the Supervisory Board is developed in line with the Bank's business strategy, capital, liquidity and risk strategy as well as in consideration of the GPB Group liquidity requirements.

The Liquidity Risk Appetite is formally stated by the Supervisory Board in form of requirement to maintain sufficient liquidity buffers and other emergency funding sources in such a way that potential outflows under pre-defined severe stress conditions are at any time covered in the Survival Horizon.

The compliance with the Liquidity Risk Appetite Statement is controlled by Risk Management and is reported to the Management Board and the Supervisory Board regularly.

At Management Board level, a dedicated Asset and Liability Committee has been established to, among others, manage the Bank's liquidity including setting up of the Operating Liquidity plan, reviews of the liquidity profile, proposals of the Contingency Funding Plan.

With regards to operational activities, liquidity is managed by the Asset & Liability Management department who is predominantly responsible for the daily liquidity management activities, proposals of Operating Liquidity Plan, performance of liquidity stress testing and adherence to the liquidity prudential limits.

Liquidity risk reporting and measurement system

Liquidity Risk measurement and reporting is performed at different levels of granularity and within different frequencies:

Intraday liquidity reporting - Intraday nostro balances are shared several times a day, including contingent balances (balances reserved for payments by counterparties) in order to make operational decisions on how to cover the liquidity requirements and place excessive funds whenever required. Corresponding intraday liquidity reports are sent twice a day to the concerned departments.

Daily liquidity reporting – on daily basis liquidity limits including regulatory liquidity metrics are assessed for their compliance with established limits and early warning indicators. This includes daily assessment of liquidity gap and impact of pre-defined set of stress scenarios on the Bank's liquidity profile. Liquidity metrics estimated on daily basis are reported to the Management Board, and the monthly values are communicated to, Supervisory Board and Group Risk Management on monthly basis.

Annual liquidity reporting - on annual basis the Bank re-assesses its liquidity adequacy and contingent funding sources as part of the ILAAP and Recovery Plan which are provided to the supervisory authorities.

Liquidity Risk Management documentation framework

The Bank developed and maintains sound frameworks, systems and processes to support the management of liquidity according to the liquidity risk appetite. All processes are specified with clearly delineated roles and responsibilities to ensure smooth implementation. The framework includes the following documentation and policies:

- The ALCO Charter, which defines the statuses, the main activities, the competence and authority of the Asset and Liability Committee of the Bank;
- The Liquidity Management Policy, which sets up the principles of liquidity management of the Bank, as well as respective roles and responsibilities;
- The Liquidity Stress-Testing Framework, which defines the liquidity limit structure, the building of the stress gap and the estimation of the required and available liquidity buffers;
- The Liquidity Contingency Plan, which defines an emergency funding strategy, in case an unexpected liquidity risk event occurs for the Bank, as well as respective roles and responsibilities in this process, more specific stress scenarios being designed and measured independently and reviewed regularly. A set of measures and instruments are here designed to ensure the solvency of the Bank at all times, and especially under stress conditions;
- The Liquidity Management Policy for Other Products and Services, which sets up practical principles for the treatment of other products and services granted by the Bank to its clients, in the scope of the calculation of the liquidity coverage ratio;
- Securities Liquidity Buffers Policy, which sets up practical principles for the treatment of securities portfolios established in the Bank for liquidity management purposes including High Quality Liquid Assets in the scope of the calculation of the liquidity coverage ratio; defines testing procedure of those assets as well as the general limits applied to the securities liquidity buffers.

In addition, liquidity management is considered within the Bank's ICLAAP Policy and the Recovery Plan policy.

Contingency Funding Plan

The Bank's Contingency Funding Plan ("CFP") has been designed as means ensure liquidity contingency as well as financial stability of the Bank under stress conditions.

Implementation of the Liquidity Contingency is aimed at:

- Assessing financial stability of the Bank under various stress assumptions and scenarios;
- Advance planning of necessary actions, tools and resources required to deal with various stress scenarios;

- Defining of key units of the Bank as well as related procedures and workflows stable performance of which is critical in terms of dealing with specific stress events.

This CFP defines the actions, the responsibilities and the measures which are used to manage shortages of funding, according to the severity of the event and of the type of stress encountered. Such actions should be in the best interest of the Bank to maintain its existence, to preserve to the largest extent possible its franchise and reputation, and should manage to keep the cost of such funding as reasonable as possible.

The Bank has considered multiple stress situations when designing and assessing the adequacy of the CFP.

The Bank performs periodical testing of selected contingent funding sources. The results of such testing are provided to and approved by the ALCO.

The contingency funding plan is complimented by a Recovery Plan prepared by the Bank on annual basis which assesses the recovery capacity from a near-default stress scenario.

Stress testing

The Bank measures liquidity risk based on analysis of its liquidity profile, both under business as usual situation and under potential stress-scenarios. It regularly conducts liquidity stress test to understand the likely impact of potential developments in the Bank's business and external market conditions on its liquidity profile, to assess whether current exposures still remain within the liquidity risk appetite. The list of assumptions for stress scenarios is reviewed at least annually.

The Bank has established a dedicated policy Liquidity Stress-Testing Framework which acts as the basis for the stress testing process. The policy lies down the limit system (including preventive Early Warning Indicators) and its interaction with the stress testing, defines the stress testing scenarios, reporting formats, frequency and distribution.

Liquidity stress testing is performed by the Bank on daily basis.

These stress tests are complimented by annual stress tests as part of the update of CFP or within the preparation of the Recovery Plan.

Declaration

The Management Board of the Bank as a whole confidently declares that the Bank maintains on an ongoing basis the level, composition and quality of liquidity buffers that is considered adequate to cover the nature and level of the risks to which the Bank is or might be exposed. Furthermore, the liquidity risk management system put in place is considered as adequate with regards to the Bank's profile and strategy.

Liquidity Risk Statement

The Bank manages its liquidity risk, first of all based on the contractual profile, excluding any renewal assumption. The resulting contractual gap, if negative, is then covered by the holding of liquid assets, and the liquidity lines provided by the mother company. Therefore, the liquidity is managed in a conservative way.

The liquidity profile is mostly managed through 3 metrics: The liquidity gap (to which are linked minimal gap requirements which are calculated each day), the LCR and the NSFR. These ratios are levels far exceeding the regulatory minimum requirements which provides comfort on the sufficiency and quality of the liquidity buffers of the Bank. As at 31 December 2022, the LCR amounted to 202% and NSFR to 174% as compared to 217% and 153% respectively for the end of prior year. The Bank monitors these metrics and their alignment with the internal limits on daily basis to assure continued stability of the liquidity position.

The Bank generally obtains short term financing with maturities up to 12 months. At the current moment however, most new funding is concentrated on short term with maturities up to 6 months. At the same time, the lending activities are also mainly concentrated within short timeframe which does not give rise to significant contractual liquidity gaps from maturity transformation.

The most volatile part of the Bank's funding base relates to current account placements from financial institutions which are not considered as stable and are generally kept with the central bank to allow for immediate withdrawal in case of need.

The Bank has built up an own portfolio of securities which is financed predominantly from the Bank's capital and which serves as a counterbalancing capacity of the Bank to obtain additional funding through repurchase transactions under normal circumstances. At the moment, the Bank does not rely and does not account for any refinancing capacity based on those assets, given the current constraints which the Bank has.

Off-balance liquidity outflow risk is controlled at the portfolio level and the available withdrawable limit is measured every day. The Bank uses predominantly uncommitted credit facilities which allows for control of disbursement within liquidity management activities.

The Bank maintains very modest open currency position limits and strives, where possible, to match foreign currency investments with either corresponding foreign currency funding or through the use of currency Swaps.

Template EU LIQ1 - Quantitative information of LCR

Scope of consolidation: solo		a	b	c	d	e	f	g	h
		Total unweighted value (average)				Total weighted value (average)			
EU 1a	Quarter ending on	31.12. 2022	30.09. 2022	30.06. 2022	31.03 2022	31.12. 2022	30.09. 2022	30.06. 2022	31.03 2022
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)					3,415,048	2,860,200	2,256,260	1,061,09 2
CASH - OUTFLOWS									
2	retail deposits and deposits from small business customers, of which:	266,661	196,640	127,764	97,598	42,890	32,161	20,204	14,492
3	*Stable deposits*								
4	*Less stable deposits*	266,661	196,640	127,764	97,598	42,890	32,161	20,204	14,492
5	Unsecured wholesale funding	706,215	617,978	565,294	498,509	278,624	243,368	222,405	195,854
6	*Operational deposits (all counterparties) and deposits in networks of cooperative banks*								
7	*Non-operational deposits (all counterparties)*	2,739,67 6	2,267,94 5	1,698,950	594,413	2,739,676	2,267,945	1,698,950	594,413
8	*Unsecured debt*								
9	*Secured wholesale funding*					3,870	8,253	11,372	12,020
10	Additional requirements	74,292	74,479	85,008	99,017	30,753	23,380	24,503	26,129
11	*Outflows related to derivative exposures and other collateral requirements*	25,916	17,702	17,781	18,031	25,916	17,702	17,781	18,031
12	*Outflows related to loss of funding on debt products*								
13	*Credit and liquidity facilities*	48,376	56,776	67,228	80,987	4,838	5,678	6,723	8,099
14	Other contractual funding oblig								
15	Other contingent funding oblig.	395,593	434,427	470,718	462,458	7,393	7,834	8,346	7,874
16	TOTAL CASH OUTFLOWS					3,087,099	2,569,763	1,976,994	846,390
CASH - INFLOWS									
17	Secured lending (e.g. reverse repos)	129,253	132,178	112,823	108,012	129,253	132,178	112,823	108,012
18	Inflows from fully performing exposures	532,231	502,983	403,708	302,523	482,948	451,026	343,946	254,822
19	Other cash inflows	35,105	33,628	34,129	32,259	35,105	33,628	34,129	32,259
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	696,589	668,789	550,660	442,793	647,306	616,832	490,898	395,092
EU-20a	*Fully exempt inflows*	0	0	0	0	-	-	-	
EU-20b	*Inflows subject to 90% cap*	0	0	0	0	-	-	-	
EU-20c	*Inflows subject to 75% cap*	696,589	668,789	550,660	442,793	647,306	616,832	490,898	395,092
						TOTAL ADJUSTED VALUE			
21	LIQUIDITY BUFFER					3,415,048	2,860,200	2,256,260	1,061,092
22	TOTAL NET CASH OUTFLOWS					2,451,015	1,964,642	1,498,283	463,485
23	LIQUIDITY COVERAGE RATIO					202%	223%	275%	295%

Values in the above table are averages of respective values in monthly LCR reports. As a result, the average Liquidity Coverage Ratio does not correspond to the average Liquidity Buffer divided by the Average total Net Cash Outflow.

The main driver of the volatility of LCR is constituted by the extensive variability of on-call balances from counterparties, which are then in turn held at the central bank. This is evidenced by a relatively stable excess of liquidity buffer over the net cash outflows and largest fluctuations of the LCR dependent on the change to the nominator and denominator of the ratio.

Other main components of the evolution of LCR ratio are:

- Increase of quarterly average of liquidity buffer by equivalent EUR 2.35bln;
- Increase of quarterly average wholesale deposits by equivalent of EUR 208mln, out of total increase of outflows before weighting by equivalent EUR 2.24bln;
- Decrease of quarterly average total inflows by equivalent of EUR 254mln.

Due to the business profile of the bank and the current geopolitical situation, most funding is being concentrated on short term duration (mostly up to three months), lending activity is also concentrated on short term. The potential negative liquidity gap at medium term is a consequence of the holding of own securities portfolio, which we currently do not consider as available for refinancing on the market through repurchase transactions. The liquidity gap then on long term (more than 3 years) is positive as a consequence of having the majority of the assets having contractually matured in the profile, and of the capital becoming the main component of the gap.

The liquidity buffer of the bank is currently constituted from own funds and liquidity lines from the shareholder.

Template EU LIQ2: Net Stable Funding Ratio

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
	EUR	No maturity	< 6 months	6 months to < 1yr	≥ 1yr	
	Available stable funding (ASF) Items					
1	Capital items and instruments	287,838,908	0	0	0	287,838,908
2	*Own funds*	287,838,908	0	0	0	287,838,908
3	*Other capital instruments*		0	0	0	0
4	Retail deposits		333,397,373	21,519,008	0	319,424,743
5	*Stable deposits*		0	0	0	0
6	*Less stable deposits*		333,397,373	21,519,008	0	319,424,743
7	Wholesale funding:		3,817,805,041	51,232,317	20,513,064	464,277,127
8	*Operational deposits*		0	0	0	0
9	*Other wholesale funding*		3,817,805,041	51,232,317	20,513,064	464,277,127
10	Interdependent liabilities		0	0	0	0
11	Other liabilities:	0	21,392,692	0	3,151,266	3,151,266
12	*NSFR derivative liabilities*	0				
13	*All other liabilities and capital instruments not included in the above categories*		21,392,692	0	3,151,266	3,151,266
14	**Total available stable funding (ASF)**					**1,074,692,044**
	Required stable funding (RSF) Items					
15	Total high-quality liquid assets (HQLA)					**33,678,999**
EU-15a	Assets encumbered for a residual maturity of one year or more in a cover pool		**0**	**0**	**0**	**0**

16	Deposits held at other financial institutions for operational purposes		**0**	**0**	**0**	**0**
17	Performing loans and securities:		618,471,221	104,204	505,562,612	552,454,197
18	*Performing securities financing transactions with financial customers collateralised by Level 1 HQLA subject to 0% haircut*		0	0	0	0
19	*Performing securities financing transactions with financial customer collateralised by other assets and loans and advances to financial institutions*		158,714,083	0	0	7,935,704
20	*Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, and PSEs, of which:*		172,778,117	1,066	250,494,143	299,309,614
21	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		0	0	0	0
22	*Performing residential mortgages, of which:*		0	0	19,224,179	0
23	*With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk*		0	0	186,750	0
24	*Other loans and securities that are not in default and do not qualify as HQLA, including exchange-traded equities and trade finance on-balance sheet products*		286,979,021	103,138	235,844,290	245,208,880
25	Interdependent assets		0	0	0	0
26	Other assets:		57,625,377	0	0	30,772,173
27	*Physical traded commodities*				0	0
28	*Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs*		0	0	0	0
29	*NSFR derivative assets*		3,918,968	0	0	3,918,968
30	*NSFR derivative liabilities before deduction of variation margin posted*		0	0	0	0
31	*All other assets not included in the above categories*		53,706,409	0	0	26,853,204
32	Off-balance sheet items		0	0	0	0
33	**Total RSF**					**616,905,369**
34	**Net Stable Funding Ratio (%)**					**174%**

Assets can be differentiated between assets which are used to support funding or collateral needs (encumbered assets) and assets which are available for potential funding needs (unencumbered assets).

Template EU AE1 - Encumbered and unencumbered assets

	Carrying amount of encumbered assets		Fair value of encumbered assets		Carrying amount of unencumbered assets		Fair value of unencumbered assets	
		of which notionally eligible EHQLA and HQLA		of which notionally eligible EHQLA and HQLA		of which EHQLA and HQLA		of which EHQLA and HQLA
TEUR	010	030	040	050	060	080	090	100
010 Assets of the reporting institution	278,378	20,496			4,767,629	-		
030 Equity instruments	55,881	-	-	-	-	-	-	-
040 Debt securities	92,348	20,496	72,158	-	229,976	-	189,321	-
050 of which: covered bonds	-	-	-	-	-	-	-	-
060 of which: securitisations	-	-	-	-	-	-	-	-
070 of which: issued by general governments	121	-	121	-	607	-	605	-
080 of which: issued by financial corporations	7,424	-	5,559	-	151,432	-	131,965	-
090 of which: issued by non-financial corporations	84,803	20,496	66,353	-	77,937	-	56,7510	-
120 Other assets	185,974	-			4,537,6535	-		

Template EU AE2 - Collateral received and own debt securities issued

		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 notionally eligible EHQLA and HQLA		of which EHQLA and HQLA
TEUR		010	030	040	060
130	**Collateral received by the reporting institution**	147,899	-	103,295	-
140	Loans on demand	-	-	-	-
150	Equity instruments	-	-	85,123	-
160	Debt securities	72,033	-	18,172	-
170	of which: covered bonds	-	-	-	-
180	of which: securitisations	-	-	-	-
190	of which: issued by general governments	121	-	-	-
200	of which: issued by financial corporations	5,559	-	1,657	-
210	of which: issued by non-financial corporations	61,353	-	16,514	-
220	Loans and advances other than loans on demand	-	-	-	-
230	Other collateral received	75,865	-	-	-
240	**Own debt securities issued other than own covered bonds or securitisations**	-	-	-	-
241	**Own covered bonds and asset-backed securities issued and not yet pledged**			-	-
250	**TOTAL ASSETS, COLLATERAL RECEIVED AND OWN DEBT SECURITIES ISSUED**	523,932	20,000		

Template EU AE3 - Sources of encumbrance

		Matching liabilities, contingent liabilities or securities lent	Assets, collateral received and own debt securities issued other than covered bonds and securitisations encumbered
TEUR		010	030
010	**Carrying amount of selected financial liabilities**	148,231	198,464

The figures shown in the tables above correspond to the 2022 median or quarterly values. The totals in the tables are the median of total values and as a result they are not equal to the sum of the medians of sub-components.

9. Market risk

Strategies and processes to manage market risk

In 2022, the Bank continued its activities as a non-trading unit. All risks related to the Asset-Liability Management activities, such as interest, foreign exchange and liquidity risks, are managed by the Asset Liability Management Department of the Bank in accordance with the mandate entrusted by the Asset Liability Management Committee ("ALCO") of the Bank. The ALCO meets regularly to discuss the current business outlook, risks and balance sheet situation as well as the effects of the business on the risk profile and liquidity and capital situation.

The Bank did not enter into proprietary trading activities. The securities bought in 2022 were used as investments held to collect contractual cash flows.

The Bank performs derivative transactions with its clients which are however accompanied by offsetting trades with financial counterparties effectively eliminating market risk exposure for the Bank.

The Bank maintained a small foreign exchange derivative book for own use primarily as means of cross-currency liquidity management or hedging of specific transactions expressed in foreign currencies.

Structure and organisation of the market risk management function

Market risk is managed by the Risk Management Function complimented by the activities of Asset and Liabilities Management Department as well as other support functions of the Bank (Treasury Support, Accounting & Reporting, MIS & Budgeting).

Market Risk Reporting and Management System

Interest rate risk is incurred and managed in the banking book and has been described separately in Section 10.

Foreign Exchange as well as commodity risks are managed predominantly through open currency/commodity positions. The Bank has established very conservative FX/commodity open position limits both at single currency/commodity level as well as for the overall market risk exposure across all risk factors. The FX open position of the Bank is controlled daily.

Market risk is monitored on daily basis with related reporting in place, which, on as needed basis, would also include escalation of any issues identified. Furthermore, on monthly basis Risk Management Function reports on key market risk metrices to the Management Board, Supervisory Board and the Group Risk Management.

Disclosures:

As an institution without material trading activity, the Bank did not recognise any capital requirements with regards to the market risk exposures, did not recognise prudent valuation adjustment and does not have any reportable items under the following disclosure tables:

10. Interest rate risks of non-trading book activities

The bank defines IRRBB as the risk that changes in prevailing interest rates will adversely affect the market value of asset versus that of liabilities and/or income versus expenses.

The interest rate risk of the Bank can be further de-composed into the following factors:

- **Gap risk**, that is the risk that the maturity mismatches in the bank profile will negatively impact the present value of the bank.
- **Basis risk**, that is the risk that mismatches in the reference rate between instruments will negatively impact mostly the income of the bank.
- **Option risk**: in our case mostly materialized by the funding commitments given to our clients. We do not propose explicit rate option to them, but they may perform an arbitrage between the rate on our facilities and on the market. We consider this risk to be limited, given the total amount of commitments given (less than 100 million EUR available) and the fact that these lines are not liquidity lines, but credit lines (for disbursement, a relevant underlying transaction must require funding).

Interest rate risk in the banking book is managed by the Bank through the following activities:

- Control of the risk using the metrics defined in the interest rate risk management policy, which are grounded in the Bank's risk appetite statement. The interest rate risk management policy allocates the responsibilities across relevant departments, and defines the related escalation procedures. Asset and Liability Management Department is managing interest rate risk, while Risk department is performing the independent control function and monitors the adherence to risk limits.
- IRRBB is managed through compliance with the defined limits. On an ad-hoc basis, a dedicated Management Board committee – the Asset and Liability Management Committee - may require to limit particular category of exposures, to tactically respond to changes in the business environment and market conditions or to align the interest rate risk profile within the Bank's risk strategy and risk appetite.
- For the day to day activities, the Bank manages its interest rate risk at portfolio level through operational adjustments to the pricing for pricing of products (loans and deposits) to stimulate development of the Bank's balance sheet in the desirable direction. All disbursements requests and opening of any maturing instrument, both on asset and liability sides, and above a given threshold (EUR 2 million equivalent) are requiring explicit approval from ALM department who is in charge of controlling interest rate risk, ensuring consistency and minimization of the risk to accidently breach the limit for a given maturity/CCY pair. In 2022, given the geopolitical situation, the Bank has significantly de-risked its lending activity, but strives to rebuild its credit portfolio focusing at the moment on shorter term exposures.

The Bank prepares IRRBB report according to the relevant EBA guidelines every quarter. Nonetheless, the Bank updates the metrics of the Interest Rate risk management policy every working day based on previous business day data. Key monitored risk metrics are:

- Interest rate gap;
- sensitivity of net interest income for a parallel shock;
- revaluation impact on PnL;
- sensitivity of the economic value of equity;
- interest rate value at risk.

The shock applied are parallel shocks of the interest rate curve for the daily measure of interest rate risk. The basic assumption of the model is to take into account the run-off interest rate gap. Non-maturing deposits are taken as on-call liquidity.

For the quarterly reporting, the official IRRBB reporting template is used including impacts of interest rate shifts on the economic value of equity, and impact on net interest income.

The Bank does not take a specific position on interest rate risk. In the long term, the own securities portfolio is matched with capital. The duration of both Bank's assets and liabilities is generally low as compared to other credit institutions. As the structural interest rate gap stemming from the maturity transformation in relatively low, the Bank establishes only a modest appetite for interest rate risk.

Template EU IRRBB1 - Interest rate risks of non-trading book activities

Supervisory shock scenarios	a	b	c	d
	Changes of the economic value of equity		Changes of the net interest income	
TEUR	31.12.2022	31.12.2021	31.12.2022	31.12.2021
1 Parallel up	-11,376	-3,178	2,267	12.044
2 Parallel down	6202	439	-2,267	-12.044
3 Steepener	1,460	4.077		
4 Flattener	-5,040	19		
5 Short rates up	-8,463	1.944		
6 Short rates down	4,463	-1.215		

11. Operational risk

Operational risk is the potential loss resulting from inadequate or failed internal processes, people or systems, or from external causes, whether deliberate, accidental or natural. It includes risks related to legal, compliance and tax matters.

The operational risk framework is described in the Operational Risk Policy. It further describes the general principles of operational risk management, how the risks are identified, measured, reported and managed.

Operational risk is managed and controlled on the basis of a local and Group-wide consistent framework which systematically identifies operational risk sources and concentrations in order to define risk mitigation measures. The management of operational risk is the responsibility of all Bank staff regardless of their seniority or position in the three lines of defence model applied in the Bank..

This is further enhanced by the separate reporting of Compliance Function as well as Risk Management Function.

The Bank uses outsourcing as an effective tool to lower costs and improve efficiency of is operation. The Bank has put in place the outsourcing process reflecting compliance with the regulatory requirements on Outsourcing. The outsourcing process is governed by the internal policy and requires the involvement of the representatives of the 1st and 2nd line of defence through the life cycle of an outsourcing arrangement. .

Mitigation of risk is ensured through fulfilment of requirements established in the operational risk framework so that all risks are properly managed and controlled. All identified risks are tracked and monitored in the Risk Inventory and reported via the Key Risk Indicators framework. The Bank maintains a loss database, collecting detailed information and remediation plans about all operational risk events which occur, regardless of whether they cause actual losses, potential losses or no losses at all.

Mitigation of operational risks is also achieved through:

- Segregation of duties and elimination of conflicts of interests;
- Adapting appropriate operations and administrative systems to the Bank's activities;
- Maintaining an adequate internal control environment;
- Maintaining an effective Compliance Function;
- Maintaining an effective Risk Management Function.

In order to mitigate the risk of external events, the Business Continuity Planning has been implemented and successfully tested.

The audits that are performed by the internal and external audit functions as well as the necessity to comply with the Group requirements form an additional stimulus for the Bank to have an adequate operational risk framework in place.

The Bank has in place the risk event reporting process to ensure that the risks are spotted, assessed, described and escalated to Risk Management for further processing. This process aims to control, measure and manage the risks resulting from the business operation.

The "Key Risk Indicator Report" is prepared monthly by Risk Management. The report tracks compliance with key risk indicators ("KRIs") as established by the Bank for the most important business processes. If the pre-agreed thresholds for are breached, the reporting team needs to explain the excess and the actions taken to address the increased risk. The report is distributed to the Management Board, Group Risk Management and relevant unit heads as part of the monthly Operational Risk Report. This information is also added to the monthly Risk, Capital and Liquidity report that is also known as the SB Pack. The SB Pack is further distributed to the members of the Supervisory Board.

Key factors impacting legal, compliance, and tax risk:

The tax matters are thoroughly managed by Finance and Compliance teams, from the own tax perspective and the AML angle respectively. New trades are reviewed from the tax and regulatory perspective and the tax requirements are defined. The overall oversight of tax risk is with the Legal and Tax Department. Legal claims are limited to one non-performing loan where the Bank pursues recovery in courts.

The continuing adherence to the ALM/CTF and Sanctions regulations and proper management of Medium- and High-Risk clients is a top priority for the Bank. Positive trends are visible in the reducing number of rejected transactions and active implementation of remediations plans related to regulatory reporting. Further de-risking is ensured through closure of designated accounts and very selective appetite towards compliance-intensive clientele as well as by the improving regulatory risk culture, and increased staffing for the 1st and 2nd level control functions. The Client committee has been established by the Management Board to implement the strategy of the Bank with regard to the clients' business development, acceptance, retention, review and termination of the client relationships including the high-risk client relationship.

Adherence to the Bank's Risk Appetite including the AML, CTF and PF risks to safeguard its activities and maintain a sustainable risk-based approach in relation to performance and business profile is a key priority for the Bank. The de-risking of the portfolio and applying very selective criteria towards new clients and business initiatives shall continue with an aim to further improve the compliance risk profile.

Approach for the assessment of minimum own fund requirements

Operational risk is measured using the Basic Indicator Approach (BIA). The calculation is based on the arithmetic average of the last three year's sum of revenues, multiplied by 15%. The calculation of the simple arithmetic average shall be based on the positive amounts. If, for any given reason, the sum of revenues for a particular year is equal to zero or negative, this figure shall not be taken into account in the calculation of the average for the determination of the basic indicator. The calculation performed by Bank is based on financial figures from the financial regulatory reporting (FINREP).

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

		a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
EUR		Year-3	Year-2	Last year		
1	Banking activities subject to basic indicator approach (BIA)	64,193,496	62,840,973	63,751,743	9,539,311	119,241,383
2	Banking activities subject to standardised (TSA) / alternative standardised (ASA) approaches	0	0	0	0	0
3	*Subject to TSA:*	0	0	0		
4	*Subject to ASA:*	0	0	0		
5	Banking activities subject to advanced measurement approaches AMA	0	0	0	0	0

12. Remuneration

Based on the internal assessment preceding the elaboration and adoption of the Remuneration Policy, given the size of GPBL, its internal organisation, the nature and the scope of its activities, the low level of risk profile and risk appetite of the Bank, GPBL intends to rely on a proportional application of the applicable regulatory requirements at the level of the institution.

Based on the proportionality principle and in light of the regulatory guidance provided, GPBL was thus in 2022 not required to set up a remuneration committee and the Remuneration Policy will not further provide for requirements as regards the pay-out process of variable remuneration of Material Risk Takers in relation to variable remuneration in non-cash instruments, retention and deferral nor as regards *ex post* incorporation of risk for variable remuneration.

Notwithstanding the above, the Remuneration Committee was established consisting out of three (3) Members of the Supervisory Board.

The Remuneration Committee focuses on the GPBL's Policy, the governance and the incentive programmes, including material risk takers, employees in charge of control functions and the employees receiving the highest remuneration.

In December 2022, the Bank's Supervisory Board resolved to suspend the Remuneration and Human Resources Committee and for the Supervisory Board to deal directly with any matters currently allocated to such committee until further decision of the Supervisory Board.

Remuneration of the staff and the management

Remuneration of Staff shall be in line with the conservative business strategy and the long-term interests and the underlying values of wealth preservation and sustainable growth.

GPBL's overall remuneration structure therefore emphasises paying fixed remuneration to a staff member in relation to his or her professional activity for GPBL (reflecting professional experience and organisational responsibility) and determined on an annual basis. In addition, GPBL may grant on a purely discretionary basis, an amount of Variable Remuneration to be paid at the end of the year to each member of Staff taking into account a performance assessment as set out below.

Fixed Remuneration shall be the major part of total annual remuneration and sufficient not to create any kind of dependency of staff on variable remuneration. Variable remuneration shall in principle not represent more than 100% of the fixed remuneration for all Staff, except for the conditions described in the variable remuneration summary below.

Variable remuneration must not limit GPBL's ability to sustainably maintain or recover an appropriate capital base.

Prospective remuneration plans shall not include guaranteed variable remunerations. Guaranteed variable remuneration shall be exceptional, may only be allowed in connection with the hiring of staff, where the institution has a sound and strong capital base and shall be limited to a maximum period of one year.

Furthermore, there shall be no contractual severance entitlements which do not reflect actual performance achieved by the relevant staff over time or which does reward misconduct.

Fixed remuneration

The base salary is a fixed amount of cash paid through monthly payments for each of the twelve months of the relevant calendar year or for the corresponding number of months if employment of the relevant member of staff started or ceased during the relevant calendar year.

The base salary reflects each individual staff member's particular set of skills, function, organisational responsibility and relevant professional experience.

The base salary is reviewed annually comparing it with internal and external benchmarks so as to ensure that it is in line with the market and industry standards and practices.

Specific adjustments may be made to the base salary during a business year in case of a change of function, promotion or the granting of additional responsibilities.

The individual base salary paid will be in line with the requirements of the classification as per the official convention (Convention Collective Bancaire) for the staff covered by such convention. For the staff not covered by such convention, the base salary was determined in 2022 by the Management Board or the Supervisory Board, depending on the case.

Variable Remuneration

The total amount of variable remuneration is based on a combination of the assessment of the performance of the individual based on financial and non-financial criteria, the performance of the business unit concerned and of the overall financial performance of the Bank.

When assessing the performance of the individual, the financial (quantitative) and non-financial (qualitative) criteria are taken into consideration. Such criteria are weighted according to the importance of the key performance indicator related to a business objective (in %). Dedicated templates have been established to be used for business departments (quantitative and qualitative criteria) and support departments (qualitative criteria).

The assessment of the performance of the individual is set in a one financial year framework.

The performance management process of the Bank is based on multi-year framework and on the continuous follow-up of the evolution of the individual performance of the employee in a long-term perspective. In this way, the Bank does not intend to change the approach of the assessment of the individual performance on annual basis. The performance of each employee is assessed on an annual basis and that these annual assessments are reviewed as part of as multi-year long-term performance evaluation process.

The performance management process is based on the set up of business objectives directly linked to the business strategy of the Bank. The business objectives are set up in a way to be specific, measurable, achievable, realistic, time-based (SMART).

The business objectives and related Key Performance Indicators ("KPIs") of the business units are approved by the Management Board based on annual business plan approved by the Supervisory Board.

The business objectives and related KPIs of the individuals are set up and approved in cooperation with a direct supervisor.

The annual assessment is conducted by a direct supervisor based on the fulfilment of the KPIs set under business objectives on the individual basis.

The results of the assessment are recorded in a specific system and signed electronically by both, the employee and his/her direct supervisor.

These forms are taken into consideration during the process of individual allocation of variable remuneration.

The Bank did not apply deferral, pay-out in instrument, retention periods or vesting of variable remuneration during 2022.

Remuneration of the material risk takers

Based on the internal assessment, GPBL has concluded that 37 persons should be considered as Material Risk Takers for the purposes of the Remuneration Policy, namely:

- Supervisory Board Members: 4
- Management Board Members: 4
- Heads of internal control functions (Head of Risk Management and Risk Control, Head of Compliance, Head of Internal Audit; Head of Collateral Mgt.): 4
- Heads of material business units (Head of Operations/CIO, Head of Investment Advisory, Head of Accounting & Regulatory Reporting, Head of Private Banking, Head of FI/Trade Finance, Head of Credit Division, Head of Client Relations & Account Opening/Corporate Coverage): 7
- Heads a critical or important function (Head of Legal, Head of MIS Reporting & Budgeting and Controlling, Acting Head of Asset and Liability Mgt., Head of HR, CISO): 5
- Employees involved in large credit proposals or products (Head of Investment Banking, Senior Manager at Investment Banking, Senior Relationship Manager at Client Relations &Account Opening/Corporate Coverage (2), Senior Fixed Income Sales, Fixed Income Sales, Deputy Head of Risk Mgt.& Risk Control.): 7*
- Employees with authority to take, approve or veto a decision on certain trading book transactions (Senior Trader at Global Markets & Treasury Dpt. (3), Trader at Global Markets & Treasury Dpt., Senior Treasury Sales Manager (1), Senior Manager Global Markets & Treasury Dpt. (1)): 6*

(*) persons involved in the provision of services to clients.

Remuneration of the above identified Material Risk Takers does not differ from the Remuneration of the other Staff members.

According to the Article 9 (3) (c), Article 23 (1) and 24 (10) of MiFID II, the following principles apply to the staff involved in the provision of services to clients:

- The Management Board and the Supervisory Board are designated for the definition and overseeing of the remuneration policy/principles for persons involved in the provision of services to clients.
- The Management Board and the Supervisory Board are designated as responsible for taking appropriate steps to identify and to prevent or manage conflict of interests, including conflicts arising from the firm's remuneration structures.

The remuneration, sales targets or other incentives do not lead staff to recommend instruments to clients when other instruments would better meet their clients' needs.

Directorships held by members of the Management Body

In the framework of CRD IV and article 38-2 of the Law of 5 April 1993 on the Financial Sector, as amended, with regards to the limitation on the number of mandates held by members of the Management Body, the summary of the assessment as at 31 December 2022 is as follows:

Management Board:

- Mr. Dmitry Derkatch, Chairman of the Management Board at Bank GPB International S.A. held two directorship positions within one group.
- Mr. Sergey Nekrasov, Deputy Chairman of the Management Board at Bank GPB International S.A held one directorship position.
- Mr. Pavel Bolshakov, Member of the Management Board at Bank GPB International S.A held one directorship position.
- Mr. Sergey Belousov, Member of the Management Board at Bank GPB International S.A held two directorship positions within one group.

Supervisory Board:

- Mr. Alexander Ushkov, Chairman of the Supervisory Board at Bank GPB International S.A. held 5 directorship positions within 3 groups.
- Mr. Alexander Milyukov, Vice-Chairman of the Supervisory Board at Bank GPB International S.A. held one directorship position.
- Mr. Alexander Dugin, Member of the Supervisory Board at Bank GPB International S.A. held one directorship position.
- Ms. Ekaterina Trofimova, Member of the Supervisory Board at Bank GPB International S.A. held one directorship position.

Transparency - Disclosure

GPBL shall make available to the Shareholder, the staff as well as to the public some qualitative and quantitative information regarding the general design of remuneration of GPBL's staff (such as, for example, decision making process, total amount of remuneration, split of fixed and variable remuneration, criteria to assess performance, involvement of external consultants to review the Remuneration Policy) together with the annual accounts.

The Remuneration Policy shall also be accessible to all staff members of the Bank, so that they can know in advance the criteria that will be used to determine their remuneration.

In 2022, no material changes were made in the Remuneration policy.

GPBL shall further explain on its website how it complies with the Luxembourg rules applicable to it relating to remuneration policy and practices.

Template EU REM1 - Remuneration awarded for the financial year

TEUR			a	b	c	d
			MB Supervisory function	MB Management function	Other senior management	Other identified staff
1	Fixed remuneration	Number of identified staff	10[1]	4	18	11
2		Total fixed remuneration	299	4,501	3,459	1,680
3		Of which: cash-based	299	4,501	3,459	1,680
9	Variable remuneration	Number of identified staff	-	4	18	11
10		Total variable remuneration	-	2,000	986	457
11		Of which: cash-based	-	2,000	986	457
17	**Total remuneration (2 + 10)**		**299**	**6,501**	**4,445**	**2,137**

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

The Bank did not have any special payments to identified staff in the year 2022.

Template EU REM3 - Deferred remuneration

The Bank did not have any reportable deferred remuneration.

Template EU REM4 - Remuneration of 1 million EUR or more per year[2]

		a Identified staff that are high earners as set out in Article 450(i) CRR
1	1 000 000 to below 1 500 000	-
2	1 500 000 to below 2 000 000	1
	>2 000 000	-

[1] Number of identified staff for Supervisory Board has been presented as headcount and includes all members who were part of this body during the year.
[2] The above table has been prepared without consideration of the variable remuneration of the Management Board of EUR 2.0 million as the Supervisory Board of the Bank is to allocate this pool to specific individuals in December 2023

13.Securitisation

The Bank does not engage into any securitisation and re-securitisation activities.

14. Report cross reference table

CRR Article	Disclosure subject	Pillar 3 report reference
435.1	Risk Management objectives and policies	3.1. Risk Management objectives and policies
435.2	Governance arrangements	3.2. Governance arrangements 12. Remuneration
436	Scope of application	1.1. About this report 1.2. Scope of application
437	Own funds and eligible liabilities	4.2. Own funds
438	Own funds requirements and risk-weighted exposure amount	4.2. own funds 4.3. Risk-Weighted Exposure Amount
439	Counterparty credit risk	7. Counterparty credit risk
440	Countercyclical capital buffer	4.4. Countercyclical buffer
441	Indicators of global systemic importance	6. Credit risk
442	Exposures to credit risk and dilution risk	6. Credit risk
443	Encumbered and unencumbered assets	8. Liquidity risk
444	Use of the Standardised Approach - ECAI	6. Credit risk
445	Exposure to market risk	9. Market risk
446	Operational risk management	11. Operational risk
447	Key metrics	2. Key metrics
448	Exposures to interest rate risk on positions not held in the trading book	10. Interest rate risks of non-trading book activities
449	Exposures to securitisation positions	13. Securitisation
449a	Exposures to environmental, social and governance risks (ESG)	*Not applicable*
450	Leverage Ratio	5. Leverage
451	Liquidity Requirements	8. Liquidity risk
452	Use of IRB Approach to credit risk	*Not applicable*
453	Use of credit risk mitigation techniques	6. Credit Risk
454	Use of Advanced Measurement Approaches to operational risk	*Not applicable*
455	Use of market risk models	*Not applicable*